

**DEYAAR DEVELOPMENT PJSC**

**REVIEW REPORT AND INTERIM FINANCIAL  
INFORMATION**

**FOR THE THREE MONTH PERIOD  
ENDED 31 MARCH 2021**

# **Deyaar Development PJSC**

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## **INTERIM FINANCIAL INFORMATION**

*For the three month period ended 31 March 2021*

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**The Board of Directors**  
**Deyaar Development PJSC**  
**Dubai**  
**United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **Deyaar Development PJSC** (the “Company”) and its **Subsidiaries** (together the “Group”) as at 31 March 2021 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34: “*Interim Financial Reporting*” (IAS 34) as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim financial information based on our review.

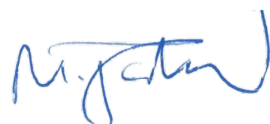
### *Scope of review*

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.)**



Mohammad Jallad  
Registration No. 1164  
6 May 2021  
Dubai  
United Arab Emirates

# Deyaar Development PJSC

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	31 March 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	549,231	554,796
Investment properties	7	736,077	736,077
Investments in a joint venture and an associate		1,352,490	1,345,230
Trade, contract and other receivables	8	160,025	204,098
Long term fixed deposits		39,653	39,780
Equity investment at fair value through other comprehensive income		2,882	3,413
		<b>2,840,358</b>	<b>2,883,394</b>
<b>Current assets</b>			
Properties held for development and sale	9	1,335,789	1,334,432
Inventories		2,486	2,535
Trade, contract and other receivables	8	458,759	422,479
Due from related parties	10	567,697	567,044
Cash and bank balances		323,850	375,275
		<b>2,688,581</b>	<b>2,701,765</b>
<b>Total assets</b>		<b>5,528,939</b>	<b>5,585,159</b>
<b>EQUITY</b>			
Share capital	11	5,778,000	5,778,000
Legal reserve		298,358	298,358
Equity investments fair valuation reserve		(16,453)	(15,922)
Accumulated losses		(1,733,419)	(1,748,472)
<b>Total equity</b>		<b>4,326,486</b>	<b>4,311,964</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	690,960	705,330
Retentions payable		1,469	8,015
Provision for employees' end of service benefits		15,000	14,705
		<b>707,429</b>	<b>728,050</b>
<b>Current liabilities</b>			
Borrowings	12	105,456	121,170
Advances from customers		28,628	10,329
Trade and other payables	13	309,004	342,465
Retentions payable		50,044	70,651
Due to related parties		1,892	530
		<b>495,024</b>	<b>545,145</b>
<b>Total liabilities</b>		<b>1,202,453</b>	<b>1,273,195</b>
<b>Total equity and liabilities</b>		<b>5,528,939</b>	<b>5,585,159</b>

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

The interim financial information was signed on 6 May 2021 by:

.....  
Saeed Al Qatami  
Chief Executive Officer

.....  
Hani K. Fansa  
Chief Financial Officer

The accompanying notes form an integral part of this interim financial information.

# Deyaar Development PJSC

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month period ended 31 March 2021

	<i>Notes</i>	<b>Three month period ended</b>	
		<b>31 March 2021 AED'000</b>	31 March 2020 AED'000
		(Unaudited)	
Revenue		<b>149,174</b>	98,793
Direct costs		<b>(98,284)</b>	(44,559)
General, administrative and selling expenses		<b>(38,367)</b>	(40,374)
Other operating income		<b>1,659</b>	2,338
Finance cost		<b>(6,348)</b>	(10,880)
Provision/expense against claims		<b>(798)</b>	(962)
Finance income		<b>665</b>	766
Share of results from a joint venture and an associate		<b>7,260</b>	7,119
<b>Profit before fair value adjustments &amp; impairment losses</b>		<b>14,961</b>	12,241
Reversal of provision against properties held for development and sale		<b>92</b>	-
Loss from fair value on investment properties		-	(9,652)
<b>Profit for the period</b>		<b>15,053</b>	2,589
Earnings per share - basic and diluted	<i>18</i>	<b>Fils 0.26</b>	Fils 0.04

The accompanying notes form an integral part of this interim financial information.

# Deyaar Development PJSC

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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three month period ended 31 March 2021*

	Three month period ended	
	31 March 2021 AED'000	31 March 2020 AED'000
	(Unaudited)	
Profit for the period	15,053	2,589
<b>Other comprehensive loss</b>		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Equity investment at fair value through other comprehensive loss - net change in fair value	(531)	(5,745)
<b>Total comprehensive income/(loss) for the period</b>	<b>14,522</b>	<b>(3,156)</b>

The accompanying notes form an integral part of this interim financial information.

# Deyaar Development PJSC

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2021

	Share capital AED'000	Legal reserve AED'000	Equity investments fair valuation reserve AED'000	Accumulated losses AED'000	Total equity AED'000
Balance at 1 January 2020, as previously reported (audited)	5,778,000	298,358	(8,470)	(1,530,137)	4,537,751
<i>Total comprehensive income for the period (unaudited)</i>					
Profit for the period	-	-	-	2,589	2,589
Other comprehensive loss for the period	-	-	(5,745)	-	(5,745)
Total comprehensive loss for the period (unaudited)	-	-	(5,745)	2,589	(3,156)
Adjustments to Board of Directors' remuneration [Refer note 10(b)]	-	-	-	(1,412)	(1,412)
<b>Balance at 31 March 2020 (unaudited)</b>	<b>5,778,000</b>	<b>298,358</b>	<b>(14,215)</b>	<b>(1,528,960)</b>	<b>4,533,183</b>
Balance at 1 January 2021, as previously reported (audited)	5,778,000	298,358	(15,922)	(1,748,472)	4,311,964
<i>Total comprehensive income for the period (unaudited)</i>					
Profit for the period	-	-	-	15,053	15,053
Other comprehensive loss for the period	-	-	(531)	-	(531)
Total comprehensive income for the period (unaudited)	-	-	(531)	15,053	14,522
<b>Balance at 31 March 2021 (unaudited)</b>	<b>5,778,000</b>	<b>298,358</b>	<b>(16,453)</b>	<b>(1,733,419)</b>	<b>4,326,486</b>

The accompanying notes form an integral part of this interim financial information.

# Deyaar Development PJSC

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2021

	<i>Notes</i>	Three month period ended	
		31 March 2021 AED'000	31 March 2020 AED'000
(Unaudited)			
<b>Cash flows from operating activities</b>			
<b>Net cash (used in)/generated from operating activities</b>	<i>14</i>	<b>(14,912)</b>	45,280
<b>Cash flows from investing activities</b>			
Additions to property and equipment		(539)	(941)
Adjustments to property and equipment		1,000	-
Addition to investment properties		-	(75)
Adjustment to investment properties		-	348
Net movement in term deposits with an original maturity greater than three months		18,284	15,272
Income from term deposits		510	1,076
<b>Net cash generated from investing activities</b>		<b>19,255</b>	15,680
<b>Cash flows from financing activities</b>			
Repayments of borrowings	<i>12</i>	(44,584)	(29,652)
Drawdown of borrowings	<i>12</i>	14,500	52,145
Finance costs paid		(7,691)	(11,362)
<b>Net cash (used in)/generated from financing activities</b>		<b>(37,775)</b>	11,131
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(33,432)</b>	72,091
Cash and cash equivalents, beginning of the period		320,309	364,019
Charge/(reversal) of impairment on bank balances		35	(22)
<b>Cash and cash equivalents, end of the period</b>		<b>286,912</b>	436,088

For the purpose of condensed consolidated statement of cash flows; cash and cash equivalents comprise:

Cash in hand	786	295
Current accounts	165,938	205,329
Fixed deposits	201,259	312,967
	<b>367,983</b>	518,591
Less: provision for impairment	(4,481)	(5,087)
<b>Cash and bank balances, net</b>	<b>363,502</b>	513,504
Less: term deposits with an original maturity greater than three months	(76,590)	(77,416)
<b>Cash and cash equivalents</b>	<b>286,912</b>	436,088

The accompanying notes form an integral part of this interim financial information.



# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

### 1. Legal status and activities

Deyaar Development PJSC (the “Company”) was incorporated and registered as a Public Joint Stock Company in the Emirate of Dubai, United Arab Emirates (“UAE”) on 10 July 2007. The registered address of the Company is P. O. Box 30833, Dubai, UAE. The Company is listed on Dubai Financial Market, Dubai, UAE.

The ultimate majority shareholder of the Group is Dubai Islamic Bank (“the Ultimate Controlling Party”).

The principal activities of the Company and its subsidiaries (together, “the Group”) are property investment and development, leasing, facilities, property management services and hospitality related activities.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in process of reviewing the new provisions and will apply the requirements thereof by no later than one year from the date on which the amendments came into effect.

### 2. Basis of preparation and accounting policies

#### 2.1 Basis of preparation

The interim financial information for the three month period ended 31 March 2021 has been prepared in accordance with IAS 34 ‘*Interim Financial Reporting*’. The interim financial information should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of UAE Federal Law No. (2) of 2015.

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

##### (a) New and revised IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in the interim financial information.

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021.

Their adoption has not had any material impact on the disclosures or on the amounts reported in the interim financial information.

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 2. Basis of preparation and accounting policies (continued)

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

##### (a) New and revised IFRS Standards that are effective for the current year (continued)

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed consolidated financial statements.

<b>New and revised IFRS</b>	<b>Summary</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and Measurement</i> , IFRS 7 <i>Financial Instruments Disclosures</i> , IFRS 4 <i>Insurance Contracts</i> and IFRS 16 <i>Leases</i> )	The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
Amendments to IFRS 16 <i>Leases</i> relating to Covid-19-Related Rent Concessions	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Other than the above, there are no further significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2021.

##### (b) New and revised IFRS in issue but not yet effective and not early adopted

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

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i> relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 2. Basis of preparation and accounting policies (continued)

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

##### (b) New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to IFRS 3 <i>Business Combinations</i> relating to <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 16 <i>Property, Plant and Equipment</i> - Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> relating to Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> , IFRS 9 <i>Financial Instruments</i> , IFRS 16 <i>Leases</i> , and IAS 41 <i>Agriculture</i>	

The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group's interim financial information as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the interim financial information.

### 3. Estimates and assumptions

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

### 4. Financial risk management

The Group's activities potentially expose it to a variety of financial risks as follows:

- Market risk (including currency risk, price risk, cash flow and fair value interest rate risk)
- Credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statement, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020.

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 5. Segment information

#### *Operating segment*

The Board of Directors is the Group's chief operating decision maker. The Board considers the business of the group as a whole for the purpose of decision making. Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: property development (includes sale of properties and leasing activities), properties and facilities management and hospitality related activities.

Management monitors the operating results of its operating segments for the purpose of making strategic decisions about performance assessment. Segment performance is evaluated based on operating profit or loss.

	<b>Property development activities AED'000</b>	<b>Properties and facilities management AED'000</b>	<b>Hospitality AED'000</b>	<b>Total AED'000</b>
<i>Three month period ended</i>				
<i>31 March 2021 (unaudited)</i>				
Segment revenues - external	108,552	26,337	14,285	149,174
Segment profit	10,015	3,001	2,037	15,053
<i>As at 31 March 2021 (unaudited)</i>				
Segment assets	4,347,109	366,983	814,847	5,528,939
Segment liabilities	1,045,277	142,682	14,494	1,202,453

	Property development activities AED'000	Properties and facilities management AED'000	Hospitality AED'000	Total AED'000
<i>Three month period ended</i>				
<i>31 March 2020 (unaudited)</i>				
Segment revenues - external	55,857	25,245	17,691	98,793
Segment (loss)/profit	(8,204)	6,316	4,477	2,589
<i>As at 31 December 2020 (audited)</i>				
Segment assets	4,423,150	352,353	809,656	5,585,159
Segment liabilities	1,122,855	134,186	16,154	1,273,195

Revenue from property development activities are recognised over time and revenue from properties and facilities management are recognised at a point in time.

#### *Geographic information*

The carrying amount of total assets located outside the United Arab Emirates as at 31 March 2021 is AED 3 million (31 December 2020: AED 3 million).

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 6. Property and equipment

The property and equipment balance include buildings, leasehold improvements, furniture and fixtures, office equipment, motor vehicle and capital work in progress.

The Group has portfolio of hospitality assets included in property and equipment against which an impairment loss had been recognised in the year ended 31 December 2020 amounting to AED 75.3 million. The recoverable amount of two hotel assets has been determined using the indicative fair values of the property as at 31 December 2020 provided by an independent professionally qualified valuer. The valuer has used sales comparison method to determine the fair values of these two hotels.

Further, for one hotel, management has concluded the recoverable value is equivalent to its value in use. In determining the value in use, management has estimated expected future cash flows and determined a suitable discount rate in order to calculate the present value of those cash flows. The estimate of value in use was determined using a discount rate of 9.75% and a terminal value growth rate of 3%. Management believes there was no material variance in the recoverable value of Group's property and equipment at the end of current period.

The Group has a policy of depreciating assets on a straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value. The Group depreciates buildings from 20 to 50 years and furniture and fixtures from 4 to 8 years. Furthermore, the depreciation expense of the Group in the current period amounted to AED 5.1 million (31 March 2020: AED 6.8 million).

### 7. Investment properties

	Mix use building AED'000	Parking Spaces AED'000	Stores units AED'000	Retail units AED'000	Service Apartments AED'000	31 March 2021 Total AED'000	31 December 2020 Total AED'000
	(Unaudited)					(Audited)	
Fair value hierarchy	3	3	3	3	3		
Fair value at the beginning of the reporting period/year	159,444	66,912	14,045	207,553	288,123	736,077	514,210
Additions	-	-	-	-	-	-	3,513
Adjustment	-	-	-	-	-	-	(348)
Transfer from property and equipment	-	-	-	-	-	-	348,750
Net loss from fair value adjustments on investment properties	-	-	-	-	-	-	(130,048)
Fair value at the end of reporting period/year	159,444	66,912	14,045	207,553	288,123	736,077	736,077

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 7. Investment properties (continued)

Investment properties represent properties held at fair value and any fair value gain/loss under the fair value model is treated in accordance with IFRSs.

Investment properties with carrying value of AED 323.6 million (31 December 2020: AED 408.6 million) are mortgaged against bank borrowings (Note 12).

For retail units, parking spaces, two service apartment building and store units, the valuation was determined using the indicative fair values of these investment properties as at 31 December 2020 provided by an independent professionally qualified valuer. The valuer has used sales comparison method to determine the fair values of these assets. For one service apartments building, the valuation was determined using the income capitalisation method. Management believes that there was no material variance in the value of the Group's investment properties at the end of current period.

### 8. Trade, contract and other receivables

	<b>31 March 2021 AED'000 (Unaudited)</b>	31 December 2020 AED'000 (Audited)
Trade and unbilled receivables	<b>503,075</b>	514,832
Other receivables	<b>115,709</b>	111,745
	<b>618,784</b>	626,577
Current	<b>458,759</b>	422,479
Non-current	<b>160,025</b>	204,098
Total	<b>618,784</b>	626,577
<b>Trade receivables</b>		
Amounts receivable within 12 months	<b>127,438</b>	175,656
<b>Contract assets</b>		
Unbilled receivables within 12 months	<b>215,612</b>	135,078
Unbilled receivables after 12 months	<b>160,025</b>	204,098
	<b>503,075</b>	514,832

The above trade and other receivables are net of provision for impairment amounting to AED 118.3 million (31 December 2020: AED 117.8 million) relating to trade and other receivables which are past due. All the other receivables are considered recoverable.

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 9. Properties held for development and sale

The properties held for development and sale include land held for future development, properties under development and completed properties held in inventory.

Net realisable value has been determined on the basis of committed sale price if the remaining receivable amount is lower than the current market value of the units booked by customers. For units not yet booked by customers, net realisable value takes into consideration the expected market prices.

As at 31 December 2020, Management's assessment of the net realisable value of the properties held for development and sale resulted in an impairment amounting to AED 31.2 million. Management believes that there was no material variance in the value of the Group's properties held for development and sale at the end of current period.

Plots of land including under development projects with total carrying value of AED 867.3 million (2020: AED 869.8 million) and completed properties with total carrying value of AED 142.2 million (31 December 2020: AED 142.1 million) are mortgaged under Islamic finance obligations (Note 12).

In the current period, the Group has recognised an amount of AED 76.1 million (for the year ended 31 December 2020: AED 173.3.3 million and for the three month period ended 31 March 2020: AED 23.9 million) included in the profit or loss under "direct costs" against revenue recognised of AED 101.1 million (for the year ended 31 December 2020: AED 227 million and for the three month period ended 31 March 2020: AED 47.1 million).

For plots of land held for future development and use amounting to AED 695.6 million as at the reporting date (31 December 2020: AED 695.4 million), management is currently evaluating feasibility of the projects and considering alternative viable profitable options as well as various offers from potential buyers.

### 10. Related party transactions and balances

Related parties include the significant shareholders, key management personnel, associates, joint ventures, directors and businesses which are controlled or jointly controlled, directly or indirectly, by the significant shareholders or directors or over which they exercise significant management influence.

#### (a) Related party transactions

During the period, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management:

	Three month period ended	
	31 March 2021	31 March 2020
	AED'000	AED'000
	(Unaudited)	(Unaudited)
<b>Ultimate majority shareholder</b>		
Finance income	480	850
Finance cost	2,412	5,523
Borrowings drawdown	14,500	-
Borrowings repayment	26,024	19,229
<b>Joint venture</b>		
Other operating income	155	-

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 10. Related party transactions and balances (continued)

#### (b) Remuneration of key management personnel

	Three month period ended	
	31 March 2021 AED'000 (Unaudited)	31 March 2020 AED'000 (Unaudited)
Salaries and other short-term employees' benefits	3,255	3,513
Termination and post-employment benefits	117	105
	<b>3,372</b>	<b>3,618</b>

During the current period, no additional provision for the Board of Directors' remuneration was recognised (*during the three month period ended 31 March 2020: AED 1.4 million*).

#### (c) Due from related parties comprises:

	31 March 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
<b>Current</b>		
Due from a joint venture	2,135	1,473
Due from other related parties	962,046	962,046
	<b>964,181</b>	<b>963,519</b>
Less: provision for impairment	(396,484)	(396,475)
	<b>567,697</b>	<b>567,044</b>

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group, bank account balances of AED 108 million (*31 December 2020: AED 195 million*) and fixed deposits of AED 105 million (*31 December 2020: AED 100 million*), at market prevailing profit rates.

In 2010, the Group entered into a sale and purchase agreement with a related party (the "purchaser") to sell properties for a sale consideration agreed on by both parties as per the initial agreement of AED 3,648 million.

In the prior year, Group had entered into amendments agreement with the related party pertaining to certain properties. These properties were under dispute with UAE based developer ("a related party") against which in the prior year, the Group had received a favorable court judgment to the extent of AED 412 million plus compensation and cumulative legal interest for which the execution is currently under process as at the reporting date. Accordingly, a balance of AED 412 million is presented as due from a related party.

Following these amendments and various previous amendments to the original agreement and partial settlement of the balance, the outstanding amount from the related party as at 31 March 2021 is AED 516.6 million (*31 December 2020: AED 516.6 million*) against which a provision for impairment amounting to AED 362.9 million exists. The outstanding balance based on the last amendment effective from 31 December 2020, is to be settled by the purchaser no later than 31 December 2021.

#### Impairment provision

To determine the provision for impairment, management applied certain key assumptions and judgments in accordance with *IFRS 9 - Financial Instruments* in order to determine the expected credit loss which includes the use of various forward-looking information that could impact the timing and/or amount of recoveries.



# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 10. Related party transactions and balances (continued)

#### (d) Due to related parties comprises:

	<b>31 March 2021 AED'000 (Unaudited)</b>	31 December 2020 AED'000 (Audited)
<b>Current</b>		
Due to a ultimate majority shareholder	347	133
Due to other related parties	1,545	397
	<b>1,892</b>	530

At 31 March 2021, the Group had bank borrowings from the ultimate majority shareholder of AED 278.3 million (31 December 2020: AED 289.8 million), at market prevailing profit rates (Note 12).

### 11. Share capital

At 31 March 2021 and December 2020, share capital comprised of 5,778,000,000 shares of AED 1 each. All shares are authorised, issued and fully paid up.

### 12. Borrowings

	<b>31 March 2021 AED'000 (Unaudited)</b>	31 December 2020 AED'000 (Audited)
<b>Islamic finance obligations</b>		
Current	105,456	121,170
Non-current	690,960	705,330
Total borrowings	<b>796,416</b>	826,500
		<b>AED'000</b>
1 January 2020		981,305
Draw down		112,495
Repayments		(267,300)
31 December 2020 (Audited)		826,500
<b>1 January 2021</b>		826,500
Draw down		14,500
Repayments		(44,584)
<b>31 March 2021 (Unaudited)</b>		<b>796,416</b>

The Islamic finance obligations represent Ijarah and Murabaha facilities obtained from Dubai Islamic Bank PJSC (ultimate majority shareholder), and from other local banks. The facilities were availed to finance the properties under construction and working capital requirements. Islamic finance obligations carry market prevailing profit rates and are repayable in monthly or quarterly instalments over a period of one to ten years from the reporting date (31 December 2020: one to ten years).

Islamic finance obligations are secured by mortgages over properties classified under property held for development and sale (Note 9), property and equipment (Note 6) and investment properties (Note 7). Further, certain facilities with banks are subject to financial covenants.

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 13. Trade and other payables

Trade and other payables include trade payables in normal course of business and provision relating to claims made by third parties and customers against the Group. This includes legal claim made by customers against the Group for refund of partial payments made to purchase certain property units. In accordance with Law No. 13 of 2008 and its subsequent amendment through Law No. 9 of 2009 applicable in the Emirate of Dubai, the Group had earlier forfeited amounts due to failure of customers to pay the outstanding balances as per the Sale and Purchase Agreement. The provisions are based on management's best estimate after considering the potential cash flows in respect of the claim on a case to case basis.

### 14. Cash flows from operating activities

	Three month period ended 31 March	
	2021 AED'000 (Unaudited)	2020 AED'000 (Unaudited)
Profit for the period	15,053	2,589
Adjustments for:		
Depreciation on property and equipment	5,104	6,805
Provision for employees' end of service benefits	617	643
Reversal of provision against properties held for development and sale	(92)	-
Impairment against trade receivables, contract and other financial assets	(306)	1,559
Provision for claims	798	962
Loss on fair valuation of investment properties	-	9,652
Finance income	(665)	(766)
Finance costs	6,348	10,880
Share of results from a joint venture and an associate	(7,260)	(7,119)
<b>Operating cash flows before payment of employees' end of service benefits and changes in working capital</b>	<b>19,597</b>	<b>25,205</b>
Payment of employees' end of service benefits	(322)	(314)
Changes in working capital:		
Property held for development and sale (net of project cost accruals)	(1,265)	(45,718)
Trade and other receivables - non-current	44,073	5,382
Trade and other receivables - current	(35,974)	64,779
Due from related parties	(662)	(208)
Inventories	49	138
Retentions payable - non-current	(6,546)	(923)
Retentions payable - current	(20,607)	5,531
Advances from customers	18,299	(4,228)
Trade and other payables	(32,916)	(4,657)
Due to related parties	1,362	293
<b>Net cash (used in)/generated from operating activities</b>	<b>(14,912)</b>	<b>45,280</b>

Bank accounts include balance of AED 80 million (31 December 2020: AED 88 million) and fixed deposits of AED 25 million (31 December 2020: AED 20 million) at market prevailing profit rates held in escrow accounts.

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 14. Cash flows from operating activities (continued)

These Escrow accounts include project Escrow accounts where amounts are collected against sale of properties and are available for payments relating to construction of development properties. These Escrow accounts also include Community Management Escrow accounts of various properties where service charges are collected from owners and are available for payments for management and maintenance of the properties.

Bank accounts balance include balance of AED 43.7 million (*31 December 2020: AED 43.8 million*), held in a fiduciary capacity on behalf and for the beneficial interest of third parties, which are recorded in these condensed consolidated financial statements.

### 15. Commitments

At 31 March 2021, the Group had total commitments of AED 331.6 million (*31 December 2020: AED 359.1 million*) with respect to project related contracts issued net of invoices received and accruals made at that date.

### 16. Contingencies

At 31 March 2021, the Group had contingent liabilities in respect of performance bond and guarantees issued by a bank, in the ordinary course of business, amounting to AED 88.5 million (*31 December 2020: AED 87.3 million*). Also, the Group had contingent liabilities, on behalf of a subsidiary, in respect to guarantees issued by a bank amounting to AED 3.4 million (*2020: AED 3.4 million*). The Group anticipates that no material liabilities will arise from these performance and other guarantees.

The Group is also a party to certain legal cases in respect to various potential claims from customers and, where necessary, makes adequate provisions against any potential claims. Such provisions are reassessed regularly to include significant claims and instances of potential litigations. Based on review of opinion provided by the legal advisors/internal legal team, management is of the opinion that no material cash outflow in respect of these claims is expected to be paid by the Company in these legal cases over and above the existing provision in the books of accounts. The Company has elected not to present the complete disclosures as required by IAS 37 “*Provision and Contingent Liabilities and Contingent Assets*” as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

Certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of management, these contingent liabilities are not likely to result in any cash outflows for the Group.

Further, certain properties were under dispute with UAE based developer (“a related party”) against which in the prior year, the Group has received a favourable judgment by the Court of Cassation which upheld a ruling made by the Court of Appeal confirming Dubai Court of First Instance’s judgement to terminate all sale and purchase agreements of lands under dispute and had also ordered counterparty to return all amounts paid, to the tune of AED 412 million plus pay a compensation of AED 61 million as well as 9% legal interest accruing from the date of filing the case.

In the prior year, the execution of the court judgement has been handed over to a special committee by virtue of resolution number 12 of 2020 passed by the Government of Dubai. However, on 15 February 2021, the special committee has decided that it has no jurisdiction over the case and has transfer the case to the court of execution. Accordingly, management has submitted an application to the court of execution to proceed with the execution process.

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 17. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
<b>31 March 2021 (unaudited)</b>			
<b>Assets as per condensed consolidated statement of financial position</b>			
Equity instrument at fair value other comprehensive income	-	2,882	2,882
Trade, contract and other receivables excluding prepayments and advances	580,673	-	580,673
Due from related parties	567,697	-	567,697
Long term fixed deposits	39,653	-	39,653
Cash and bank balances	323,850	-	323,850
	<b>1,511,873</b>	<b>2,882</b>	<b>1,514,755</b>

	Amortised cost AED'000		Total AED'000
<b>31 March 2021 (unaudited)</b>			
<b>Liabilities as per condensed consolidated statement of financial position</b>			
Trade and other payables	302,973	-	302,973
Retentions payable	51,513	-	51,513
Borrowings	796,416	-	796,416
	<b>1,150,902</b>	<b>-</b>	<b>1,150,902</b>

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
<b>31 December 2020 (audited)</b>			
<b>Assets as per condensed consolidated statement of financial position</b>			
Equity instrument at fair value other comprehensive income	-	3,413	3,413
Trade, contract and other receivables excluding prepayments and advances	588,603	-	588,603
Due from related parties	567,044	-	567,044
Long term fixed deposits	39,780	-	39,780
Cash and bank balances	374,904	-	374,904
	<b>1,570,331</b>	<b>3,413</b>	<b>1,573,744</b>

# Deyaar Development PJSC

## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 17. Financial instruments by category (continued)

The accounting policies for financial instruments have been applied to the line items below:

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
31 December 2020 (audited)			
<b>Liabilities as per condensed consolidated statement of financial position</b>			
Trade and other payables	336,985	-	336,985
Retentions payable	78,666	-	78,666
Borrowings	826,500	-	826,500
	<b>1,242,151</b>	<b>-</b>	<b>1,242,151</b>

The following table presents the Group's financial assets that are measured at fair value, by valuation method:

	Level 1 AED'000	Total AED'000
<b>As at 31 March 2021 (unaudited)</b>		
Equity instrument at fair value through other comprehensive income	2,882	2,882
<b>As at 31 December 2020 (audited)</b>		
Equity instrument at fair value through other comprehensive income	3,413	3,413

The carrying value less impairment provision of trade receivables, contract assets, due from related parties, bank balances and long term fixed deposit is assumed to be approximate their fair values keeping in view the period over which these are expected to be realised. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

### 18. Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation:

	Three month period ended	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Profit for the period (AED'000)	15,053	2,589
Weighted average number of ordinary shares ('000)	5,778,000	5,778,000
Earnings per ordinary share - Basic and Diluted (Fils)	0.26	0.04

# Deyaar Development PJSC

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## NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021 (continued)

### 19. Impact of COVID-19

The outbreak of novel coronavirus (Covid-19) pandemic in early 2020 has either directly or indirectly impacted all businesses. Measures to prevent transmission of the virus has an immediate impact on businesses, which then affects supply chains and the production of goods throughout the world and lower economic activity is likely to result in reduced demand for many goods and services. Implications of reduced economic activity on financial reporting should be considered by all companies. As the Group is essentially engaged in property development, hospitality and facilities management, short term impact has been experienced however, management continues to have a reasonable expectation that the Group has adequate resources to continue as a going concern in foreseeable future.

The duration and impact of the COVID-19 pandemic remains unclear at this point in time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. Given the unpredictable outcome of this pandemic, the Group will continue to monitor and assess the situation and keep adjusting its critical judgements and estimates including the inputs used for expected credit loss, macroeconomic factors, valuation of property and equipment, and investment properties, as necessary, during the course of 2021.

### 20. Reclassification

Certain comparative figures have been reclassified to improve the quality of the information previously presented. The reclassification does not have any effect on these condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, equity and cash flows.