

**Wahat Al Zaweya Holding PJSC**

**Condensed interim consolidated financial information  
for the six month period ended 30 June 2019  
(unaudited)**

## **Wahat Al Zaweya Holding PJSC**

### **Condensed interim consolidated financial information for the six month period ended 30 June 2019**

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## Review report on condensed interim consolidated financial information to the Board of Directors of Wahat Al Zaweya Holding PJSC

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Wahat Al Zaweya Holding PJSC (the “Company”) and its subsidiaries (together “the Group”) as at 30 June 2019 and the related condensed interim consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

PricewaterhouseCoopers

14 August 2019

Rami Sarhan  
Registered Auditor Number 1152  
Abu Dhabi, United Arab Emirates



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Douglas O'Mahony, Rami Sarhan, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

# Wahat Al Zaweya Holding PJSC

## Condensed interim consolidated statement of financial position

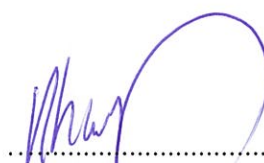
	Note	As at 30 June 2019 AED Unaudited	As at 31 December 2018 AED Audited
<b>ASSETS</b>			
Property and equipment	6	15,170,585	17,192,271
Development properties	7	3,158,732,044	3,171,562,654
Investment properties under construction	8	2,416,511,799	2,415,943,363
Right of use asset	9	6,881,957	-
Financial assets at fair value through other comprehensive income	10	77,600,000	84,000,000
Trade and other receivables		62,030,406	47,140,333
Cash and bank balances	11	93,612,971	196,594,681
<b>Total assets</b>		<u>5,830,539,762</u>	<u>5,932,433,302</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	12	2,312,729,034	2,312,729,034
Legal reserve	13	7,456,112	7,456,112
Acquisition reserve	14	(48,308,606)	(48,308,606)
Foreign currency translation reserve		(19,688,790)	(19,940,606)
Fair value reserve for financial assets at fair value through other comprehensive income		(22,400,000)	(16,000,000)
Retained earnings		290,050,424	259,726,479
<b>Total equity</b>		<u>2,519,838,174</u>	<u>2,495,662,413</u>
<b>LIABILITIES</b>			
Banking loans and facilities	15	616,216,313	653,362,495
Lease liability		6,472,835	-
Provision for employees' end of service benefits		5,767,883	5,285,284
Trade and other payables	16	1,908,753,812	1,791,273,568
Advances from customers	17	773,490,745	986,849,542
<b>Total liabilities</b>		<u>3,310,701,588</u>	<u>3,436,770,889</u>
<b>Total equity and liabilities</b>		<u>5,830,539,762</u>	<u>5,932,433,302</u>

This condensed interim consolidated financial information were authorised for issue by the Board of Directors on 14 August 2019 and signed on its behalf by:



.....  
Anas Subhi Ahmed Atatreh

Group President



.....  
Khaldoun (Muh'd Saleh) Ismail Dekadek

Group Chief Executive Officer

## Wahat Al Zaweya Holding PJSC

### Condensed interim consolidated statement of comprehensive income

		For the six month period ended 30 June	
		2019	2018
		AED	AED
		Unaudited	Unaudited
	Note		
Revenue		466,794,615	396,873,170
Cost of sales		(266,655,029)	(243,269,051)
<b>Gross profit</b>		<u>200,139,586</u>	<u>153,604,119</u>
Selling, general and administrative expenses	18	(60,842,872)	(19,189,237)
Other income		487,792	83,725
<b>Operating profit</b>		<u>139,784,506</u>	<u>134,498,607</u>
Interest income		532,437	130,617
Finance costs		(57,992,998)	(23,909,769)
<b>Profit for the period</b>		<u>82,323,945</u>	<u>110,719,455</u>
<b>Other comprehensive income</b>			
<i>Items that maybe reclassified to profit or loss</i>			
Exchange gain on translation of foreign operations		251,816	564,143
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income		(6,400,000)	-
<b>Total comprehensive income for the period</b>		<u>76,175,761</u>	<u>111,283,598</u>
<b>Total profit for the period attributable to:</b>			
Equity holders of the Group		82,323,945	114,223,347
Non-controlling interest	23	-	(3,503,892)
		<u>82,323,945</u>	<u>110,719,455</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Group		76,175,761	114,787,490
Non-controlling interest	23	-	(3,503,892)
		<u>76,175,761</u>	<u>111,283,598</u>
<b>Basic and diluted earnings per share to the ordinary equity holders (AED)</b>	19	<u>0.04</u>	<u>0.13</u>

## Wahat Al Zawayya Holding PJSC

### Condensed interim consolidated statement of changes in equity

	Share capital AED	Legal reserve AED	Acquisition reserve AED	Foreign currency translation reserve AED	Fair value reserve for financial assets at fair value through other comprehensive income AED	Retained earnings AED	Equity attributable to shareholders of the Company AED	Non- controlling interest AED	Total equity AED
<b>Balance at 1 January 2018</b>									
(audited)	112,729,034	7,456,112	-	(18,524,999)	-	(16,492,320)	85,167,827	-	85,167,827
Increase in capital (note 23)	2,200,000,000	-	-	-	-	-	2,200,000,000	-	2,200,000,000
Adjustments related to the acquisition (note 23)	-	-	(48,308,606)	-	-	-	(48,308,606)	-	(48,308,606)
Profit for the period	-	-	-	-	-	114,223,347	114,223,347	(3,503,892)	110,719,455
Other comprehensive income for the period	-	-	-	564,143	-	-	564,143	-	564,143
Total comprehensive income for the period	-	-	-	564,143	-	114,223,347	114,787,490	(3,503,892)	111,283,598
<b>Balance at 30 June 2018</b>									
(unaudited)	2,312,729,034	7,456,112	(48,308,606)	(17,960,856)	-	97,731,027	2,351,646,711	(3,503,892)	2,348,142,819
<b>Balance at 1 January 2019</b>									
(audited)	2,312,729,034	7,456,112	(48,308,606)	(19,940,606)	(16,000,000)	259,726,479	2,495,662,413	-	2,495,662,413
Profit for the period	-	-	-	-	-	82,323,945	82,323,945	-	82,323,945
Other comprehensive income for the period	-	-	-	251,816	(6,400,000)	-	(6,148,184)	-	(6,148,184)
Total comprehensive income for the period	-	-	-	251,816	(6,400,000)	82,323,945	76,175,761	-	76,175,761
Dividends declared (note 16)	-	-	-	-	-	(52,000,000)	(52,000,000)	-	(52,000,000)
<b>Balance at 30 June 2019</b>									
(unaudited)	2,312,729,034	7,456,112	(48,308,606)	(19,688,790)	(22,400,000)	290,050,424	2,519,838,174	-	2,519,838,174

The notes on pages 6 to 28 form an integral part of this condensed interim consolidated financial information

## Wahat Al Zaweya Holding PJSC

### Condensed interim consolidated statement of cash flows

	Note	Six months ended 30 June	
		2019 AED Unaudited	2018 AED Unaudited
<b>Cash flows from operating activities</b>			
Profit for the period		82,323,945	110,719,455
<b>Adjustments for:</b>			
Depreciation of property and equipment	6	2,259,583	726,811
Depreciation of right of use asset	9	884,823	-
Finance costs		57,992,998	23,909,769
Provision for employees' end of service benefits		621,292	704,587
<b>Operating cash flows before payment of employees' end of service benefits and changes in working capital</b>		144,082,641	136,060,622
Payment of employees' end of service benefits		(138,693)	(172,142)
<b>Changes in working capital:</b>			
Development Properties		12,339,848	75,175,209
Trade and other receivables		(15,547,525)	28,407,992
Trade and other payables		76,318,819	157,391,240
Advances from customers		(213,358,797)	(380,695,665)
<b>Net cash generated from operating activities</b>		3,696,293	16,167,256
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	6	(237,897)	(5,427,121)
Purchases of investment properties under construction	8	(77,674)	-
Cash received through acquisition of subsidiary	23	-	95,619,517
<b>Net cash (used in)/generated from investing activities</b>		(315,571)	90,192,396
<b>Cash flows from financing activities</b>			
(Payments)/proceeds from banking loans and facilities, net		(37,146,182)	126,507,663
Fixed deposits		30,000,000	-
Margin deposits		(4,999,988)	(16,011,336)
Lease liability paid		(999,876)	-
Dividends paid		(13,000,000)	-
Finance cost paid		(55,468,190)	(21,015,367)
<b>Net cash (used in)/generated from financing activities</b>		(81,614,236)	89,480,960
<b>Net (decrease)/increase in cash and cash equivalents</b>		(78,233,514)	195,840,612
Net foreign exchange difference		251,816	564,143
Cash and cash equivalents at beginning of the period		141,381,380	2,669,689
<b>Cash and cash equivalents at end of the period</b>	11	63,399,682	199,074,444

#### Non-cash transaction:

Non-cash transactions are disclosed in note 24.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019

#### 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 in 21 December 2008. The Company owns multiple subsidiaries, together referred to as (the “Group”). Majority shares 89% were acquired by Tabarak Commercial Investment LLC on 15 January 2018. The Company was formally registered under the name Tasweek Real Estate Development and Marketing PJSC and have changed its name to Wahat Al Zaweya Holding PJSC during the year ended 31 December 2018.

During the period ended 30 June 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 Rakaaz Investment LLC. The new Group structure is shown in note 12.

Based on the shareholder's General Assembly resolution dated 30 April 2018, the Company increased its capital by AED 2,200,000,000 through issuing 2,200,000,000 shares with a nominal value of AED 1 per share in consideration of acquiring 100% of Wahat al Zaweya Investment and Real Estate Development LLC.

The principal activities of 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.

As required by Securities and Commodities Authority (SCA) through their letter dated 9 July 2018 (Exposure to Abraaj Group Companies), we disclose that the Group does not have any exposure to Abraaj Group of companies and any of the funds that it manages.

The Company has the following subsidiaries.

Subsidiaries	Principle activities	Beneficial ownership in		County of incorporation
		2019	2018	
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
Keewsat 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.



## **Wahat Al Zaweya Holding PJSC**

### **Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)**

#### **2 Significant accounting policies**

##### **2.1 Basis of preparation**

These condensed interim consolidated financial information for the six month period ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial information have been presented in United Arab Emirates Dirhams (AED), which is the functional and presentation currency of the Group.

These condensed interim consolidated financial information do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

##### **2.2 Changes in accounting policies**

These condensed interim consolidated financial information of the Group is prepared under the historical cost basis except for financial assets at fair value through other comprehensive income which are measured at fair value.

The accounting policies used in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, other than the impact of the implementation of IFRS 16 which is disclosed in note 2.4.

###### *(a) New and amended standards adopted by the Group*

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these condensed interim consolidated financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- IFRS 16, 'Leases'

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 2 Significant accounting policies (continued)

##### 2.2 Changes in accounting policies (continued)

###### (a) *New and amended standards adopted by the Group (continued)*

- IFRS 16, 'Leases' (continued)

For lessors, the accounting stays remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The impact of the IFRS 16 on this condensed interim consolidated financial information of the Group has been disclosed in note 2.4.

- Amendment to IFRS 9, 'Financial instrument'

The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. The amendment also confirms that modifications in financial liabilities will result in the immediate recognition of a gain or loss. The amendment did not have a material impact of the Group's condensed interim consolidated financial information.

###### (b) *New standards and amendments applicable on periods starting on or after 1 January 2020 and not early adopted by the Group.*

- Amendments to IFRS 3,

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be complex, and it results in many transactions qualifying as business combinations.

This standard will be effective for annual periods beginning on or after 1 January 2022.

The accounting for lessors will not significantly change.

- Amendments to IAS 1 and IAS 8,

These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

## **Wahat Al Zaweya Holding PJSC**

### **Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)**

#### **2 Significant accounting policies (continued)**

##### **2.2 Changes in accounting policies (continued)**

(b) *New standards and amendments applicable on periods starting on or after 1 January 2020 and not early adopted by the Group (continued)*

This standard will be effective for annual periods beginning on or after 1 January 2022.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

##### **2.3 Basis of consolidation**

These condensed interim consolidated financial information incorporates the financial information of Wahat Al Zaweya Holding PJSC and entities controlled by it. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed interim consolidated financial information comprises the financial information of Wahat Al Zaweya Holding PJSC and its subsidiaries. The financial information of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

##### **2.4 Leases under IFRS 16 'Leases'**

Leases are recognised as right of use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the condensed interim consolidated statement of income over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right of use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

## **Wahat Al Zaweya Holding PJSC**

### **Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019** (continued)

#### **2 Significant accounting policies** (continued)

Lease liabilities include, if applicable, the net present value of:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit to the lease or the incremental borrowing rate.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for leases of low-value assets are recognised on a straight-line basis in the condensed interim consolidated statement of income.

#### *Variable lease payments*

Some leases contain variable payments that are linked to the usage / performance of the leased asset. Such payments are recognised in condensed interim consolidated statement of income.

#### *Extension and termination options*

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). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. If there is a significant event or significant change in circumstances within control, the Group reassesses whether it is reasonably certain to exercise the options.

#### *IFRS 16 adopted by the Group in 2019*

The Group has adopted IFRS 16 'Leases' ("IFRS 16") from its mandatory adoption date 1 January 2019. In accordance with the transition provisions in IFRS 16, the new rules have been adopted using simplified transition approach without any impact on retained earnings as on 1 January 2019. As a result, comparatives for the year 2018 financial information are not restated and the information presented for 2018 does not reflect the requirements of IFRS 16, therefore, it is not comparable to the information presented for 2018 under IAS 17'lease ("IAS17").

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 2 Significant accounting policies (continued)

##### 2.4 Leases under IFRS 16 'Leases' (continued)

IFRS 16 replaces IAS 17, which covers accounting for finance and operating leases. As of 31 December 2018, the Group did not recognised any lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17.

On adoption of IFRS 16, the Group has recognised lease liabilities and associated right of use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The associated right of use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepayments and accrued lease liabilities relating to that lease recognised in the condensed interim consolidated statement of financial position as at 1 January 2019.

The following table shows reconciliation of operating lease commitments under IAS 17 to lease liability under IFRS 16 as on 1 January 2019:

	1 January 2019 AED
Operating lease commitments disclosed as at 31 December 2018	8,883,066
Discounted using the Group's incremental borrowing rate	<u>(1,773,738)</u>
<b>Lease liability recognised as at 1 January 2019</b>	<b><u>7,109,328</u></b>

Property lease was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the condensed consolidated statement of financial position on 1 January 2019:

- Right of use assets - increased by AED 7,766,780
- Prepayments - decreased by AED (657,452)
- Lease liability - increased by AED 7,109,328

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 2 Significant accounting policies (continued)

##### 2.4 Leases under IFRS 16 'Leases' (continued)

###### *IFRS 16 adopted by the Group in 2019 (continued)*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

#### 3 Estimates

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

In preparing these condensed interim consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2018 with the addition to the adoption of IFRS 16.

###### *IFRS 16 Lease term*

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 six months period ended 30 June 2019, no significant events or significant change in circumstances occurred that caused the management to reassess the lease term.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 4 Financial risk management

##### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) and credit risk and liquidity risk.

The condensed interim consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements; these should be read in conjunction with the Group's annual financial statements as at and for the year ended 31 December 2018.

There have been no changes in the risk management process since the year ended 31 December 2018 or in any risk management policies.

##### *Liquidity risk*

Compared to the year ended 31 December 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities with the exception of the lease liability arising from the adoption of IFRS 16. The main characteristics of the bank loans and facilities provided to the Group are described in note 15.

	Less than 6 months AED	Between 6 and 12 months AED	Between 1 and 2 years AED	More than 3 years AED	Total contractual cash flows AED	Carrying amount of liabilities AED
<b>At 30 June 2019</b>						
Lease liability	<u>999,876</u>	<u>2,095,782</u>	<u>2,127,792</u>	<u>2,659,740</u>	<u>7,883,190</u>	<u>6,472,835</u>

##### 4.2 Fair value estimation

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).

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 4 Financial risk management (continued)

##### 4.2 Fair value estimation (continued)

The table below analyses the Group's financial asset, liabilities and investment property that are measured at fair value as at 30 June 2019 and 31 December 2018:

	Level 1 AED	Level 2 AED	Level 3 AED
<b>At 30 June 2019</b>			
Investment properties under construction	-	-	2,416,511,799
Financial assets at fair value through other comprehensive income	77,600,000	-	-
<b>At 31 December 2018</b>			
Investment properties under construction	-	-	2,415,943,363
Financial assets at fair value through other comprehensive income	84,000,000	-	-

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 period/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 under construction which fall under level 3 amounted to AED 2,416,511,799 (2018: AED 2,415,943,363) (note 8).

The fair value of other financial assets and liabilities approximated their carrying amounts.

#### 5 Seasonality of operations

The Group is not particularly exposed to seasonality of operations. Revenues and operating profits are evenly spread through the year.



## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 6 Property and equipment

	AED
<b>Six months ended 30 June 2019 (unaudited)</b>	
As at 1 January 2019	17,192,271
Additions	237,897
Depreciation	<u>(2,259,583)</u>
As at 30 June 2019	<u>15,170,585</u>
<b>Year ended 31 December 2018 (audited)</b>	
As at 1 January 2018	5,146
Additions from acquisition, net of accumulated depreciation	14,385,128
Additions	5,873,978
Disposals	(92,598)
Depreciation	<u>(2,979,383)</u>
As at 31 December 2018	<u>17,192,271</u>

#### 7 Development properties

	AED
<b>Six months ended 30 June 2019 (unaudited)</b>	
As at 1 January 2019	3,171,562,654
Capitalized expenses	92,114,487
Less: cost of properties recognized in sales	(104,706,151)
Reclassification to Investment properties (note 8)	<u>(238,946)</u>
As at 30 June 2019	<u>3,158,732,044</u>
<b>Year ended 31 December 2018 (audited)</b>	
As at 1 January 2018	-
Additions from acquisition, net of accumulated depreciation *	3,310,024,891
Capitalized expenses	128,002,631
Less: cost of properties recognized in sales	(256,675,349)
Reclassification to Investment properties (note 8)	<u>(9,789,519)</u>
As at 31 December 2018	<u>3,171,562,654</u>

\* During the year ended 31 December 2018, development properties were acquired through acquisition transaction of a subsidiary dated 30 April 2018.

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.

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.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 7 Development properties (continued)

A subsidiary of the Group signed an agreement on 29 January 2017 to purchase a plot of land in Yas Island with a total purchase price of AED 998,428,753. As of the 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.

#### 8 Investment properties under construction

	AED
<b>Six months ended 30 June 2019 (unaudited)</b>	
As at 1 January 2019	2,415,943,363
Additions	77,674
Foreign currency exchange difference	251,816
Reclassified from Development properties (note 7)	238,946
As at 30 June 2019	<u>2,416,511,799</u>
<b>Year ended 31 December 2018 (audited)</b>	
As at 1 January 2018	120,741,658
Additions from acquisition *	2,286,964,959
Change in fair value of investment properties	-
Foreign currency exchange difference	(1,552,773)
Reclassified from development properties (note 7)	9,789,519
As at 31 December 2018	<u>2,415,943,363</u>

\* During the year ended 31 December 2018, the Group acquired a subsidiary which had investment properties under construction valued at AED 2,900,410,810 at the date of acquisition. These balances represent long term investment properties that are held at fair value.

#### 9 Right of use asset

	Building AED
<b>Cost</b>	
At the beginning of the period *	7,766,780
Additions	-
At the end of the period	<u>7,766,780</u>
<b>Accumulated depreciation</b>	
At the beginning of the period*	-
Charge for the period	884,823
At the end of the period	<u>884,823</u>
As at 30 June 2019 (unaudited)	<u>6,881,957</u>
As at 1 January 2019 (unaudited)	<u>7,766,780</u>

\* Transition adjustment relating to IFRS 16 is detailed in note 2.4.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 10 Financial assets at fair value through other comprehensive income

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Balance at 1 January	84,000,000	-
Addition	-	100,000,000
Change in fair value	(6,400,000)	(16,000,000)
	<u>77,600,000</u>	<u>84,000,000</u>

Financial assets at fair value through other comprehensive income (FVOCI) comprise of Islamic convertible Sukuk which are not held for trading, which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

The Group's investment comprises of an investment in 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 period ended 30 June 2019. The shares of the investee are quoted in the Dubai Financial Market (DFM).

#### 11 Cash and bank balances

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Cash on hand	152,839	1,253,765
Cash at banks	63,246,843	70,127,615
Short-term bank deposits (i)	-	70,000,000
Long-term bank deposits (ii)	-	30,000,000
Margin deposits (iii)	30,213,289	25,213,301
	<u>93,612,971</u>	<u>196,594,681</u>

- (i) Short-term bank deposits represent deposits with original maturities of less than 3 months with profit rates of 3.75% p.a that have matured during the period ended 30 June 2019.
- (ii) Long-term bank deposits represent deposits with original maturities of more than 3 months with profit rates of 3% p.a that have matured during the period ended 30 June 2019.
- (iii) Margin deposits represent non-interest bearing deposits against guarantees with original maturities of more than 3 months held with a local banks.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 11 Cash and bank balances (continued)

For the purpose of the condensed interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2019 AED Unaudited	30 June 2018 AED Unaudited
Cash and bank balances	93,612,971	216,940,700
Less: margin deposits	<u>(30,213,289)</u>	<u>(17,866,256)</u>
	<u>63,399,682</u>	<u>199,074,444</u>

#### 12 Share capital

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Share capital (2,312,729,034 shares issued and outstanding (31 December 2018: 2,312,729,034 shares issued and outstanding))	<u>2,312,729,034</u>	<u>2,312,729,034</u>

Based on the shareholder's General Assembly resolution dated 30 April 2018, the Company increased its capital by AED 2,200,000,000 through issuing 2,200,000,000 shares with a nominal value of AED 1 per share in consideration of acquiring 100% of Wahat al Zaweya Investment and Real Estate Development LLC. The shareholder ownership during the period ended 30 June 2019 had changed as follows:

	Ownership		No. of shares	
	30 June 2019	31 December 2018	30 June 2019 AED	31 December 2018 AED
Royal Majestic Investment - Sole Proprietorship L.L.C	42%	-	965,500,000	-
Al Rakaaz Investment LLC	12%	-	282,100,000	-
Tabarak Commercial Investment LLC	11%	51%	252,070,595	1,177,030,595
Ajman Bank P.J.S.C	9%	5%	200,000,000	120,000,000
Alssawari Real Estate Investment LLC	7%	7%	155,408,006	167,408,006
International Avenue Investment	6%	3%	133,971,962	63,503,985
Shuaa Capital P.J.S.C	4%	8%	102,000,000	182,000,000
Almutamed Labour Supply Services	-	12%	-	282,100,000
Investors holding less than 5%	10%	17%	<u>221,678,471</u>	<u>320,686,448</u>
			<u>2,312,729,034</u>	<u>2,312,729,034</u>

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 13 Legal reserve

In accordance with the UAE Commercial Companies Law of 2015 and the articles of association of the Company, 10% of the profit for the year is transferred to a legal reserve until such reserve equals 50% of the share capital. This reserve is not available for distribution except in the circumstances stipulated by the law.

#### 14 Acquisition reserve

The acquisition reserve resulted from acquisition transaction which occurred on 30 April 2018 (note 23).

#### 15 Banking loans and facilities

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Term Loan 1	41,904,752	52,380,944
Term Loan 2	103,846,154	115,384,615
Term Loan 3	150,000,000	150,000,000
Term Loan 4	88,056,000	102,760,000
Term Loan 5	63,530,769	70,895,630
Term Loan 6	100,000,000	100,000,000
Term Loan 7	-	27,000,000
Term Loan 8	35,398,413	-
Ijara facility	22,623,535	23,123,535
Murabahaha facilities	10,856,690	11,817,771
	<u>616,216,313</u>	<u>653,362,495</u>

The Group entered into borrowing transactions with six 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 at a rate of 5.75% per annum and is repayable through 63 monthly instalments with final instalment of AED 1,746,032 on 22 May 2021.

**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 at a rate of 5.75% per annum and is repayable through 78 monthly instalments with final instalment of AED 1,923,077 on 5 December 2023.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 15 Banking loans and facilities (continued)

**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 31 May 2025.

**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. The loan carries interest based on the 12 months LIBOR + 5% per annum.

**Term loan 5:** this loan represents an Ijara financing loan which amounted to AED 73.8 million as at 31 December 2018 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. The loan carries interest at 6% per annum.

**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 2018 at a rate of EIBOR plus 3.25% per annum and is repayable through 72 monthly instalments with first instalment being on 30 September 2019 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 31 August 2025.

**Term loan 7:** represents a loan amounting to AED 27 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 4% per annum that was fully repaid on 19 May 2019.

**Term loan 8:** is a discounting facility agreement which was obtained by a subsidiary (“Wahat al Zaweya Investment and Real Estate Development LLC”) during the period ended 30 June 2019 that represents payments made by the bank on behalf of the subsidiary to suppliers related to the development of properties carrying an interest rate of 3 month EIBOR plus 2.75% p.a with a minimum interest rate charged at 4% p.a. Payment of the loan will be directly deducted from the post-dated cheques payments made by the customers.

## **Wahat Al Zaweya Holding PJSC**

### **Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019** (continued)

#### **15 Banking loans and facilities** (continued)

##### **Securities**

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

- a) Post-dated cheques (PDC) totalling AED 792 million covering 129% 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 443 million covering 110% of the facilities amount in favour of the bank; and
- d) Outstanding balance of USD 24 million as at 30 June 2019 is secured by promissory notes issued in favour of the bank amounting to USD 160 million;

The loans are subject to financial covenant as per facility agreement.

##### **Ijarah facility**

During 2014, the Group entered into an Ijarah facility with a local Islamic bank in the United Arab Emirates to settle previous Ijara financing arrangement with other local bank. The new Ijara financing arrangement amounted to AED 25,000,000. During the year ended 31 December 2017, Company extended the facility limit by AED 4 million based on the outstanding balance. The Ijara amount is repayable in 32 quarterly rental instalments commencing 31 August 2017. The profit rate is 3.5% plus 3 months EIBOR.

The above Ijara financing arrangement is secured by mortgage amounted over the investment properties in accordance with the facility agreement with an amount of AED 52 million.

##### **Murabahah 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 condominiums in accordance with the facility agreements.

\* Base lending rate in Malaysia (BLR).

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 16 Trade and other payables

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Trade Payable	15,321,357	65,224,814
Payable for purchase of land (i)	708,742,826	721,504,229
Accrued project expenses	1,075,096,436	913,579,770
Accrued finance cost	2,161,425	3,001,806
Dividends payable (ii)	39,000,000	-
Payables to contractors	54,488,170	76,827,096
Rent received from customers in advance	885,488	904,889
Retention payable	8,049,937	5,565,134
Other payables	5,008,173	4,665,830
	<u>1,908,753,812</u>	<u>1,791,273,568</u>
Less: non- current portion on payable for purchase of land and its accrued finance costs	<u>(569,793,460)</u>	<u>(683,757,384)</u>
	<u>1,338,960,352</u>	<u>1,107,516,184</u>

- (i) The liability amounting to AED 569,793,460 (31 December 2018: 683,757,384) 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 paid or payable at the date of inception amounts to AED 998,428,753 which is being measured at amortised cost. Payment of AED 51,810,000 was made during the period ended 30 June 2019 (year ended 31 December 2018: nil). The payable for purchase of land is carried at amortised cost with an effective interest rate of 12.71% per annum calculated at the WACC of 11.6%.
- (ii) At the Annual General Meeting of the shareholders held on 29 April 2019, the shareholders approved a cash dividend of 2.2% for the year ended 31 December 2018 of the issued and paid up capital amounting to AED 52 million.

#### 17 Advances from customers

Advances from customers represent advances received on sale of plots of land and villas reserved by buyers. Those will be recognised as revenue when the recognition criteria for the sale of land is met as per the accounting policies of the Group. During the current period, the Group has recognized AED 465,077,187 of advances from customers in revenues.



## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 18 Selling, general and administrative expenses

	For the six month period ended 30 June	
	2019 AED Unaudited	2018 AED Unaudited
Selling, commissions and other marketing expenses	35,712,698	9,683,468
Staff costs	13,815,628	7,053,007
Depreciation expense of property and equipment	2,259,583	726,811
Depreciation expense of right of use asset	884,823	-
Bank charges	660,959	242,135
Social contribution	174,000	151,540
Other expenses	7,335,181	1,332,276
	<u>60,842,872</u>	<u>19,189,237</u>

#### 19 Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments. As at 30 June 2019 and 2018, the Group did not have any dilutive instruments.

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

	For the six month period ended 30 June	
	2019 AED Unaudited	2018 AED Unaudited
Profit for the period attributable to the ordinary equity holders of the Company	82,323,945	110,719,455
Weighted average number of ordinary shares in issue (i)	<u>2,312,729,034</u>	<u>846,062,367</u>
Basic and diluted earnings per share	<u>0.04</u>	<u>0.13</u>

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 19 Earnings per share (continued)

(i) Weighted average number of shares used as the denominator

	30 June 2019 AED Unaudited	30 June 2018 AED Unaudited
Number of ordinary shares issued and outstanding at the beginning of the period	2,312,729,034	112,729,034
Shares issued during the period	-	2,200,000,000
Number of ordinary shares issued and outstanding at the end of the period	2,312,729,034	2,312,729,034
Weighted average number of ordinary shares	2,312,729,034	846,062,367

#### 20 Related party 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.

##### Key management compensation

The remuneration of members of key management is as follows:

	30 June 2019 AED Unaudited	30 June 2018 AED Audited
Short term benefits	1,166,700	3,530,100
Post-employment benefits	59,235	149,180
	1,225,935	3,679,280

#### 21 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 condensed interim consolidated statements of comprehensive income for the six-month period ended 30 June 2019 and 30 June 2018.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 22 Contingencies and commitments

##### A) Capital expenditure commitments

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

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Signed contracts on development properties	<u>2,081,825,990</u>	<u>2,161,928,317</u>

##### B) Operating lease commitment

The future aggregate minimum lease payments under non-cancellable operating leases for the investment properties' land are as follows:

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
More than one year and less than five years	-	6,883,314
Less than one year	-	1,999,752
	<u>-</u>	<u>8,883,066</u>

The Group has implemented IFRS 16 as at 1 January 2019, and therefore, the above non-cancellable operating leases have become rights of use assets as per the requirements of the standard.

##### C) Other contingencies

During 2013, the Group entered into a zero-coupon interest rate swap (IRS) with a third party starting on 11 December 2013 and maturing on 11 December 2019. As per the terms of the IRS, the Group will pay a fixed rate of 2.15% and receive a floating rate of 3M USD Libor calculated on a notional amount of USD 100,000,000 (AED 367,300,000). The interest accrues on a quarterly basis and the settlement will occur at maturity of the agreement on 20 December 2019.

The Group is currently in a dispute with the third party regarding the legal validity of the IRS contract and the manner in which the contract was entered into. The Group has raised this matter with the appropriate UAE regulatory authorities and has sought legal advice accordingly. On the basis of this legal advice, the Group has chosen not to recognise this derivative transaction and disclose it as a contingent liability.

As at 30 June 2019, the fair value of this derivative transaction, as reported by the counterparty, was approximately AED 22 million (2018: AED 20.5 million). The Company and its legal advisor believes that the Group is in a strong position and there will be no future liability from it.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 22 Contingencies and commitments (continued)

##### D) Sales commitments

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Total sales committed to customers	<u>4,498,123,544</u>	<u>4,794,394,778</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.

#### 23 Acquisition note

##### a) Summary of acquisition

On 30 April 2018, Wahat Al Zaweya Holding PJSC (the “Acquirer”) acquired 100% of the issued share capital of Wahat al Zaweya Investment and Real Estate Development LLC and its subsidiary (the “acquiree”), a real estate enterprise investment Company.

The acquirer had assigned an independent assessor to evaluate the fair value of the acquiree at the acquisition date. The assessor valued the acquiree net assets at AED 2,151,691,394 as of 30 April 2018.

The acquirer 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 net assets of AED 2,151,691,394 as of 30 April 2018. The difference between fair value of acquiree net assets (“net consideration”) and the share capital issued is recognized as acquisition reserve in the acquirer’s equity.

Details of the purchase consideration, the net assets acquired and acquisition reserve are as follows:

Purchase consideration:	AED
Cash paid	-
Ordinary shares issued	2,200,000,000
Acquisition reserve	<u>(48,308,606)</u>
Net consideration	<u>2,151,691,394</u>

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 23 Acquisition note (continued)

##### a) Summary of acquisition (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value AED
Property and equipment	14,385,128
Development properties	3,310,024,891
Investment properties under construction	2,286,964,959
Trade and other receivables	108,977,291
Cash and bank balances	95,619,517
Non-Controlling Interest	(120,379)
Banking facilities	(447,002,561)
Provision for employees' end of service benefits	(2,318,697)
Trade and other payables	(1,371,661,665)
Advances from customers	(1,843,177,090)
Net assets acquired	<u>2,151,691,394</u>

##### i) *Acquired assets and liabilities*

The assets and liabilities acquired were recorded at fair value, as per the valuation performed by the independent valuer. All assets and liabilities had fair values equal to their book values except for the below two asset classes:

##### Development properties

Development properties acquired through this transaction had a book value of AED 1,376,652,990 as at 30 April 2018 and a fair value of AED 3,310,024,891 as per the aforementioned valuation report performed by the independent assessor.

##### Investment properties under construction

Investment properties under construction acquired through this transaction had a book value of AED 2,186,838,754 as at 30 April 2018 and a fair value of AED 2,286,964,959 as per the aforementioned valuation report performed by the independent assessor.

##### ii) *Revenue and profit contribution*

The acquired business contributed revenues of AED 393,995,052 and net profit of AED 115,299,474 to the Group for the period from 30 April 2018 to 30 June 2018.

## Wahat Al Zaweya Holding PJSC

### Notes to the condensed interim consolidated financial information for the six month period ended 30 June 2019 (continued)

#### 23 Acquisition note (continued)

##### b) Purchase consideration – cash outflow

	30 June 2019 AED Unaudited	31 December 2018 AED Audited
Outflow of cash to acquire subsidiary, net of cash acquired	-	-
Less: cash balances acquired	-	95,619,517
Net inflow of cash – investing activities	-	95,619,517

##### c) Acquisition of non-controlling interest

During the year ended 31 December 2018, the Group acquired the non-controlling interest of Waha Bay Investment and Real Estate Development LLC.

#### 24 Non-cash transactions

	For the six month period ended 30 June	
	2019 AED Unaudited	2018 AED Unaudited
Right of use asset (i)	7,766,780	-
Lease liability (i)	7,109,328	-
Unwinding lease liability (ii)	363,383	-
Issuance of shares (iii)	-	2,200,000,000
Dividends declared and unpaid	39,000,000	-
Accrued borrowing cost	2,161,425	2,894,402

- (i) Upon the adoption of IFRS 16, property lease was measured at the amount equal to the lease liability of AED 7,109,328, adjusted by the amount of prepayments of AED 657,452 totalling to the right of use asset of AED 7,766,780 at the date of adoption (note 2.4).
- (ii) After the adoption of IFRS 16, lease liability measured at present value was unwound during the period ended 30 June 2019 for an amount of AED 363,383 using the effective interest rate calculated at the WACC of 11.6%.
- (iii) During 2018, Tabarak Commercial Investment LLC who was the major shareholder during the year ended 31 December 2018 has issued 2,200,000,000 shares with a nominal value of AED 1 to acquire a subsidiary on 30 April 2018 (note 23).