

Date 25th of Mar. 2021

التاريخ : 25 مارس 2021

Mr. Hamad Al Ali
Head of Listed Companies Affairs
Abu Dhabi Securities Exchange

السيد/ حمد العلي المحترم
رئيس ادارة شؤون الشركات المدرجة
سوق ابوظبي للاوراق المالية

**Sub: Results of Board of Directors meeting for Wahat Al
Zaweya Holding PJSC, No. (2) for 2021**

**الموضوع: نتائج اجتماع مجلس ادارة شركة واحة الزاوية
القابضة ش.م.خ رقم (2) لسنة 2021**

Reference to the above subject, we would like to inform you that the board of directors meeting of Wahat Al Zaweya Holding PJSC (The "Company") convened on Thursday 25th of Mar. 2021 at 2.00 PM , discussed and approved the following agenda items:

بالإشارة إلى الموضوع أعلاه ، نود إحاطتكم علما بأن اجتماع مجلس ادارة شركة واحة الزاوية القابضة ش.م.خ ("الشركة") قد انعقد يوم الخميس الموافق 25 مارس 2021 الساعة 2.00 ظهرا ، وقد ناقش وقرر المواضيع التالية :

First Item: Reviewed and approved the Annual Audited Consolidated Financial Statements for the period ended December 31, 2020.

البند الاول: الموافقة على القوائم المالية السنوية الموحدة والمدققة للشركة عن السنة المالية المنتهية في 31 ديسمبر 2020

Second Item: Approved the Corporate Governance Report for the year 2020.

البند الثاني: الموافقة على تقرير الحوكمة عن العام 2020

Third Item: Accepted the resignation of Mr. Mohammad Subhi Ahmed Atatreh from membership of the Board of Directors .

البند الثالث: قبول استقالة السيد/ محمد صبحي أحمد عطاطرة من عضوية مجلس الادارة .

Fourth Item: Appointed of H.E. Mubarak Matar Al Humairy as a new member in the Board of Directors . Further, to present this matter for AGM approval in its first meeting .

البند الرابع: تعيين سعادة مبارك مطر الحميري كعضو جديد في مجلس ادارة الشركة ، مع عرض هذا الموضوع على الجمعية العمومية في اول اجتماع لها.

Fifth Item: Appointed of Mr. Salem Hadher Mubarak Hadher Almheiri as Chief Executive Officer (CEO) .

البند الخامس: تعيين السيد سالم حاضرمبارك حاضرمهييري رئيسا تنفيذيا للشركة.

Sixth Item : Discussed and approved other general matters related to The Company.

البند السادس: مناقشة والموافقة على امور عامة اخرى تخص الشركة.

Best Regards

وتفضلوا بقبول فائق الاحترام والتقدير

Wahat Al Zaweya Holding PJSC

واحة الزاوية القابضة ش.م.خ



Wahat Al Zaweya Holding PJSC and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

Wahat Al Zaweya Holding PJSC and its Subsidiaries

Consolidated Financial Statements 31 December 2020

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REPORT OF THE BOARD OF DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of Wahat Al Zaweya Holding PJSC (the “Company”) and its subsidiaries, together (the “Group”), for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are developing, investing in and managing real estate properties.

RESULTS AND APPROPRIATION

For the year ended 31 December 2020, the Group recorded a revenue of AED 20,805,323 (2019: AED 469,372,830) and incurred a loss for the year of AED 190,995,962 (2019: a loss of AED 121,461,201).

DIRECTORS

As at 31 December 2020, the Directors of the Group were as follows:

Mr. Abdullah Bakheet Saif Murshed Al Marar.
Mr. Abdullah Saeed Abdlla Brook Alhameiri.
Mr. Abdulla Subhi Ahmed Atatreh.
Mr. Mohammad Subhi Ahmed Atatreh.
Mr. Abdulaziz Fahad Hamad Al Ongary.
Mr. Sultan Salem Thaaloub Alderei
Mr. Mohammad Hani Hashem Al Anani.

AUDITORS

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2020, who retire and being eligible, offer themselves for reappointment.

For and on behalf of the Board of Directors



Mr. Abdullah Saeed Abdlla Brook Alhameiri

Date: **25 March 2021**
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAHAT AL ZAWEYA HOLDING PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Wahat Al Zaweya Holding PJSC (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that the Group had incurred a loss of AED 190,995,962 for the year ended 31 December 2020 (2019: AED 121,461,201) and, as of that date, it had accumulated losses of AED 112,742,924 (2019: retained earnings of AED 78,253,038) and its current liabilities exceeded its current assets by AED 3,076,572,407 (31 December 2019: AED 2,542,985,179). As stated in note 2.1, these conditions, along with other matters set out in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor whose report dated 13 May 2020 expressed an unmodified opinion with a material uncertainty relating to going concern paragraph on those consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAHAT AL ZAWEYA HOLDING PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How we addressed the key audit matter
(A) Valuation of investment properties	
Investment properties amounting to AED 2,278 million as at 31 December 2020 (31 December 2019: 2,316 million) represents 43% of the total assets (2019: 45% of the total assets).	We obtained the valuation reports provided by the external valuers appointed by the management to evaluate the fair valuation of the investment properties carried out by external valuers (the "valuers").
Investment properties are carried at fair value. The Group uses valuation performed by external valuers to ascertain the fair value of these investment properties. The valuation of the investment properties involve significant estimates and assumptions. Any variation in the estimate/assumptions used by management for the valuation of the investment properties could have material impact on the consolidated financial statements of the Group.	We checked investment properties related financial information used by the valuers by verifying it to the accounting records maintained by the Group. We involved our internal real estate valuation specialists to review the valuation reports for the selected investment properties and assessed whether the valuation approach and methods used are in accordance with the established standards for valuation of the properties and are suitable for use in determining the fair value for the purpose of the consolidated financial statements. We held discussions with the valuer to understand the work performed by them.
Note 11 and 28 to the consolidated financial statements include the disclosures for valuation methods and key assumptions used for the fair valuation of investment properties.	Further, we reviewed the disclosures included in the consolidated financial statements regarding the key assumptions used in the valuation which may have a significant impact in the determination of the fair value of the investment properties. Also, we reviewed the terms of engagement between valuer and Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAHAT AL ZAWEYA HOLDING PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Other information

Other information consists of the information included in the Director's Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAHAT AL ZAWEYA HOLDING PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAHAT AL ZAWEYA HOLDING PJSC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015 we report that:

- (i) We have obtained all the information we considered necessary for the purpose of our audit;
- (ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of Article of Association of the Company and the UAE Federal Law No. (2) of 2015;
- (iii) The group has maintained proper books of account;
- (iv) The financial information included in the report of Directors is consistent with the books of account of the Group;
- (v) Investments in shares and stocks during the year ended 31 December 2020 (if any), are disclosed in note 1 and note 13 to the consolidated financial statements;
- (vi) Note 23 to the consolidated financial statements reflects material related party transaction and the terms under which they were conducted;
- (vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that Group has contravened during the year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Article of Association which would materially affect its activities or its financial position as at 31 December 2020; and
- (viii) Note 6 reflects the social contributions made during the year.

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

25 March 2021

Dubai, United Arab Emirates

Wahat Al Zaweya Holding PJSC and its Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 AED	2019 AED
ASSETS			
Property and equipment	9	14,098,849	13,463,021
Development properties	10	2,780,130,231	2,648,810,477
Investment properties	11	2,278,764,423	2,316,301,598
Right -of- use asset	12	4,610,047	6,058,881
Financial assets at fair value through other comprehensive income	13	29,050,000	43,190,000
Trade and other receivables	14	13,521,339	15,991,957
Cash and bank balances	15	103,858,118	66,460,495
TOTAL ASSETS		5,224,033,007	5,110,276,429
EQUITY AND LIABILITIES			
Equity			
Share capital	16	2,312,729,034	2,312,729,034
Legal reserve	17	7,456,112	7,456,112
Acquisition reserve	18	(755,908,606)	(755,908,606)
Foreign currency translation reserve		(19,127,654)	(19,395,090)
Fair value reserve for financial assets at fair value through other comprehensive income		(40,950,000)	(26,810,000)
(Accumulated losses)/retained earnings		(112,742,924)	78,253,038
Total equity		1,391,455,962	1,596,324,488
Liabilities			
Bank borrowings and facilities	19	577,022,339	659,933,732
Provision for employees' end of service benefits	20	4,788,967	6,105,814
Lease liabilities	12	6,580,050	6,180,695
Trade and other payables	21	2,015,330,906	1,867,117,340
Advances from customers	22	1,219,957,663	972,841,505
Due to related parties	23	8,897,120	1,772,855
Total liabilities		3,832,577,045	3,513,951,941
TOTAL EQUITY AND LIABILITIES		5,224,033,007	5,110,276,429



Abdullah Brook Alhameiri
Vice Chairman



Anas Sabhi Ahmed Atatreh
Group President

The attached notes 1 to 30 form part of these consolidated financial statements.

Wahat Al Zaweya Holding PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	<i>Notes</i>	2020 AED	2019 AED
Revenue	5	20,805,323	469,372,830
Cost of revenue	6	(835,487)	(325,932,468)
GROSS PROFIT		19,969,836	143,440,362
Selling, general and administrative expenses	7	(48,406,841)	(73,025,109)
Other income		2,981,384	627,469
Loss on fair value of investment properties	11	(38,488,435)	(100,349,224)
LOSS FROM OPERATIONS		(63,944,056)	(29,306,502)
Finance costs	8	(127,111,906)	(93,687,191)
Interest income		60,000	1,532,492
LOSS FOR THE YEAR		(190,995,962)	(121,461,201)
Earnings per share			
<i>Earnings per share for loss attributable to the ordinary equity holder of the Parent Company</i>			
Basic and diluted earnings per share	24	(0.083)	(0.053)

The attached notes 1 to 30 form part of these consolidated financial statements.

Wahat Al Zaweya Holding PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	<i>Note</i>	2020 AED	2019 AED
LOSS FOR THE YEAR		(190,995,962)	(121,461,201)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange gain on translation of foreign operations		267,436	545,516
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income	13	(14,140,000)	(18,822,240)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		(13,872,564)	(18,276,724)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(204,868,526)	(139,737,925)

The attached notes 1 to 30 form part of these consolidated financial statements.

Wahat Al Zaweya Holding PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>Acquisition reserve AED</i>	<i>Foreign currency translation reserve AED</i>	<i>Fair value reserve for financial assets at fair value through comprehensive income AED</i>	<i>(Accumulated Losses)/ Retained earnings AED</i>	<i>Total equity AED</i>
Balance at 1 January 2019	2,312,729,034	7,456,112	(755,908,606)	(19,940,606)	(16,000,000)	259,726,479	1,788,062,413
Loss for the year	-	-	-	-	-	(121,461,201)	(121,461,201)
Other comprehensive income/(loss) for the year	-	-	-	545,516	(18,822,240)	-	(18,276,724)
Total comprehensive income/(loss) for the year	-	-	-	545,516	(18,822,240)	(121,461,201)	(139,737,925)
Dividends (Note 16)	-	-	-	-	-	(52,000,000)	(52,000,000)
Loss on disposal financial assets at fair value through other comprehensive income	-	-	-	-	8,012,240	(8,012,240)	-
Balance at 31 December 2019	2,312,729,034	7,456,112	(755,908,606)	(19,395,090)	(26,810,000)	78,253,038	1,596,324,488
Loss for the year	-	-	-	-	-	(190,995,962)	(190,995,962)
Other comprehensive income/(loss) for the year	-	-	-	267,436	(14,140,000)	-	(13,872,564)
Total comprehensive income/(loss) for the year	-	-	-	267,436	(14,140,000)	(190,995,962)	(204,868,526)
Balance at 31 December 2020	2,312,729,034	7,456,112	(755,908,606)	(19,127,654)	(40,950,000)	(112,742,924)	1,391,455,962

The attached notes 1 to 30 form part of these consolidated financial statements.

Wahat Al Zaweya Holding PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	<i>Notes</i>	2020 AED	2019 AED
OPERATING ACTIVITIES			
Loss for the year		(190,995,962)	(121,461,201)
Adjustments for:			
Depreciation on property and equipment	9	3,822,560	4,574,233
Depreciation adjustment	9	(1,896,673)	-
Depreciation on right of use assets	12	2,147,780	1,913,331
Fair value loss on investment properties	11	38,488,435	100,349,224
Provision for employees' end of service benefits	20	421,991	1,115,594
Interest income		(60,000)	(1,532,492)
Finance cost	8	127,111,906	93,687,191
		(20,959,963)	78,645,880
Changes in working capital:			
Trade and other receivables		5,027,212	31,148,376
Development properties		(133,739,854)	(184,847,823)
Advances from customers		247,116,158	(14,008,037)
Due to related parties		7,124,265	1,772,855
Due from related parties		(2,556,594)	-
Trade and other payables		160,713,566	175,777,383
Cash generated from operations		262,724,790	88,488,634
Payment of employees' end of service benefits	20	(1,738,838)	(295,064)
Net cash generated from operating activities		260,985,952	88,193,570
INVESTING ACTIVITIES			
Purchase of property and equipment	9	(141,615)	(844,983)
Interest income received		60,000	1,532,492
Proceeds from sale of investments		-	21,987,760
Net cash (used in)/generated from investing activities		(81,615)	22,675,269
FINANCING ACTIVITIES			
Proceeds from bank borrowings and facilities		-	207,465,911
Repayments of bank borrowings and facilities		(82,911,394)	(200,894,674)
Lease liability paid	12	(675,693)	(1,791,542)
Repayments on land		(12,500,000)	(128,160,000)
Margin deposits		16,571,680	19,982,520
Finance costs paid		(126,739,089)	(91,460,777)
Dividends paid	16	-	(26,000,000)
Net cash used in financing activities		(206,254,496)	(220,858,562)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS			
		54,649,841	(109,989,723)
Net foreign exchange difference		(680,538)	(161,943)
Cash and cash equivalents at beginning of the year		31,229,714	141,381,380
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	85,199,017	31,229,714

The attached notes 1 to 30 form part of these consolidated financial statements.

Wahat Al Zaweya Holding PJSC and its Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2020

1 GENERAL INFORMATION

Wahat Al Zaweya Holding PJSC (the “Company”) is a Private Joint Stock Company registered in Abu Dhabi, United Arab Emirates. The Company was incorporated on 21 December 2008 and currently operates in accordance with the UAE Federal Law no (2) of 2015 as amended by Federal Decree- Law No. 26 of 2020 which amends 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 Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are developing, investing in and managing real estate properties.

The registered address of the Company is P.O. Box 53351, Abu Dhabi, United Arab Emirates.

The Group has not purchased or invested in any shares during the year ended 31 December 2020. During the previous year ended 31 December 2019, the major shareholder ‘Tabarak Commercial Investment LLC’ sold 40% from its ownership in the Company to Royal Majestic Investment - Sole Proprietorship LLC. In addition, Al Motamad Labour Supply Services Company sold 100% from its ownership to Al Rakaaiz Investment LLC. The Company’s shareholding is shown in note 16.

The Company has either directly or indirectly the following subsidiaries:

<i>Subsidiaries</i>	<i>Principle activities</i>	<i>Beneficial ownership in</i>		<i>Country of incorporation</i>
		<i>2020</i>	<i>2019</i>	
Wahat Al Zaweya Investment & Real Estate Development LLC	Real estate and master development	100%	100%	United Arab Emirates
Waha Bay Investment and Real Estate Development LLC	Real estate and master development	100%	100%	United Arab Emirates
Tasweek (Malaysia) Sdn Bhd	Real estate investment	100%	100%	Malaysia
UAE Marketing Sdn Bhd	Real estate investment	100%	100%	Malaysia
Tasweek Pahang Sdn Bhd	Real estate investment	100%	100%	Malaysia
Tasweek El Emarati*	Real estate investment	100%	100%	Morocco
Tasweek Dubai*	Real estate investment	100%	100%	United Arab Emirates
Tasweek Properties LLC*	Real estate investment	100%	100%	United Arab Emirates
Tasweek Investment Limited JAFZA*	Real estate investment	100%	100%	United Arab Emirates
Tasweek Overseas Limited JAFZA*	Real estate investment	100%	100%	United Arab Emirates
Tasweek Real Estate Investment LLC*	Real estate investment	99%	99%	United Arab Emirates

*These entities are dormant entities and have no transactions.

These consolidated financial statements were authorised for issue by the Board of Directors on 25 March 2021 and signed on its behalf.

2 BASIS OF PREPARATION AND CONSOLIDATION

2.1 GOING CONCERN

For the year ended 31 December 2020, the Group incurred loss of AED 190,995,962 (2019: AED 121,461,201) and as of that date, the Group has accumulated losses of AED 112,742,924 (2019: retained earnings of AED 78,253,038) and its current liabilities exceeded its current assets by AED 3,076,572,407 (2019: AED 2,542,985,179). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and that, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the Group be unable to continue as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any liabilities which might arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The consolidated financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.1 GOING CONCERN (continued)

Management has considered the way forward and developed certain actions plans to improve results and cash flows of the Group. As a result, the Group is currently arranging for project financing for its projects and had appointed a leading advisory firm to structure the new financing; aligning of manpower resources with utilised capacity; and exploring possible expansion into other regional markets (i.e. the Group has established a representative office in Saudi Arabia to penetrate the Saudi market as part of its expansion plans).

As of 31 December 2020, the Group is still working with the relevant municipalities and governmental authorities to finalise legal formalities for its key project to enable the Group to transfer titles to the related customers, however, this has already resulted in delays in transferring titles on due dates and resulted in legal claims against the Group. Management is confident about the Group's ability to continue its business and a major shareholder has confirmed his intention to continue to arrange funding for the Group to enable it to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations for at least twelve months from the date of approval of these consolidated financial statements.

2.2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and applicable requirements of UAE Laws.

The consolidated financial statements are presented in UAE Dirhams (AED), being the functional currency of the Group.

The consolidated financial statements have been prepared under a historical cost basis, except for financial assets at fair value through other comprehensive income at fair value and the investment properties which are measured at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise of the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. There is no impact on the profit or loss of the comparative period and total equity.

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.3 BASIS OF CONSOLIDATION (continued)

Profit or loss and each component of other profit and loss (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated profit or loss. Any investment retained is recognised at fair value.

2.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated 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 output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

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

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its current accounting policies and whether the Group may wish to re-assess covenants in its existing loan agreements.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. The Group must apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020 the IASB issued Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, (IBOR reform Phase 2) to address the accounting issues which arise upon the replacement of an IBOR with a RFR. IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a RFR. Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are allowed as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis. IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR.

The reliefs require the Group to amend the hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. The reliefs allow that changes to the method for assessing hedge effectiveness due to modifications required by IBOR reform, will not result in the discontinuation of hedge accounting. The Group will apply IBOR reform Phase 2 from 1 January 2021.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue from sale of development properties

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amount collected on behalf of third parties. The Group recognises revenue when it transfers controls of a product or service to a customer.

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

Revenue from sale of development properties (continued)

Revenue recognition policies for product and services of the Group are set out below:

Sale of development properties

The Group recognises sales from the sale of development properties when the performance obligation has been transferred to the customer. This is achieved at a point in time when the ownership is transferred to the customer.

Contract cancellation income

The Group recognises contract cancellation income when the default by the customer occurs according to the sale and purchase agreement clauses, and the customer has been properly notified as per the contractual and regulatory requirements.

Interest revenue

Interest revenue is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other operating income

Other operating income is recognised when earned.

Cost of revenue on sale of property

Cost of revenue includes the cost of land and development costs. Development costs include the cost of infrastructure, selling transactions cost, roads, utility and power installation and any infrastructure costs as per the master development obligations. The cost of revenue in respect of residential and commercial units is based on the estimated proportion attributable to sold units of the development cost incurred to date to the estimated total development costs for each project. The cost of revenue in respect of sales of plots of land is based on the total estimated cost of the land site over the total usable land area in a particular development.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

	Years
Land & Buildings	8 to 10
Spare parts and tools	3 to 5
Furniture and fixtures	3 to 5
Computers and office equipment	3 to 5
Vehicles	3 to 5

No depreciation is charged on land and capital work-in-progress. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable. Whenever the carrying amount of property and equipment exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of profit or loss. The recoverable amount is the higher of fair value less costs to sell of property and equipment and the value in use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that asset is or those assets are not explicitly specified in an arrangement.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of other offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office premises 3 to 4 years

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

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

Group as a lessor

Rental Income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is recognised over the period on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also includes properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value. Investment properties are measured at fair value if the fair value is considered to be reliably determinable.

Investment properties for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the reporting date by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Investment properties that are being redeveloped for continuing use as investment properties or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Changes in fair values are recognised in the consolidated statement of profit or loss. Investment properties are derecognised when they have been disposed. Where the Group disposes of a property, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Development properties

Properties acquired or properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as development properties and are measured at the lower of cost or net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer fee, construction overheads and other related direct costs.

Cost includes the cost of land, selling transactions cost, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress.

Direct costs from the start of the project up to completion of the project are capitalised. Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project to be completed. Upon completion, unsold properties, if any are transferred at cost to properties held for sale.

Management reviews the carrying values of the development properties on an annual basis. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument at another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group classifies its financial assets as "trade and other receivables", "financial assets at fair value through other comprehensive income," "amounts due from related parties" and "Bank balances and cash".

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as following;

- Financial assets at amortised cost
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

(a) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(b) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group financial assets at amortised cost includes bank balances and cash, trade and other receivables and amount due from related parties.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Trade receivable

Accounts receivable are stated at original invoice less provision for impairment.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss.

Due from related parties

Due from related parties are recognised at amortised costs less impairment losses, if any.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, bank balance and due from related parties, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of profit and loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

The Group's financial liabilities include trade and other payables, amounts due to related parties, lease liabilities and banking loans and facilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Trade and other payables and amount due to related parties

After initial recognition, trade and other payables and amount due to related parties are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortisation cost is calculated by taking into account any discount and premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii Offsetting of financial instruments

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

Fair value measurement

The Group measures financial instruments, such as investment in securities and hedges, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investments traded in an active market, fair value is determined by reference to quoted market bid prices. The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity. Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' end of service benefits

A provision is made for the estimated liability for employees' entitlements to annual leave and related benefits as a result of services rendered by the employees up to the consolidated statement of financial position date. Provision is also made, using actuarial techniques, for the end of service benefits due to employees in accordance with the Labour Laws applicable in United Arab Emirates, for their periods of service up to the consolidated statement of financial position date.

With respect to its UAE national employees, the Group makes a provision for contributions to be made to the UAE Pension Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due. These are dealt with as payments to defined contribution plans, where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The provision relating to annual leave and leave passage is disclosed as a current liability and included in trade and other payables, while that relating to end of service benefits is disclosed as a non-current liability.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when all of the following conditions are met: (a) it incurs expenditure for the asset (b) it incurs borrowing costs, and (c) it undertakes activities that are necessary to prepare the asset for its intended use. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

All other borrowing costs are recognised in the consolidated statement of income in the period in which they are incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance income or costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are recognised in other comprehensive income.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting periods. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Fair value of investment properties

Investment properties are stated at fair value as at the consolidated statement of financial position date. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise. The fair values of investment properties are determined by an independent professional valuer. The valuation techniques adopted comprise the Comparable method and Residual value method.

The Residual Value Method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period. The valuers have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparable. Assumptions vary based on different phases of the Project.

(b) Costs to complete for development properties

The Group estimates the cost to complete for development properties in order to determine the project completion and any future loss arising from the difference between the net realisable value and the cost to complete. These estimates include the cost of providing infrastructure activities, selling cost, potential claims by sub-contractors and the cost of meeting other contractual obligations to the customers and the regulatory authorities.

(c) Impairment of non-financial assets

The Group determines whether non-financial assets are impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash-generating unit to which the non-financial asset is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows.

(d) Leases- estimating the incremental borrowing rate

Management has determined the IBR based on the rate of interest per territory that the Group would have to pay to borrow over similar borrowing characteristics for the respective Group entity. Accordingly, management has decided to use a discount rate depending the Group entities credit portfolio by making adjustments specific to the lease, (i.e., term, country, currency and security) as the IBR for discounting future lease payments.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term of contracts with renewal and termination options – Group as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows exceeding the lease term have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the year ended 31 December 2020, no significant events or significant change in circumstances occurred that caused the management to reassess the lease term.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Judgments (continued)

Classification of property

The Group determines whether a property is classified as investment property, development property, property and equipment:

- Investment properties comprise properties that are held for long-term rental yields or capital appreciation or both, and that is not occupied by the Group;
- Development properties comprise properties that are held for sale in the ordinary course of business. Principally, these are a property that the Group develops and intends to sell before or on completion of construction; and
- Property and equipment comprise properties that are held for administrative purposes or supply of services.

5 REVENUE

	2020 AED	2019 AED
Type of revenue from contracts with customers		
Revenue from sales of development properties	-	465,077,187
Contract cancellation income	17,676,527	903,483
Total revenue from contracts with customers (a)	17,676,527	465,980,670
Other operating income		
Rental income	3,128,796	3,392,160
Total revenue	20,805,323	469,372,830

(a) Set out below is disaggregation of the Group's revenue from contracts with customers:

	2020 AED	2019 AED
Timing of revenue recognition		
Recognised at a point in time	17,676,527	465,980,670
Geographical markets of sale of goods		
United Arab Emirates	17,676,527	465,980,670

6 COST OF REVENUE

The Group records cost of sale of development properties when the properties ownership has been transferred and performance obligation is transferred to the customer. The cost of sales includes both actual and expected costs based on the project master plan.

The cost of sales also includes property management service charge for investment properties.

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7 SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
Staff costs	14,748,405	27,027,344
Professional Fees	11,568,079	1,223,169
Legal fines and penalties	11,558,494	9,375,531
Depreciation on property and equipment (note 9)	3,822,560	4,574,233
Depreciation of right of use assets (note 12)	2,147,780	1,913,331
Bank charges	1,386,718	2,112,073
Selling, commissions and other marketing expenses	1,127,243	20,292,487
Rental - operating leases	-	411,757
Social contribution	-	219,500
Other expenses	2,047,562	5,875,684
	48,406,841	73,025,109

The Group has not made any social contributions during the year (2019: Nil)

8 FINANCE COSTS

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
Interest on banking loans and facilities	34,461,063	41,928,371
Discount unwinding of payable for purchase of land	92,278,026	51,360,930
Finance cost on lease liability (note 12)	372,817	397,890
	127,111,906	93,687,191

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9 PROPERTY AND EQUIPMENT

	<i>Land & Buildings AED</i>	<i>Spare parts and tools AED</i>	<i>Furniture and fixtures AED</i>	<i>Computers and office equipment AED</i>	<i>Vehicles AED</i>	<i>Buildings under construction* AED</i>	<i>Total AED</i>
Cost:							
At 1 January 2019	9,370,000	11,250	13,563,208	3,108,828	156,075	-	26,209,361
Additions	-	-	744,448	100,535	-	-	844,983
At 31 December 2019	9,370,000	11,250	14,307,656	3,209,363	156,075	-	27,054,344
Additions	-	-	89,571	47,044	-	5,000	141,615
Transfer from development properties (note 10)	-	-	-	-	-	2,420,100	2,420,100
Disposal	-	-	-	(21,450)	-	-	(21,450)
At 31 December 2020	9,370,000	11,250	14,397,227	3,234,957	156,075	2,425,100	29,594,609
Accumulated depreciation:							
At 1 January 2019	1,686,600	5,651	5,259,271	1,975,604	89,964	-	9,017,090
Charge for the year	937,000	3,750	3,034,678	546,780	52,025	-	4,574,233
At 31 December 2019	2,623,600	9,401	8,293,949	2,522,384	141,989	-	13,591,323
Charge for the year	470,939	1,849	2,829,143	506,543	14,086	-	3,822,560
Disposal	-	-	-	(21,450)	-	-	(21,450)
Adjustment	(1,896,673)	-	-	-	-	-	(1,896,673)
At 31 December 2020	1,197,866	11,250	11,123,092	3,007,477	156,075	-	15,495,760
Net book value:							
At 31 December 2020	8,172,134	-	3,274,135	227,480	-	2,425,100	14,098,849
At 31 December 2019	6,746,400	1,849	6,013,707	686,979	14,086	-	13,463,021

The building under construction amounting to AED 2,425,100 (2019: AED Nil) relates to expenditure on construction of office building.

10 DEVELOPMENT PROPERTIES

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
As at 1 January	2,648,810,477	2,463,962,654
Addition	133,739,854	277,041,829
Transfer to property and equipment (note 9)	(2,420,100)	-
Less: sale of property	-	(92,194,006)
	<u>2,780,130,231</u>	<u>2,648,810,477</u>

Development properties are mainly composed of the cost of the land, cost of construction and incurred design and earth works, commissions and infrastructure. Development properties are carried at the lower of the acquisition fair value of the land plus development costs, and the net realisable value. Net realisable value has been determined using factors based on committed sale prices for sold units and market prices for unsold units. In addition, the estimated amount of the future commitments in relation to cost of development of the properties is disclosed in (Note 26).

The Group expects to fund the completion of the master development from the instalments and advances from current buyers, future sales, bank facilities and shareholders' financial support.

A Subsidiary of the Group signed an agreement on 29 January 2017 to purchase a plot of land with a total purchase price of AED 998,428,753. As of the consolidated financial statements approval date, the land title deed is registered in the name of the land's original owner (the seller) and the beneficiary rights to use the land are fully assigned to the Subsidiary. Title deed and ownership of the land will be transferred to the Subsidiary upon completing final payment to the land's original owner.

11 INVESTMENT PROPERTIES

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
As at 1 January	2,316,301,598	2,415,943,363
Change in fair value of investment properties	(38,488,435)	(100,349,224)
Foreign currency exchange difference	951,260	707,459
As at 31 December	<u>2,278,764,423</u>	<u>2,316,301,598</u>

During the year ended 31 December 2020, the fair value of the investment properties was based on an external independent valuer's report prepared in accordance with RICS valuation standards. The future development costs as per consultants' report and management estimations were assessed and accrued to carrying amount in order to evaluate the change in the fair value. Management estimates that this fair valuation is reliable and has adopted the valuation conclusions which showed a loss in change in fair value of the investment property of AED 38,488,435 (2019: AED 100,349,224). Refer note 28 for fair value disclosure.

As at 31 December 2020, investment properties amounting to AED 25,000,000 are mortgaged against term loan taken by Tabarak Commercial Investment Sole proprietorship LLC (Parent company).

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12 LEASES

Below are the carrying amounts of the right-of-use assets recognized and movements during the year:

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
At 1 January	6,058,881	7,972,212
Additions during the year	698,946	-
Depreciation charge for the year	(2,147,780)	(1,913,331)
At 31 December	4,610,047	6,058,881

Set out below is the carrying amount of lease liabilities and the movement during the year:

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
At 1 January	6,180,695	7,574,347
Additions during the year	702,231	-
Accretion of interest	372,817	397,890
Lease payments	(675,693)	(1,791,542)
At 31 December	6,580,050	6,180,695
Current	3,780,072	1,757,017
Non-current	2,799,978	4,423,678
	6,580,050	6,180,695

The Group does not have leases that contains variable payments. The Group has no lease contracts that include extension and termination options.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Balance at 1 January	43,190,000	84,000,000
Disposals	-	(21,987,760)
Change in fair value	(14,140,000)	(18,822,240)
	29,050,000	43,190,000

Financial assets at fair value through other comprehensive income (FVOCI) comprise of Islamic convertible Sukuk issued by a listed Company (Investee) for a value of AED 100,000,000 at the date of purchase by way of private placement to one of the Group's subsidiaries. The aforementioned investment was converted to equity shares during the year ended 31 December 2019. The shares of the investee are quoted in the Dubai Financial Market (DFM).

During the previous year ended 31 December 2019, the Group disposed 30,000,000 shares of the outstanding quoted investment carried at fair value through other comprehensive income.

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14 TRADE AND OTHER RECEIVABLES

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Trade receivables	7,363,912	7,227,353
Less: Allowance for doubtful debts	(4,500,000)	(4,500,000)
	2,863,912	2,727,353
VAT receivable	6,425,742	9,188,545
Due from related parties (note 23)	2,556,594	-
Prepaid expenses	157,867	2,624,629
Refundable deposits	896,742	911,886
Other receivables	620,482	539,544
	13,521,339	15,991,957

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

As at 31 December 2020, trade and other receivables with nominal value of AED 4,500,000 (2019: AED 4,500,000) were impaired.

15 CASH AND BANK BALANCES

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Cash on hand	62,368	160,674
Bank balances (i)	85,136,649	31,069,040
Margin deposits (ii)	18,659,101	35,230,781
	103,858,118	66,460,495

(i) As at 31 December 2020, an amount of AED 24,144,370 (2019: AED 12,960,616) are with banks for advances received from customers against sale of development properties which are deposited into escrow accounts. These balances are not under lien.

(ii) Margin deposits represent non-interest-bearing deposits with original maturities of more than 3 months held with local banks against banking loans and facilities.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Cash and bank balances	103,858,118	66,460,495
Margin deposits	(18,659,101)	(35,230,781)
	85,199,017	31,229,714

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16 SHARE CAPITAL

	2020 AED	2019 AED
Authorised, issued and paid up (2,312,729,034 shares of AED 1 each (31 December 2019: 2,312,729,034 shares of AED 1 each)	2,312,729,034	2,312,729,034

The ownership of the Parent Company as of 31 December 2020 was as follows:

	<i>Ownership</i>		<i>No. of shares</i>	
	2020	2019	2020 AED	2019 AED
Royal Majestic Investment				
- Sole Proprietorship L.L.C	48%	42%	1,100,959,542	965,500,000
Al Rakaaiz Investment LLC	10%	12%	240,000,000	282,100,000
Tabarak Commercial Investment LLC	9%	11%	201,744,368	252,070,595
Ajman Bank P.J.S.C	11%	9%	250,000,000	200,000,000
Alssawari Real Estate Investment LLC	6%	7%	127,602,323	155,408,006
International Avenue Investment	3%	6%	75,952,438	133,971,962
Shuaa Capital P.J.S.C	3%	4%	74,997,000	102,000,000
Investors holding less than 5%	10%	9%	241,473,363	221,678,471
			2,312,729,034	2,312,729,034

Dividend

At the Annual General Meeting of the shareholders held on 25 May 2019, the shareholders approved a cash dividend of AED 52,000,000 for the performance of the year ended 31 December 2018 which represents 2.25% of the Company's share capital. During the previous year ended 31 December 2019, the Group paid an amount of AED 26,000,000 from the declared dividends and the remaining balance of AED 26,000,000 is recognized as a liability as detailed in Note 21.

17 LEGAL RESERVE

In accordance with the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the profit for each year is transferred to a non-distributable legal reserve. Transfers to this reserve are required to be made until such time as it equals 50% of the paid-up share capital of the Company. The transfer is made on an entity level and not based on the Company's income for the year. Accordingly, no additional transfers have been made during the year as the Company, on a standalone level, incurred a loss during the year.

18 ACQUISITION RESERVE

The acquisition reserve resulted from acquisition of Wahat Al Zaweya Investment and Real Estate Development LLC and its subsidiary (the "acquiree").

The Group issued 2,200,000,000 shares with a nominal value of AED 1 per share to the former shareholders of the acquiree in exchange of acquiree's net assets of AED 1,444,091,394. The difference between fair value of acquiree net assets ("net consideration") and the share capital issued is recognized as acquisition reserve.

19 BANK BORROWINGS AND FACILITIES

	2020 AED	2019 AED
Term Loan 1	29,682,528	31,428,560
Term Loan 2	90,384,615	92,307,692
Term Loan 3	144,416,667	146,500,000
Term Loan 4	88,224,000	88,056,000
Term Loan 5	58,707,770	61,546,194
Term Loan 6	99,000,000	99,250,000
Term Loan 7	29,868,000	32,226,000
Term Loan 8	27,490,119	29,230,000
Term Loan 9	-	69,569,718
Murabaha facilities	9,248,640	9,819,568
	577,022,339	659,933,732

The Group currently has borrowing arrangements with seven commercial banks that comprise of:

Term loan 1: represents a loan amounting to AED 110 million which was obtained by a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) during the year ended 31 December 2016 and is repayable through 63 monthly instalments with final instalment of AED 1,746,032 on 22 Nov 2022.

Term loan 2: represents a loan amounting to AED 150 million which was obtained by a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) during the year ended 31 December 2016 and is repayable through 78 monthly instalments with final instalment of AED 1,923,077 on 5 June 2025.

Term loan 3: represents a loan amounting to AED 150 million which was obtained by a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) during the year ended 31 December 2018 at a rate of EIBOR plus 3.25% per annum and is repayable through 72 monthly instalments with first instalment being on 30 June 2019 and amounting to AED 500,000. The instalment amount increases to AED 2,083,333 starting from 31 January 2020. Final instalment is scheduled on 30 November 2026.

Term loan 4: represents a loan amounting to AED 146 million (USD 40 million) which was obtained by a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) during the year ended 31 December 2017 and is repayable in monthly instalments ending May 2021.

Term loan 5: this loan represents an Ijara financing loan which amounted to AED 73.8 million as at 31 December 2018 which was transferred to a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) through agreement with a shareholder dated 30 April 2018 and repayable on monthly instalments with a maturity date of 31 October 2021. This loan is under the name of a related party, an entity under common control. The loan facility has been used by the Group (note 23).

Term loan 6: represents a loan amounting to AED 100 million which was obtained by a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) during the year ended 31 December 2019 at a rate of EIBOR plus 3.25% per annum and is repayable through 72 monthly instalments with first instalment being on 30 September 2020 and amounting to AED 250,000. The instalment amount changes as per the instalment schedule and reaches a maximum of AED 1,768,519 on final instalment which is scheduled on 28 February 2027.

Term Loan 7: represents a loan amounting to AED 33 million which was obtained by a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) during the year ended 31 December 2019 and is repayable through 84 monthly instalments with first instalment being on 2 November 2019 amounting to AED 393,000.

Wahat Al Zaweya Holding PJSC and its Subsidiaries

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19 BANK BORROWINGS AND FACILITIES (continued)

Term Loan 8: represents a loan amounting to AED 29.2 million which was obtained by a subsidiary ("Wahat al Zaweya Investment and Real Estate Development LLC") during the year ended 31 December 2019 and is repayable through 84 monthly instalments with first instalment being on 2 February 2020 amounting to AED 347,976.

Term Loan 9: represents a bill discounting loan facility including (Post Dated Cheques) amounting to AED 69.6 million which was obtained by a subsidiary ("Wahat al Zaweya Investment and Real Estate Development LLC") during the previous year ended 31 December 2019 and is repayable on cheques due date. This loan was fully repaid in 2020.

These loans held by the Group carry an average interest rate of 5.63%.

Securities

The above term loans are secured by one or more of the following:

- a) Post-dated cheques (PDC) totalling AED 727 million covering 200% of the outstanding facility drawn on a UAE based bank;
- b) Submission of original title deed and site affection Plan of Property;
- c) Promissory note of AED 400 million covering 110% of the facilities amount in favour of the bank; and
- d) Outstanding balance of USD 24 million as at 31 December 2020 is secured by promissory notes issued in favour of the bank amounting to USD 160 million.
- e) Outstanding balance of 61 million as at 31 December 2020 is secured by investment in Gulf Navigation P.S.C amounting to AED 29.4 million.

The bank loans and facilities are subject to covenants as per facility agreement. As of 31 December 2020, the Group has not complied with certain covenants in relation to the Loan 4. The total outstanding of the loan 4 is current in nature.

For the previous year ended 31 December 2019, the Group had not complied with the certain covenants in relation to the Loan 7 & 8 and accordingly an amount of AED 49.38 million was reclassified to current liability. As of 31 December 2020, the Group has complied with the covenants of these loans.

Murabaha facilities

The Murabaha facilities consist of four different loans with two Malaysian banks and carry margins ranging from BLR* +0.25% to 10% per annum. These facilities are payable in monthly instalments and have maturities of eight to ten years. These facilities are secured by mortgage over the investment properties with an amount of AED 8.58 million and deeds of Assignment and Powers of Attorney over 26 units of investment properties in accordance with the facility agreements.

* Base lending rate in Malaysia (BLR).

20 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2020	2019
	AED	AED
At 1 January	6,105,814	5,285,284
Charge for the year	421,991	1,115,594
Payments	(1,738,838)	(295,064)
At 31 December	<u>4,788,967</u>	<u>6,105,814</u>

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At 31 December 2020

21 TRADE AND OTHER PAYABLES

	2020 AED	2019 AED
Trade payables	112,035,084	65,702,746
Accrued project expenses (a)	962,882,525	1,075,096,436
Accrued project expenses (b)	124,363,517	4,000,000
Payable for purchase of land (c)	724,483,785	644,705,159
Retention payable	38,737,135	31,479,528
Dividends payable (Note 16)	26,000,000	26,000,000
Accrued finance cost	7,713,370	2,226,414
Municipality Registration Fees payable	5,160,124	4,691,806
Rent received from customers in advance	-	347,339
Other accruals and payables	13,955,366	12,867,912
	2,015,330,906	1,867,117,340

- (a) Accrued project expenses represent mainly obligations on the Group to develop infrastructure for one of its projects. The amount is accrued by the Group based on the approved cost budget for the project as a whole. The Group records cost of sales of development properties based on the actual cost of the property in addition to expected cost to be incurred for this property as per the project master plan and they increase the accrued project expenses. This accrued expense is for expenses that are not yet incurred but the Group is expected to incur the cost as part of the infrastructure and other development costs.
- (b) These accrued expenses represent material/services received but not yet invoiced by vendors.
- (c) The liability amounting to AED 277,963,785 (31 December 2019: AED 487,275,159) is non-current in nature. This balance relates to the purchase of a land on Yas Island contracted during 2017 by the Group's subsidiary. The total undiscounted consideration payable at the date of inception amounted to AED 998,428,753 which is being measured at amortised cost. The payable for purchase of land is carried at amortised cost with an effective interest rate of 12.71% (2019: 12.30%) per annum calculated at the WACC of 11.6% (2019: 11.6%). The payment of AED 12,500,000 was made during the year ended 31 December 2020 (year ended 31 December 2019: AED 51,810,000). There was default in payment as per agreed terms during the year and management is under discussion to renegotiate the terms of the payment.

22 ADVANCES FROM CUSTOMERS

Advances from customers of AED 1,219,957,663 (2019: AED 972,841,505) represent advances received on sale of plots of land and villas reserved by customers. Those will be recognised as revenue when the recognition criterion for the sale of land is met as per the requirements of IFRS 15.

23 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include shareholders, directors, members of their families, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

During the year, the Group entered into the following significant transactions with related parties in the ordinary course of business, carried out on terms and conditions, agreed between the parties.

	2020 AED	2019 AED
Transactions with Tabarak Commercial Investment LLC		
Interest expense paid on behalf of Group	5,470,400	1,772,855
Transactions with Tabarak Capital Limited		
Consultancy fees	2,800,000	-

23 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Due from related party

As at 31 December 2020, the related parties' balances are as follows:

	2020 AED	2019 AED
Entities under common control		
Nord Sud D'investissement (NSI)	5,996,809	5,996,809
Bonyan International Investment Group Holding LLC	2,556,594	-
	<u>8,553,403</u>	<u>5,996,809</u>
Less: provision for doubtful accounts	(5,996,809)	(5,996,809)
	<u>2,556,594</u>	<u>-</u>

As at 31 December 2020, balances due from related parties at nominal value of AED 8,553,403 (2019: AED 5,996,809) in which 5,996,809 were impaired (2019: AED 5,996,809).

A related party which is an entity under common control, has availed a loan for and on behalf of the Group. Outstanding amount as at 31 December 2020 is AED 58,707,770 (2019: AED 61,546,194) (note 19).

	2020 AED	2019 AED
Due to related parties		
Tabarak Commercial Investment Sole Proprietorship LLC	7,241,120	1,772,855
Tabarak Capital limited	1,656,000	-
	<u>8,897,120</u>	<u>1,772,855</u>

Above stated balances that are receivable/payable from/to related parties as at the year-end arise in the normal course of business and include amounts transferred / received to meet funding arrangements of the Group. These balances carry no interest charges and are receivable/payable on demand.

As at 31 December 2020, Group has recorded an impairment of AED 5,996,809 on receivables relating to amount due from related parties (2019: AED 5,996,809). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Key management compensation

The remuneration of members of key management is as follows:

	2020 AED	2019 AED
Short term benefits	1,355,000	4,500,000
Post-employment benefits	-	1,813,646
	<u>1,355,000</u>	<u>6,313,646</u>

24 EARNINGS PER SHARE

Basic earnings per share for the year are calculated by dividing profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments. As at 31 December 2020 and 31 December 2019, the Group did not have any dilutive instruments.

The following reflects the income and share data used in the earnings per share computations:

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Loss for the year attributable to the ordinary equity holders of the Group (AED)	<u>(190,995,962)</u>	<u>(121,461,201)</u>
Weighted average number of ordinary shares in issue	<u>2,312,729,034</u>	<u>2,312,729,034</u>
Basic and diluted earnings per share	<u><u>(0.083)</u></u>	<u><u>(0.053)</u></u>

25 SEGMENT REPORTING

Following the management approach with regard to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assessing its performance. The Group is managed as one unit and therefore the Board of Directors are of the opinion that the Group is mainly engaged in a single segment of investing in real estate. No significant income of a seasonal nature was recorded in the consolidated statements of profit or loss for the year ended 31 December 2020 and 2019.

26 CONTINGENCIES AND COMMITMENTS

A) Capital expenditure commitments

Estimated capital expenditures contracted for at the reporting date but not provided for:

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Signed contracts on development properties	<u>2,320,649,777</u>	<u>2,312,683,897</u>

B) Sales commitments

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Total sales committed to customers	<u>3,786,641,587</u>	<u>4,233,884,494</u>

Sales commitments represent sales agreements signed with customers, to which the properties have not yet been handed over to the customer and sales have not yet been recognised.

26 CONTINGENCIES AND COMMITMENTS (continued)

C) Bank contingencies

	2020 AED	2019 AED
Letters of guarantee	<u>2,759,040</u>	<u>2,181,856</u>

D) Legal cases

The Group is a defendant in a number of lawsuits representing legal actions and claims related to its ordinary course of business. The management and its legal advisors believe that the liabilities recorded as of 31 December 2020 is sufficient to meet the obligations that may arise from the lawsuits.

	2020 AED	2019 AED
Legal claims raised by customers	<u>526,768,319</u>	<u>85,698,740</u>

There are cases which have been decided against the Group and as per the court order the Group is liable to pay an amount of AED 214,710,408 out of which an amount of 162,416,183 is still payable to the customers. These amounts pertain to the advances received from the customer earlier which is already recognised in liabilities.

The Group is currently in a dispute with the third party regarding the legal and contractual validity of the derivative contract. The matter was disclosed in the consolidated financial statements for the year ended 31 December 2019. Based on the legal advice there is no contract between the party and the Group, no provision is required against the above as there is no outstanding contract, legal case or outstanding dispute as confirmed by the lawyer.

27 RISK MANAGEMENT

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is mainly exposed to credit risk, liquidity risk, market risk, foreign currency risk, interest rate risk and operational risk. No significant changes were made in the risk management objectives and policies during the years ended 31 December 2020 and 31 December 2019. The management of the Group reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

(i) Foreign exchange risk

The Group's operations expose it to foreign exchange risk arising from various currency exposures, primarily with respect to the Malaysian Ringgit and the US Dollars. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities in the financial statements. Since the UAE Dirham is pegged to the US Dollar the Group's foreign exchange risk with respect to transactions in US Dollar is insignificant.

(ii) Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises mainly from banking loans and facilities. Banking loans and facilities issued at variable rates expose the Group to cash flow interest rate risk. Banking loans and facilities issued at fixed rates expose the Group to fair value interest rate risk. Group's policy is to manage these risks based on management's assessment of available options.

27 RISK MANAGEMENT (continued)

Market risk (continued)

(ii) Cash flow and fair value interest rate risks (continued)

The Group analyses its interest rate exposure on a regular basis. Various options are analysed including refinancing and renewal of existing positions. The Group accordingly calculates the impact on profit of a defined margin rate shift. The scenarios are run only for banking loans and facilities that represent the major interest-bearing positions.

	<i>Increase/ (decrease) in basis points</i>	<i>Effect on results for the year AED</i>
Bank borrowings:		
2020	+100	(5,770,223)
	-100	5,770,223
2019	+100	(6,599,337)
	-100	6,599,337

(iii) Price risk

The Group is exposed to equity securities price risk because of investment held by the Group and classified on consolidated statement of financial position as financial assets at fair value through other comprehensive income.

The effect on quoted equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	<i>Change in equity price 2020 %</i>	<i>Effect on equity 2020 AED</i>	<i>Change in equity price 2019 %</i>	<i>Effect on equity 2019 AED</i>
Dubai Financial Market	+/- 10%	2,905,000	+/- 10%	4,319,000

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assesses the credit quality of the customers, taking into account financial position, past experience and other factors. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored. The Group's policy is to place cash and cash equivalents with reputable banks and financial institutions.

The Group does not have a significant concentration of credit risk. The major portion of the Group's sales occur through instalments and therefore, are received in advance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities. Management aims to maintain flexibility in funding by keeping committed credit lines available, including through related parties.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date.

27 RISK MANAGEMENT (continued)

Liquidity risk (continued)

As at 31 December 2020 and 2019, fair values of the balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<i>Less than 1 year AED</i>	<i>More than 1 year less than 5 years AED</i>	<i>Total AED</i>
31 December 2020			
Financial liabilities			
Banking borrowings and facilities	228,667,762	431,401,762	660,069,524
Trade and other payables, excluding payable for purchase of land and other non-financial liabilities	327,964,596	-	327,964,596
Payable for purchase of land	429,250,000	378,518,753	807,768,753
Lease liability	4,208,259	2,730,323	6,938,582
Due to a related party	8,897,120	-	8,897,120
	<u>998,987,737</u>	<u>812,650,838</u>	<u>1,811,638,575</u>

	<i>Less than 1 year AED</i>	<i>More than 1 year less than 5 years AED</i>	<i>Total AED</i>
31 December 2020			
Financial assets held to manage liquidity risk			
Financial assets at fair value through other comprehensive income	29,050,000	-	29,050,000
Trade and other receivables	13,363,472	-	13,363,472
Cash and bank balances	103,858,118	-	103,858,118
	<u>146,271,590</u>	<u>-</u>	<u>146,271,590</u>
Liquidity deficit	<u>852,716,147</u>	<u>812,650,838</u>	<u>1,665,366,985</u>

	<i>Less than 1 year AED</i>	<i>More than 1 year less than 5 years AED</i>	<i>Total AED</i>
31 December 2019			
Financial liabilities			
Banking borrowings and facilities	277,576,865	391,727,796	669,304,661
Trade and other payables, excluding payable for purchase of land and other non-financial liabilities	147,315,745	-	147,315,745
Payable for purchase of land	234,510,000	585,758,753	820,268,753
Lease liability	2,095,782	4,755,393	6,851,175
Due to a related party	1,772,855	-	1,772,855
	<u>663,271,247</u>	<u>982,241,942</u>	<u>1,645,513,189</u>

27 RISK MANAGEMENT (continued)

Liquidity risk (continued)

	<i>Less than 1 year AED</i>	<i>More than 1 year less than 5 years AED</i>	<i>Total AED</i>
Financial assets held to manage liquidity risk			
Financial assets at fair value through other comprehensive income	43,190,000	-	43,190,000
Trade and other receivables	13,367,328	-	13,367,328
Cash and bank balances	66,460,495	-	66,460,495
	<u>123,017,823</u>	<u>-</u>	<u>123,017,823</u>
Liquidity deficit	<u>540,253,424</u>	<u>982,241,942</u>	<u>1,522,495,366</u>

For the purpose of liquidity risk discloser, the below accounts have been excluded from the financial assets and financial liabilities:

	<i>2020 AED</i>	<i>2019 AED</i>
Non-financial assets		
Prepayments and advances	<u>157,867</u>	<u>2,624,629</u>
Non-financial liabilities		
Accrued project expenses	<u>962,882,525</u>	<u>1,075,096,436</u>
Advances from customers	<u>1,219,957,663</u>	<u>972,841,505</u>
	<u>2,182,840,188</u>	<u>2,047,937,941</u>

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the certain financial covenants. The Group has complied with all financial covenants except the financial covenants related to loan 4 (2019: loan 7 and loan 8). Accordingly, the remaining outstanding balances for the respective loans are re-classified to current liabilities.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management's assessment of available options, in conjunction with the shareholders.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total banking facilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

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27 RISK MANAGEMENT (continued)
Capital risk management (continued)

The gearing ratios at 31 December 2020 and 2019 were as follows:

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Banking facilities	577,022,339	666,114,427
Less: cash and bank balances	(103,858,118)	(66,460,495)
Net debt	473,164,221	599,653,932
Net debt	473,164,221	599,653,932
Equity	1,391,455,960	1,596,324,488
Capital	1,864,620,181	2,195,978,420
Gearing ratio	25.38%	27.31%

Changes in liabilities arising from financing activities

	<i>1 January 2020</i> <i>AED</i>	<i>Cash flows</i> <i>AED</i>	<i>Other</i> <i>AED</i>	<i>31 December 2020</i> <i>AED</i>
Current				
Term loan	312,413,670	(82,911,394)	23,497,612	252,999,888
Lease liabilities	1,757,017	(675,693)	2,881,510	3,962,834
Non-current:				
Term loan	347,520,062	-	(23,497,611)	324,022,451
Lease liabilities	4,423,678	-	(1,806,462)	2,617,216
Total	666,114,427	(83,587,087)	1,075,049	583,602,389
	<i>1 January 2019</i> <i>AED</i>	<i>Cash flows</i> <i>AED</i>	<i>Other</i> <i>AED</i>	<i>31 December 2019</i> <i>AED</i>
Current:				
Term loan	139,244,489	(200,894,674)	374,063,855	312,413,670
Lease liabilities	1,393,652	(1,791,542)	2,154,907	1,757,017
Non-current:				
Term loan	514,118,006	-	(166,597,944)	347,520,062
Lease liabilities	6,180,695	-	(1,757,017)	4,423,678
Total	660,936,842	(202,686,216)	207,863,801	666,114,427

28 FAIR VALUES

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below analyses the Group's financial asset and liabilities and investment property that are measured at fair value as at 31 December 2020 and 2019:

	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
31 December 2020			
Investment properties	-	-	2,278,764,423
Financial assets at fair value through other comprehensive income	29,050,000	-	-
31 December 2019			
Investment properties	-	-	2,316,301,598
Financial assets at fair value through other comprehensive income	43,190,000	-	-

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between any levels during the year.

The carrying values of financial assets and financial liabilities of the Group approximate their fair values, as they are either short term in nature, or held at amortised cost or fair value. The nominal values less impairment provision of trade and other receivables and payables are assumed to approximate their fair values as they are recoverable/and other within 12 months.

The Group has investment properties which fall under level 3 amounted to AED 2,278,764,423 (2019: AED 2,316,301,598) (Note 11). The fair value of other financial assets and liabilities approximated their carrying amounts.

28 FAIR VALUES (continued)

Description of the valuation techniques used and key inputs to the valuation of Investment properties

The fair value of investment properties is arrived on the basis of a valuation carried out by independent valuers not connected to the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations.

A valuation model recommended by the International Valuation Standards Committee has been applied which is consistent with the principles of IFRS 13. In estimating the fair value of the investment properties, the highest and best use of properties is their current use.

The fair value measurement for all of the investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used. The fair value of the investment properties has been determined through analysis of the following:

Valuation technique underlying management's estimation of fair value	Significant unobservable inputs
<p>Sales comparable method</p> <p>This method involves analysing sales and asking prices of similar units and comparing these to subject property. Comparative analysis isolates similarities and differences in the property rights appraised, market conditions, size, location and physical features.</p>	<p>Price of lands range from AED 40 per Sq. ft to AED 125 per Sq. ft with a weighted average of AED 78 on plot area.</p>
<p>Residual land valuation method</p> <p>The residual approach involves the calculation of the Gross Development Value (GDV) of the proposed development assuming it is complete and discounting the GDV at an appropriate discount rate for the period of construction. The construction costs of the proposed development are assumed and deducted from the GDV to arrive at a residual value for the land. The residual approach is used when there is lack of direct comparable evidence and transactions.</p>	<p>Price of residential lands and retail units were considered at AED 950 per sq. ft. and AED 1,275 sq. ft. respectively, discounted at rate of 10%.</p>
<p>Income capitalization method</p> <p>The fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.</p>	<p>Based on the type and location of the property, the value of each of the properties has been determined by assuming rental growth rates of discount rates of 7.5% to 10%.</p>

Major investment properties are located in Al Ain, United Arab Emirates.

Certain items of investment properties are mortgaged against bank borrowings (note 11).

29 COVID-19 ASSESSMENT

The outbreak of the coronavirus ("Covid-19") across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities.

The duration and extent of the pandemic and related financial, social and public health impact of the pandemic are uncertain. To the extent that the ongoing impacts can be estimated, we have considered such uncertainties in preparation of the consolidated financial statements.

However, the expected duration and magnitude of the Covid-19 pandemic continues to evolve and its potential impacts on the economy are unclear. The Group's cash flows may be impacted, due to delays in collection and will require managing short- and medium-term liquidity requirements. The Group's management is closely monitoring the impact of the developments on the Group's operations and liquidity and has started to put in place required contingency measures. Management considers that the situation is fast evolving and the effect of the outbreak is by nature subject to significant levels of uncertainty, which cannot be estimated with precision.

30 COMPARITIVE INFORMATION

The corresponding figures for previous year have been reclassified in order to confirm to the presentation for the current year. Such reclassifications do not affect previously reported profit or shareholder's equity.

	<i>As reported earlier 31 December 2019 AED</i>	<i>Reclassification AED</i>	<i>As reported now 31 December 2019 AED</i>
Statement of profit or loss			
Revenue	468,469,347	903,483	469,372,830
Other income	1,530,952	(903,483)	627,469

These changes have been made to improve the quality of information presented.