

# **Deyaar Development PJSC**

**Review report and interim condensed consolidated  
financial statements**

**For the nine months period ended  
30 September 2024**

# Deyaar Development PJSC

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Deyaar Development PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”), which comprise the interim condensed consolidated statement of financial position as at 30 September 2024, and the interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of profit or loss and other comprehensive income for the three-months and nine-months period then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-months period ended 30 September 2024, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Wardah Ebrahim  
Registration No.: 1258

6 November 2024

Dubai, United Arab Emirates

# Deyaar Development PJSC


## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	555,984	565,232
Right of use assets		7,339	-
Investment properties	7	871,889	871,367
Investments in a joint venture and an associate		1,397,420	1,368,476
Trade, contract and other receivables	8	206,445	286,173
Equity investment at fair value through other comprehensive income		3,858	4,040
		<b>3,042,935</b>	<b>3,095,288</b>
<b>Current assets</b>			
Properties held for development and sale	9	939,613	1,018,736
Inventories		4,066	5,910
Trade, contract and other receivables	8	991,702	853,041
Due from related parties	10	3,721	259,256
Cash and bank balances	11	1,775,946	1,332,638
		<b>3,715,048</b>	<b>3,469,581</b>
<b>Total assets</b>		<b>6,757,983</b>	<b>6,564,869</b>
<b>EQUITY</b>			
Share capital	12	4,375,838	4,375,838
Legal reserve		58,495	58,495
Equity investment fair valuation reserve		(15,477)	(15,295)
Retained earnings		671,633	519,207
<b>Total equity</b>		<b>5,090,489</b>	<b>4,938,245</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	13	453,658	551,093
Trade and other payables	15	3,962	4,754
Retentions payable		24,051	17,572
Lease liabilities		3,692	-
Provision for employees' end of service benefits		17,973	15,603
		<b>503,336</b>	<b>589,022</b>
<b>Current liabilities</b>			
Borrowings	13	60,000	93,224
Advances from customers	14	449,901	374,594
Trade and other payables	15	599,389	550,930
Income tax payable	20	20,327	-
Retentions payable		34,442	18,434
Due to related parties	10	99	420
		<b>1,164,158</b>	<b>1,037,602</b>
<b>Total liabilities</b>		<b>1,667,494</b>	<b>1,626,624</b>
<b>Total equity and liabilities</b>		<b>6,757,983</b>	<b>6,564,869</b>

The interim condensed consolidated financial statements was approved behalf of Board of Directors on 6<sup>th</sup> November 2024 by:

  
Saeed Al Qatani  
Chief Executive Officer

  
Hani K. Fansa  
Chief Operating & Transformation Officer

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial statements.

## Deyaar Development PJSC

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months period ended 30 September 2024

	<i>Note</i>	Nine months ended		Three months ended	
		30 September 2024 AED'000	30 September 2023 AED'000	30 September 2024 AED'000	30 September 2023 AED'000
		(Unaudited)		(Unaudited)	
Revenue		<b>1,040,515</b>	939,803	<b>376,110</b>	310,871
Direct costs		<b>(701,291)</b>	(638,908)	<b>(254,565)</b>	(203,369)
General, administrative and selling expenses		<b>(189,993)</b>	(165,173)	<b>(65,066)</b>	(57,980)
Other operating income		<b>80,649</b>	34,526	<b>9,234</b>	6,368
Finance cost		<b>(35,324)</b>	(44,180)	<b>(10,743)</b>	(13,853)
Provision / expense against claims		-	(274)	-	(165)
Finance income		<b>26,452</b>	13,907	<b>12,457</b>	4,397
Gain on valuation of investment properties	7	-	50,918		50,918
Share of results from a joint venture and an associate		<b>127,779</b>	46,878	<b>78,754</b>	21,839
Profit for the period before tax		<b>348,787</b>	237,497	<b>146,181</b>	119,026
Income tax expense	20	<b>(20,327)</b>	-	<b>(6,381)</b>	-
<b>Profit for the period after tax</b>		<b>328,460</b>	237,497	<b>139,800</b>	119,026
Earnings per share – basic and diluted	19	<b>Fils 7.51</b>	Fils 5.43	<b>Fils 3.20</b>	Fils 2.72

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial statements.

## Deyaar Development PJSC

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

For the nine months period ended 30 September 2024

	Nine months ended		Three months ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)		(Unaudited)	
Profit for the period	<b>328,460</b>	237,497	<b>139,800</b>	119,026
<b>Other comprehensive loss</b>				
<i>Items that will not be subsequently reclassified to profit or loss</i>				
Equity investment at fair value through other comprehensive loss – net change in fair value	<b>(182)</b>	(895)	<b>(121)</b>	(243)
<b>Total comprehensive income for the period</b>	<b>328,278</b>	236,602	<b>139,679</b>	118,783

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial statements.

## Deyaar Development PJSC

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2024

	Share Capital AED'000	Legal reserve AED'000	Equity investments fair valuation reserve AED'000	Retained Earnings/ Accumulated (losses) AED'000	Total equity AED'000
Balance at 1 January 2023 (audited)	4,375,838	14,424	(14,441)	126,664	4,502,485
<i>Total comprehensive (loss)/income for the period (unaudited)</i>					
Profit for the period	-	-	-	237,497	237,497
Other comprehensive loss for the period	-	-	(895)	-	(895)
Total comprehensive (loss)/income for the period (unaudited)	-	-	(895)	237,497	236,602
Adjustments to Board of Directors' remuneration [Refer Note 10 (b)]	-	-	-	(550)	(550)
<b>Balance at 30 September 2023 (unaudited)</b>	<b>4,375,838</b>	<b>14,424</b>	<b>(15,336)</b>	<b>363,611</b>	<b>4,738,537</b>
Balance at 1 January 2024 (audited)	4,375,838	58,495	(15,295)	519,207	4,938,245
<i>Total comprehensive income for the period (unaudited)</i>					
Profit for the period	-	-	-	328,460	328,460
Other comprehensive loss for the period	-	-	(182)	-	(182)
Total comprehensive income for the period (unaudited)	-	-	(182)	328,460	328,278
Adjustments to Board of Directors' remuneration [Refer Note 10 (b)]	-	-	-	(1,000)	(1,000)
Dividend payment to shareholders [Refer Note 12]	-	-	-	(175,034)	(175,034)
<b>Balance at 30 September 2024 (unaudited)</b>	<b>4,375,838</b>	<b>58,495</b>	<b>(15,477)</b>	<b>671,633</b>	<b>5,090,489</b>

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial statements.

## Deyaar Development PJSC

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2024

	Notes	Nine months period ended	
		30 September 2024 AED'000 (Unaudited)	30 September 2023 AED'000 (Unaudited)
Profit for the period before tax		348,787	237,497
Adjustments for:			
Depreciation on property and equipment		14,982	13,336
Provision for employees' end of service benefits		3,166	2,277
Reversal of provision against properties held for development and sale		(5,923)	(4,122)
Impairment against trade receivables, contract and other financial assets		7,559	1,415
Provision for claims		-	274
Finance income		(26,452)	(13,907)
Finance costs		35,324	44,180
Gain on valuation of investment properties		-	(50,918)
Share of results from a joint venture and an associate		(126,444)	(45,680)
<b>Operating cash flows before payment of employees' end of service benefits and changes in working capital</b>		<b>250,999</b>	<b>184,352</b>
Payment of employees' end of service benefits		(796)	(3,141)
Changes in working capital:			
Property held for development and sale (net of project cost accruals)		82,639	330,668
Trade and other receivables		(55,072)	(197,053)
Due from related parties		255,550	(1,419)
Inventories		1,844	(636)
Retentions payable		22,488	(27,315)
Advances from customers		75,307	123,588
Trade and other payables		(122,682)	62,767
Due to related parties		(321)	(26)
<b>Net cash generated from operating activities</b>		<b>509,956</b>	<b>471,785</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment		(13,073)	(2,390)
Addition to investment properties		(522)	(597)
Dividend from joint venture		25,266	50,000
Repayment of contributed capital from joint venture		72,234	-
Net movement in term deposits with an original maturity greater than three months		210,000	(25,000)
Income from term deposits		17,574	10,423
<b>Net cash generated from investing activities</b>		<b>311,479</b>	<b>32,436</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings	13	(130,659)	(355,415)
Drawdown of borrowings	13	-	104,200
Finance costs paid		(37,318)	(46,277)
<b>Net cash used in financing activities</b>		<b>(167,977)</b>	<b>(297,492)</b>
<b>Net increase in cash and cash equivalents</b>		<b>653,458</b>	<b>206,729</b>
Cash and cash equivalents, beginning of the period		982,827	694,991
<b>Cash and cash equivalents, end of the period</b>	11	<b>1,636,285</b>	<b>901,720</b>

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial statements.



# **Deyaar Development PJSC**

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## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the nine months period ended 30 September 2024*

### **1. Legal status and activities**

Deyaar Development PJSC (the “Company”) was incorporated on 10 July 2007 and is registered as a Public Joint Stock Company listed on the Dubai Financial Market under UAE Federal Decree-Law No. (32) of 2021 in the Emirate of Dubai, United Arab Emirates (“UAE”). The registered address of the Company is P.O. Box 30833, Dubai, UAE.

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

Federal Decree Law No 47 of 2022 was issued on 9 December 2022 relating to taxation of Corporations and Businesses in the United Arab Emirates and is effective for tax periods commencing on or after 1 June 2023. Management has reviewed the Decree Law and has ensured compliance with the requirements of the law from the effective period applicable to the Company. Refer to Note 20.

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

### **2. Basis of preparation and accounting policies**

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

These interim condensed consolidated financial statements for the nine month period ended 30 September 2024 have been prepared in accordance with IAS 34: Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023. In addition, the results for the nine month period ended 30 September 2024 are not indicative of the results that may be expected for the financial year ending 31 December 2024.

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

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

### 2.1 Basis of preparation (continued)

The interim condensed consolidated financial statements include the assets, liabilities and results from the operations of the Group's subsidiaries:

<i>Name of entities subsidiaries</i>	<i>Country of incorporation</i>	<i>Effective ownership 2024</i>	<i>Effective ownership 2023</i>	<i>Principle activities</i>
Deyaar Facilities Management LLC	UAE	100%	100%	Facility Management services
Nationwide Realtors LLC *	UAE	100%	100%	Brokerage and other related services
Deyaar Hospitality LLC	UAE	100%	100%	Property Investment and Development
Deyaar International LLC *	UAE	100%	100%	Real Estate Company
Deyaar Ventures LLC *	UAE	100%	100%	Property Investment and Development
Flamingo Creek LLC **	UAE	100%	100%	Property Investment and Development
Beirut Bay Sal **	Lebanon	100%	100%	Property Investment and Development
Deyaar West Asia Cooperatief U.A. *	Netherlands	100%	100%	Investment Holding Company
Deyaar AL Tawassol Lil Tatweer Aleqare Co.**	KSA	100%	100%	Property Investment and Development
Deyaar Community Management LLC	UAE	100%	100%	Owners Association Management
Deyaar Property Management LLC	UAE	100%	100%	Property Management
Montrose L.L.C *	UAE	100%	100%	Buying, Selling and Real Estate Development
The Atria L.L.C	UAE	100%	100%	Hotel Management
Deyaar One Person Holding LLC*	UAE	100%	100%	Investment in Commercial/Industrial Enterprise & Management
Bella Rose Real Estate Development L.L.C	UAE	100%	100%	Buying, Selling and Real Estate Development
Nationwide Management Services LLC	UAE	100%	100%	District cooling services
Al Barsha LLC	UAE	100%	100%	Hotel & Hotel Apartments Rental
Mont Rose FZ-LLC (also holds registration as Millenium Montrose Hotel apartments LLC issued by Dubai economic Department)	UAE	100%	100%	Hotels & Leisure services
Deyaar Bay Real Estate Development	UAE	100%	100%	Buying, Selling and Real Estate Development
<b>Joint Venture</b>				
Arady Developments LLC	UAE	50%	50%	Property Investment and Development
<b>Associate</b>				
SI Al Zorah Equity Investments Inc.	Cayman Islands	22.72%	22.72%	Property Investment and Development

During the period, the company has acquired 52% interest in an entity registered in the emirate of Abu Dhabi\*.

\* These entities did not carry out any commercial activities during the period.

\*\* These entities are under liquidation and did not carry out any commercial activities during the period.

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

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

### 2.1 Basis of preparation (continued)

#### *Fair Value Measurement*

All financial assets and liabilities are stated at amortised cost or historical cost except for FVOCI investments and investment properties which are measured at fair value. The fair values of other financial assets and liabilities are not materially different from their carrying values at the reporting date.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### *(a) New and revised IFRSs and interpretations that are effective for the current period*

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these interim condensed consolidated financial statements.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback;
- Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

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

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective, as at 30 September 2024 are disclosed below:

<u><i>New and revised IFRSs</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Amendments to IAS 21 relating to Lack of Exchangeability	1 January 2025
IFRS 18 <i>Presentation and Disclosures in Finance Statements</i>	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28 relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

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

## **Deyaar Development PJSC**

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### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the nine months period ended 30 September 2024 (continued)*

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

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

Below mentioned accounting policies apply for the first time in 2024:

###### **Income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

###### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

## **Deyaar Development PJSC**

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### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the nine months period ended 30 September 2024 (continued)*

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

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

###### **Deferred tax (continued)**

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

###### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

###### **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.

###### **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). Subsequent to initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement 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 as follows:

Building	2 years
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###### **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 a 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 expense in the period in which the event or condition that triggers the payment occurs.

## **Deyaar Development PJSC**

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### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the nine months period ended 30 September 2024 (continued)*

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

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

###### **Lease liabilities (continued)**

In calculating the present value of lease payments, the Group uses the incremental borrowing rate, as applicable, at the lease commencement date since 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 re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

###### **Short-term leases and 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 equipment that are considered of low value. Payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### **3. Estimates and assumptions**

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

In preparing the interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023. Below mentioned estimate apply for the first time in 2024:

##### *Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

#### **4. Financial risk management**

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

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

The interim condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statement, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2023.

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

#### 5. Segment information

##### Operating segment

The Board of Directors is the Group's chief operating decision maker. The Board considers the business of the Group as a whole for the purpose of decision making.

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: property development (includes sale of properties and leasing activities), properties and facilities management and hospitality related activities.

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

	Property development activities AED'000	Properties and facilities management AED'000	Hospitality AED'000	Total AED'000
<b><i>Nine months period ended 30 September 2024</i></b>				
<b><i>(unaudited)</i></b>				
Segment revenues – external	847,811	118,195	74,509	1,040,515
Segment profit	298,418	10,647	19,395	328,460
<b><i>As at 30 September 2024 (unaudited)</i></b>				
Segment assets	5,389,751	500,488	867,744	6,757,983
Segment liabilities	1,350,497	299,926	17,071	1,667,494
	Property development activities AED'000	Properties and facilities management AED'000	Hospitality AED'000	Total AED'000
<b><i>Nine months period ended 30 September 2023</i></b>				
<b><i>(unaudited)</i></b>				
Segment revenues – external	760,922	106,798	72,083	939,803
Segment profit	203,653	13,346	20,498	237,497
<b><i>As at 31 December 2023 (audited)</i></b>				
Segment assets	5,210,284	460,668	893,917	6,564,869
Segment liabilities	1,337,827	270,764	18,033	1,626,624

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

##### Geographic information

There are no assets located outside the United Arab Emirates as at 30 September 2024 (31 December 2023-audited: AED Nil).

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

#### 6. Property and equipment

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

Management have reviewed the prior year valuations for all three hotels and believe that there is no material variance in the recoverable value as at 30 September 2024.

Land and buildings with a carrying value of AED 473.8 million (31 December 2023- audited: AED 498.6 million) are mortgaged under Islamic finance obligations (Note 13).

The Group has a policy of depreciating assets on a straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value. The Group depreciates buildings for 50 years and furniture and fixtures from 5 to 15 years. Furthermore, the depreciation expense of the Group in the current period amounted to AED 15 million (30 September 2023- unaudited: AED 13.3 million).

#### 7. Investment properties

	UAE Mix use building AED'000	UAE Parking spaces AED'000	UAE Stores Units AED'000	UAE Retail units AED'000	UAE Service Apartments AED'000	30 September 2024 Total AED'000	31 December 2023 Total AED'000
	(Unaudited)					(Audited)	
Fair value hierarchy	3	3	3	3	3		
Fair value at the beginning of the reporting period/year	184,280	74,198	13,898	289,396	309,595	871,367	762,776
Additions/Adjustments	413	-	-	109	-	522	(8,503)
Transfer from properties held for development and sale	-	-	-	-	-	-	21,046
Change in valuation	-	-	-	-	-	-	96,048
Fair value at the end of reporting period/year	184,693	74,198	13,898	289,505	309,595	871,889	871,367

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

During 2023, the Company had reclassified certain units amounting to AED 24.5 million from properties held for development and sale based on change in use of these units. These units were reclassified to investment properties at their fair value and management believed that carrying amount of the units transferred is equivalent to the fair value on the date of transfer. The Company had also reclassified certain units amounting to AED 3.4 million to properties held for development and sale based on change in use of these units (Note 9).

Investment properties with a carrying value of AED 488.1 million (31 December 2023- audited: AED 487.8 million) are mortgaged against bank borrowings (Note 13).

Management have reviewed the prior year valuations for all of its investment properties and believes that there is no material variance in the fair value of the Group's investment properties as at 30 September 2024.



## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

#### 8. Trade, contract and other receivables

	<b>30 September 2024 AED'000 (Unaudited)</b>	31 December 2023 AED'000 (Audited)
Trade and unbilled receivables (refer (i) below)	<b>767,202</b>	792,666
Other receivables (refer (ii) below)	<b>430,945</b>	346,548
	<b>1,198,147</b>	1,139,214
Current	<b>991,702</b>	853,041
Non-current	<b>206,445</b>	286,173
Total	<b>1,198,147</b>	1,139,214

	<b>30 September 2024 AED'000 (Unaudited)</b>	31 December 2023 AED'000 (Audited)
<i>i. Trade and unbilled receivables</i>		
<b>Trade receivables</b>		
Amounts receivable within 12 months	<b>181,553</b>	247,655
<b>Contract assets</b>		
Unbilled receivables within 12 months	<b>379,204</b>	258,838
Unbilled receivables after 12 months	<b>206,445</b>	286,173
	<b>767,202</b>	792,666

The above trade receivables are net of provision for impairment amounting to AED 127.3 million (31 December 2023: AED 121.5 million) relating to trade receivables which are past due. All other trade receivables are considered recoverable.

#### *ii. Other receivables*

	<b>30 September 2024 AED'000 (Unaudited)</b>	31 December 2023 AED'000 (Audited)
Advances to contractors	<b>139,113</b>	83,626
Advances to suppliers	<b>19,073</b>	5,220
Prepayments and deferred project cost	<b>177,651</b>	183,432
Others	<b>103,929</b>	82,259
	<b>439,766</b>	354,537
Less: provision for impairment	<b>(8,821)</b>	(7,989)
	<b>430,945</b>	346,548

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

#### 9. Properties held for development and sale

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

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

Plots of land including under development projects with total carrying value of AED 472.9 million (31 December 2023- audited: AED 641 million) and completed properties with total carrying value of AED 35.2 million (31 December 2023- audited: AED 65.6 million) are mortgaged under Islamic finance obligations (Note 13).

In the current period, the Group has recognised an amount of AED 588.1 million (for the year ended 31 December 2023- audited: AED 530.8 million and for the nine months period ended 30 September 2023- unaudited: AED 431.1 million) included in the profit or loss under “direct costs” against revenue recognised of AED 816.8 million (for the year ended 31 December 2023- audited: AED 950.1 million and for the nine months period ended 30 September 2023- unaudited: AED 723 million).

During 2023, the Company had reclassified certain units amounting to AED 24.5 million to investment properties. The Company had also reclassified certain units amounting to AED 3.4 million from investment properties based on change in use of these units (Note 7).

For plots of land held for future development and use amounting to AED 491.5 million as at the reporting date (31 December 2023- audited: AED 471 million), management is currently evaluating feasibility of the projects and considering alternative viable profitable options as well as various offers from potential buyers.

#### 10. Related party transactions and balances

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

##### (a) Related party transactions

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

	Nine month period ended		Three month period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	AED’000	AED’000	AED’000	AED’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Ultimate majority shareholder</b>				
Other operating income/finance income	13,746	10,640	4,230	2,548
Finance cost	(24,183)	(30,879)	(7,553)	(9,627)
Borrowings repayment	(45,000)	(302,450)	(15,000)	(15,000)
<b>Joint venture</b>				
Other operating income	709	2,396	473	1,377
Dividend income	25,266	50,000	-	-
Repayment of contributed capital	72,234	-	37,500	-

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

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

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

	Nine month period ended		Three month period ended	
	30 September 2024 AED'000	30 September 2023 AED'000	30 September 2024 AED'000	30 September 2023 AED'000
	(Unaudited)		(Unaudited)	
Salaries and other short-term employees' benefits	10,484	11,456	3,468	3,577
Termination and post-employment benefits	393	294	92	91
Board of Directors sitting fees	150	281	50	63
	<b>11,027</b>	12,031	<b>3,610</b>	3,731

During the current period, an additional provision for the Board of Directors' remuneration amounting to AED 1 million was recognised and paid (during the nine month period ended 30 September 2023: AED 0.55 million) based on the final approval of the shareholders in the Annual General Meeting dated 18 April 2024.

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

	30 September 2024 AED'000	31 December 2023 AED'000
	(Unaudited)	(Audited)
<b>Current</b>		
Due from ultimate majority shareholder	1,346	-
Due from a joint venture	2,342	3,466
Due from other related parties	1,411	257,184
	<b>5,099</b>	260,650
Less: provision for impairment	<b>(1,378)</b>	(1,394)
	<b>3,721</b>	259,256

Certain properties were under dispute with UAE based developer ("a related party") against which in 2019, the Group received a favourable judgment by the Court of Cassation which upheld a ruling made by the Court of Appeal confirming Dubai Court of First Instance's judgement to terminate all sale and purchase agreements of lands under dispute and had also ordered counterparty to return all amounts paid, to the tune of AED 412 million plus pay a compensation of AED 61 million as well as 9% legal interest accruing from the date of filing the case.

In 2022, the Group signed a Conditional Settlement Agreement ("the Agreement") with the related party for an amount of AED 500 million. The Group received AED 200 million upon execution of the Agreement and the remaining amount of AED 300 million is to be received within 18 months from date of the signed Agreement. In 2023, management reversed the impairment provision amounting to AED 32.2 million and also recognized income of AED 11.8 million based on discussions with the related party. During the current period, the Group has received the remaining amount of AED 300 million and accordingly, recognized other income of AED 44 million.

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group, bank account balances of AED 138 million (31 December 2023- audited: AED 164.9 million) and fixed deposits of AED 562 million (31 December 2023- audited: AED 437 million), at market prevailing profit rates.

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

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

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

##### Impairment provision

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

(d) Due to related parties comprises:

	30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
<b>Current</b>		
Due to ultimate majority shareholder	-	320
Due to other related party	99	100
	<b>99</b>	<b>420</b>

At 30 September 2024, the Group had bank borrowings from the ultimate majority shareholder of AED 436.5 million (31 December 2023- audited: AED 481.5 million), at market prevailing profit rates (Note 13).

#### 11. Cash and bank balances

	30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Cash in hand	484	479
Current accounts	927,582	726,416
Fixed deposits	849,339	607,000
	<b>1,777,405</b>	<b>1,333,895</b>
Less: provision for impairment	(1,459)	(1,257)
<b>Cash and bank balances, net</b>	<b>1,775,946</b>	<b>1,332,638</b>
Less: term deposits with an original maturity greater than three months	(139,661)	(349,811)
<b>Cash and cash equivalents</b>	<b>1,636,285</b>	<b>982,827</b>

Bank accounts include a balance of AED 1,077.7 million (31 December 2023- audited: AED 540.2 million) and fixed deposits of AED 226 million (31 December 2023- audited: AED 168 million) at market prevailing profit rates held in escrow accounts.

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

Bank accounts balance include a balance of AED 116.5 million (31 December 2023- audited: AED 103.9 million), held in a fiduciary capacity in escrow accounts on behalf and for the beneficial interest of third parties, which are recorded in these interim condensed consolidated financial statements.

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

#### 12. Share capital

At 30 September 2024, share capital comprised of 4,375,837,645 shares (31 December 2023- audited: 4,375,837,645 shares) of AED 1 each. All shares are authorised, issued and fully paid up.

The shareholders have approved in the Annual General Meeting dated 18 April 2024 dividends on ordinary shares amounting to AED 175.04 million (AED 4 fils per share) and the same has been paid during the period.

#### 13. Borrowings

	30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
<b>Islamic finance obligations</b>		
Current	60,000	93,224
Non-current	453,658	551,093
<b>Total borrowings</b>	<b>513,658</b>	<b>644,317</b>
		<b>AED'000</b>
1 January 2023 (Audited)		937,508
Drawdown		104,512
Repayments		(397,703)
31 December 2023 (Audited)		644,317
<b>1 January 2024</b>		<b>644,317</b>
Drawdown		-
Repayments		(130,659)
<b>30 September 2024 (Unaudited)</b>		<b>513,658</b>

The Islamic finance obligations represent Ijarah and other Islamic facilities obtained from Dubai Islamic Bank PJSC (ultimate majority shareholder), and from other local banks. The facilities were availed to finance the properties under construction and working capital requirements.

Islamic finance obligations with the ultimate majority shareholder and other local banks carry market prevailing profit rates and are repayable in quarterly instalments over a period of two years to eight years from the reporting date (31 December 2023- audited: five years to twelve years). These facilities have AED 306.9 million available for drawdown to the Group.

Islamic finance obligations are secured by mortgages over properties classified under property held for development and sale (Note 9), property and equipment (Note 6) and investment properties (Note 7).

## **Deyaar Development PJSC**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the nine months period ended 30 September 2024 (continued)*

#### **14. Advances from customers**

Advances from customers comprise of payments received from sale of properties. The revenues have not been recognised in the interim condensed consolidated statements of profit or loss, in line with the revenue recognition policy of the Group consistent with the IFRS.

#### **15. Trade and other payables**

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

#### **16. Commitments**

At 30 September 2024, the Group had total commitments of AED 946.1 million (*31 December 2023-audited: AED 583.8 million*) with respect to project related contracts issued net of invoices received and accruals made at that date.

#### **17. Contingencies**

##### *Contingent liabilities*

At 30 September 2024, the Group has contingent liabilities in respect of performance bond and guarantees issued by banks, in the ordinary course of business, amounting to AED 445.7 million (*31 December 2023-audited: AED 331.5 million*), which mainly includes performance guarantees of AED 429.5 million (*31 December 2023-audited: AED 317.5 million*) issued to Real Estate Regulatory Authority (RERA) for the projects under development. Also, the Group has contingent liabilities, on behalf of a subsidiary (under liquidation), in respect to guarantees issued by a bank amounting to AED 3.4 million (*31 December 2023-audited: AED 3.4 million*). The Group anticipates that no material liabilities will arise from these performance and other guarantees.

##### *Legal claims*

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

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

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

#### 18. Financial instruments by category

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

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
<b>30 September 2024 (unaudited)</b>			
<b><i>Assets as per interim condensed consolidated statement of financial position</i></b>			
Equity instrument at fair value other comprehensive income	-	3,858	3,858
Trade, contract and other receivables excluding prepayments and advances	862,310	-	862,310
Due from related parties	3,721	-	3,721
Bank balances	1,775,462	-	1,775,462
	<b>2,641,493</b>	<b>3,858</b>	<b>2,645,351</b>
<b><i>Liabilities as per interim condensed consolidated statement of financial position</i></b>			
Trade and other payables	603,351	-	603,351
Retentions payable	58,493	-	58,493
Borrowings	513,658	-	513,658
	<b>1,175,502</b>	<b>-</b>	<b>1,175,502</b>
<b>31 December 2023 (audited)</b>			
<b><i>Assets as per interim condensed consolidated statement of financial position</i></b>			
Equity instrument at fair value other comprehensive income	-	4,040	4,040
Trade, contract and other receivables excluding prepayments and advances	866,936	-	866,936
Due from related parties	259,256	-	259,256
Bank balances	1,332,159	-	1,332,159
	<b>2,458,351</b>	<b>4,040</b>	<b>2,462,391</b>
<b><i>Liabilities as per interim condensed consolidated statement of financial position</i></b>			
Trade and other payables	555,684	-	555,684
Retentions payable	36,006	-	36,006
Borrowings	644,317	-	644,317
	<b>1,236,007</b>	<b>-</b>	<b>1,236,007</b>

## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

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

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

	Level 1 AED'000	Total AED'000
<i>As at 30 September 2024 (unaudited)</i>		
Equity instrument at fair value through other comprehensive income	3,858	3,858
<i>As at 31 December 2023 (audited)</i>		
Equity instrument at fair value through other comprehensive income	4,040	4,040

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

#### 19. Earnings per share

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

	Nine month period ended		Three month period ended	
	30 September 2024 AED'000	30 September 2023 AED'000	30 September 2024 AED'000	30 September 2023 AED'000
	(Unaudited)		(Unaudited)	
Profit after tax for the period (AED'000)	328,460	237,497	139,800	119,026
Weighted average number of ordinary shares ('000) [Note 12]	4,375,838	4,375,838	4,375,838	4,375,838
Earnings per ordinary share				
- Basic and Diluted (Fils)	7.51	5.43	3.20	2.72

#### 20. Income tax expense

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.



## Deyaar Development PJSC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2024 (continued)

#### 20. Income tax expense (continued)

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. Since no taxes were expected to be paid to or recovered from the tax authorities for the periods ended prior to 31 December 2023, no current tax was accounted for in the financial periods ended before 31 December 2023. Since the Group is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the consolidated financial statements for the period beginning from 1 January 2024.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. As the UAE CT Law was 'substantively enacted' as at 31 December 2023 for the purposes of IAS 12, the Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes (if any) for the financial periods ended post 1 June 2023. Based on an assessment conducted by the Group's management, no temporary differences were identified where the deferred tax should have been accounted for.

#### Amount recognised in the consolidated statement of profit or loss

The major components of income tax expense for the period ended 30 September 2024:

	Nine month period ended		Three month period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)		(Unaudited)	
Current income tax expense	20,327	-	6,381	-
<b>Income tax expense recognised in statement of profit or loss</b>	<b>20,327</b>	<b>-</b>	<b>6,381</b>	<b>-</b>

#### Tax reconciliation:

	Amount (In AED '000)
Accounting profit before tax	348,787
Profit exempt from tax	(375)
Net taxable profit	348,412
At United Arab Emirates' statutory income tax rate of 9%	31,357
Tax impact on share of profit from associates/joint ventures	(11,380)
Non-deductible expenses	138
Others	212
<b>Income tax expense reported in the income statement</b>	<b>20,327</b>
Effective tax rate	6%