

Deyaar Development PJSC

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

For the three months period ended 31 March 2025

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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 31 March 2025, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-months period then ended, and explanatory notes. Management is responsible for the preparation and 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 condensed consolidated financial statements 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

14 May 2025

Dubai, United Arab Emirates

Deyaar Development PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	6	549,858	553,808
Right of use assets		1,708	1,708
Investment properties	7	897,278	883,393
Investments in a joint venture and an associate		1,404,399	1,378,864
Trade, contract and other receivables	8	231,305	224,926
Equity investment at fair value through other comprehensive income		8,786	9,978
		3,093,334	3,052,677
Current assets			
Properties held for development and sale	9	1,197,489	956,082
Inventories		3,795	4,473
Trade, contract and other receivables	8	1,056,971	980,957
Deferred tax asset		930	609
Advance for purchase of property		-	90,000
Due from related parties	10	5,907	4,045
Cash and bank balances	11	1,910,745	1,858,643
		4,175,837	3,894,809
Total assets		7,269,171	6,947,486
EQUITY			
Share capital	12	4,375,838	4,375,838
Legal reserve		105,897	105,897
Equity investment fair valuation reserve		(10,549)	(9,357)
Retained earnings		878,270	765,243
Equity attributable to equity holders of the parent		5,349,456	5,237,621
Non-controlling interests		44,271	27,376
Total equity		5,393,727	5,264,997
LIABILITIES			
Non-current liabilities			
Borrowings	13	409,927	415,296
Trade and other payables	15	3,169	3,169
Retentions payable		33,717	28,019
Lease liabilities		8,169	523
Provision for employees' end of service benefits		15,957	17,522
		470,939	464,529
Current liabilities			
Borrowings	13	60,000	60,000
Advances from customers	14	483,414	427,865
Trade and other payables	15	778,850	654,997
Income tax payable		40,723	32,107
Retentions payable		25,723	33,407
Lease liabilities		10,219	5,151
Provision for claims		4,136	4,136
Due to related parties	10	1,440	297
		1,404,505	1,217,960
Total liabilities		1,875,444	1,682,489
Total equity and liabilities		7,269,171	6,947,486

The interim condensed consolidated financial statements was approved behalf of Board of Directors on 14th May 2025 by:

Abdulla Ali Obaid Al Hamli
Chairman

Saeed Al Qatani
Chief Executive Officer

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial statements.

Deyaar Development PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months period ended 31 March 2025

		Three months period ended	
		31 March 2025 AED'000	31 March 2024 AED'000
	Notes		
(Unaudited)			
Revenue		433,017	327,848
Direct costs		(281,485)	(220,355)
General, administrative and selling expenses		(70,686)	(61,518)
Other operating income		11,538	10,377
Finance cost		(9,910)	(13,216)
Finance income		9,147	6,692
Share of results from a joint venture and an associate		28,197	27,713
Profit for the period before tax		119,818	77,541
Income tax expense	20	(8,296)	(4,581)
Profit for the period after tax		111,522	72,960
Profit attributable to:			
Owners of the Company		113,027	72,960
Non-controlling interests		(1,505)	-
		111,522	72,960
Earnings per share - basic and diluted	19	Fils 2.58	Fils 1.67

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial statements.

Deyaar Development PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2025

	Three months period ended	
	31 March 2025 AED'000	31 March 2024 AED'000
	(Unaudited)	
Profit for the period	111,522	72,960
Other comprehensive income		
<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	(1,192)	101
Total comprehensive income for the period	110,330	73,061
<i>Attributable to:</i>		
Owners of the Company	111,835	73,061
Non-controlling interests	(1,505)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	110,330	73,061

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial statements.

Deyaar Development PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2025

	Attributable to the equity holders of the parent						
	Share Capital AED'000	Legal reserve AED'000	Equity investments fair valuation reserve AED'000	Retained Earnings AED'000	Total AED'000	Non controllin g interest AED'000	Total equity AED'000
Balance at 1 January 2024	4,375,838	58,495	(15,295)	519,207	4,938,245	-	4,938,245
<i>Total comprehensive income for the period (unaudited)</i>							
Profit for the period	-	-	-	72,960	72,960	-	72,960
Other comprehensive income for the period	-	-	101	-	101	-	101
Total comprehensive income for the period (unaudited)	-	-	101	72,960	73,061	-	73,061
Balance at 31 March 2024 (unaudited)	4,375,838	58,495	(15,194)	592,167	5,011,306	-	5,011,306
Balance at 1 January 2025	4,375,838	105,897	(9,357)	765,243	5,237,621	27,376	5,264,997
<i>Total comprehensive income for the period (unaudited)</i>							
Profit for the period	-	-	-	113,027	113,027	(1,505)	111,522
Other comprehensive loss for the period	-	-	(1,192)	-	(1,192)	-	(1,192)
Total comprehensive income for the period (unaudited)	-	-	(1,192)	113,027	111,835	(1,505)	110,330
Capital contribution during the period	-	-	-	-	-	18,400	18,400
Balance at 31 March 2025 (unaudited)	4,375,838	105,897	(10,549)	878,270	5,349,456	44,271	5,393,727

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial statements.

Deyaar Development PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2025

	<i>Notes</i>	Three months period ended	
		31 March 2025 AED'000 (Unaudited)	31 March 2024 AED'000 (Unaudited)
Profit for the period before tax		119,818	77,541
Adjustments for:			
Depreciation on property and equipment		6,596	4,378
Provision for employees' end of service benefits		988	1,683
Reversal of provision against properties held for development and sale		(54)	(3,962)
Impairment against trade receivables, contract and other financial assets		1,931	1,594
Finance income		(9,147)	(6,692)
Finance costs		9,910	13,216
Other operating income		662	90
Share of results from a joint venture and an associate		(28,197)	(27,713)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		102,507	60,135
Payment of employees' end of service benefits		(2,553)	(607)
Changes in working capital:			
Property held for development and sale (net of project cost accruals)		(221,561)	(23,370)
Trade and other receivables		3,291	(21,561)
Due from related parties		113	(168)
Inventories		678	1,974
Retentions payable		(1,985)	5,857
Advances from customers		55,549	74,958
Trade and other payables		137,203	19,594
Due to related parties		1,143	(192)
Net cash generated from operating activities		74,385	116,620
Cash flows from investing activities			
Additions to property and equipment		(4,038)	(1,387)
Addition to investment properties		(13,885)	(67)
Dividend from joint venture		-	25,266
Repayment of contributed capital from joint venture		-	34,734
Net movement in term deposits with an original maturity greater than three months		110,000	83,000
Income from term deposits		11,152	4,033
Net cash generated from investing activities		103,229	145,579
Cash flows from financing activities			
Repayments of borrowings	13	(15,000)	(38,800)
Drawdown of borrowings	13	9,631	-
Finance costs paid		(10,227)	(14,145)
Net cash used in financing activities		(15,596)	(52,945)
Net increase in cash and cash equivalents		162,018	209,254
Cash and cash equivalents, beginning of the period		1,678,023	982,827
Cash and cash equivalents, end of the period	11	1,840,041	1,192,081

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial statements.

Deyaar Development PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

1. Legal status and activities

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

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

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

2. Basis of preparation and accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements for the three months period ended 31 March 2025 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 2024. In addition, the results for the three months period ended 31 March 2025 are not indicative of the results that may be expected for the financial year ending 31 December 2025.

Deyaar Development PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (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:

Name of entities subsidiaries	Country of incorporation	Effective ownership		Principle activities
		31 March 2025	31 December 2024	
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 Community Management LLC	UAE	100%	100%	Owners Association Management
Deyaar AL Tawassol Lil Tatweer Aleqare Co.**	KSA	-	100%	Property Investment and Development
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
Rivage Property Development LLC	UAE	52%	52%	Property Investment and Development
Deyaar Umm Al Quwain Waterfront LLC	UAE	50%	-	Property Investment and Development
Joint Venture				
Arady Developments LLC	UAE	50%	50%	Property Investment and Development
Associate				
SI Al Zorah Equity Investments Inc.	Cayman Islands	22.72%	22.72%	Property Investment and Development

* 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 three months period ended 31 March 2025 (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 2024, except for the adoption of new standards effective as of 1 January 2025. 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

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 21 relating to Lack of Exchangeability.

(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 31 March 2025 are disclosed below:

<u><i>New and revised IFRSs</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Classification and Measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7	1 January 2026
Contracts Referencing Nature-dependent Electricity- Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 <i>Presentation and Disclosures in Finance Statements</i>	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

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 2024.

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 2024. 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 2024.

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
Three months period ended 31 March 2025				
(unaudited)				
Segment revenues – external	358,670	38,830	35,517	433,017
Segment profit	95,102	2,854	13,566	111,522
Timing of revenue recognition				
Transferred at a point in time	14,194	3,750	3,676	21,620
Recognised over a period of time	344,476	35,080	31,841	411,397
	358,670	38,830	35,517	433,017

Deyaar Development PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

5. Segment information (continued)

Operating segment (continued)

	Property development activities AED'000	Properties and facilities management AED'000	Hospitality AED'000	Total AED'000
<i>Three months period ended 31 March 2024 (unaudited)</i>				
Segment revenues – external	250,893	40,912	36,043	327,848
Segment profit	53,851	4,875	14,234	72,960
<i>Timing of revenue recognition</i>				
Transferred at a point in time	61,952	3,487	3,325	68,764
Recognised over a period of time	188,941	37,425	32,718	259,084
	250,893	40,912	36,043	327,848

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 31 March 2025 (31 December 2024- audited: AED Nil).

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 valuations for all three hotels and believe that there is no material variance in the recoverable value as at 31 March 2025.

Land and buildings with a carrying value of AED 469.9 million (31 December 2024- audited: AED 468.7 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 4.7 million (31 March 2024- unaudited: AED 4.4 million).

Deyaar Development PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

7. Investment properties

	UAE Parking spaces AED'000	UAE Stores Units AED'000	UAE Retail units AED'000	UAE Service Apartment s AED'000	UAE Others * AED'000	31 March 2025 Total AED'000	31 December 2024 Total AED'000
Fair value hierarchy	3	3	3	3	3		
Fair value at the beginning of the reporting period/year	74,198	13,898	289,590	309,595	196,112	883,393	871,367
Additions/Adjustments	-	-	109	-	13,776	13,885	7,466
Transfer to/from properties held for development and sale	-	-	-	-	-	-	4,560
Change in valuation	-	-	-	-	-	-	-
Fair value at the end of reporting period/year	74,198	13,898	289,699	309,595	209,888	897,278	883,393

* Includes mix use building, lease building and residential apartments.

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.

The Company has not reclassified any units during the current period from properties held for development and sale (31 December 2024- audited: AED 4.6 million) (Note 9).

Investment properties with a carrying value of AED 488.2 million (31 December 2024- 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 31 March 2025.

8. Trade, contract and other receivables

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Trade and unbilled receivables (refer (i) below)	908,401	812,093
Other receivables (refer (ii) below)	379,875	393,790
	1,288,276	1,205,883
Current	1,056,971	980,957
Non-current	231,305	224,926
Total	1,288,276	1,205,883

Deyaar Development PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

8. Trade, contract and other receivables (continued)

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
<i>i. Trade and unbilled receivables</i>		
Trade receivables		
Amounts receivable within 12 months	118,162	165,271
Contract assets		
Unbilled receivables within 12 months	558,934	421,896
Unbilled receivables after 12 months	231,305	224,926
	908,401	812,093

The above trade receivables are net of provision for impairment amounting to AED 127.7 million (31 December 2024: AED 125.7 million) relating to trade receivables which are past due. All other trade receivables are considered recoverable.

ii. Other receivables

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Advances to contractors	120,942	132,399
Advances to suppliers	15,183	12,432
Prepayments and deferred project cost	161,074	160,465
Others	91,722	97,540
	388,921	402,836
Less: provision for impairment	(9,046)	(9,046)
	379,875	393,790

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.

During the current period, the Company has reclassified a unit amounting to AED 1.4 million from properties, plant & equipment to properties held for development and sale based on change in use of the unit (31 December 2024- audited: AED 1.6 million) (Note 5).

The Company has not reclassified any units to investment properties during current period (31 December 2024- audited: AED 4.5 million) (Note 7).

Deyaar Development PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

9. Properties held for development and sale (continued)

Plots of land including under development projects with total carrying value of AED 478.2 million (31 December 2024- audited: AED 444 million) and completed properties with total carrying value of AED 35.2 million (31 December 2024- audited: AED 35.2 million) are mortgaged under Islamic finance obligations (Note 13).

In the current period, the Group has recognised an amount of AED 243.1 million (for the year ended 31 December 2024- audited: AED 852.9 million and for the three months period ended 31 March 2024- unaudited: AED 174.5 million) included in the profit or loss under “direct costs” against revenue recognised of AED 344.8 million (for the year ended 31 December 2024- audited: AED 1,193.9 million and for the three months period ended 31 March 2024- unaudited: AED 237.6 million).

For plots of land held for future development and use amounting to AED 778.4 million as at the reporting date (31 December 2024- audited: AED 548.8 million), management is currently evaluating feasibility of the projects and considering alternative viable profitable options as well as various offers from potential buyers.

10. Related party transactions and balances

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

(a) Related party transactions

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

	Three months period ended	
	31 March 2025	31 March 2024
	AED’000	AED’000
	(Unaudited)	(Unaudited)
Ultimate majority shareholder		
Other operating income/finance income	3,553	4,052
Finance cost	(7,103)	(8,529)
Borrowings drawdown	9,531	-
Borrowings repayment	(15,000)	(38,800)
Joint venture		
Other operating income	662	90
Dividend Income	-	25,266
Repayment of contributed capital	-	34,734

Deyaar Development PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

10. Related party transactions and balances (continued)

(a) Related party transactions (continued)

Associate

Dividend Income	2,000	-
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(b) Remuneration of key management personnel

	Three months period ended	
	31 March 2025	31 March 2024
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employees' benefits	3,212	3,552
Termination and post-employment benefits	78	86
Board of Directors' sitting fees	125	69
	3,415	3,707

The shareholders in the Annual General Meeting dated 16 April 2025 have approved an additional amount of AED 0.9 million for the Board of Directors' remuneration relating to the year ended 31 December 2024, which has been recognised in the subsequent period.

(c) Due from related parties comprises:

	31 March 2025	31 December 2024
	AED'000	AED'000
	(Unaudited)	(Audited)
Current		
Due from ultimate majority shareholder	1,346	1,346
Due from a joint venture	2,560	2,673
Due from other related parties	3,410	1,410
	7,316	5,429
Less: provision for impairment	(1,409)	(1,384)
	5,907	4,045

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group, bank account balances of AED 219.4 million (31 December 2024- audited: AED 159.5 million) and fixed deposits of AED 552 million (31 December 2024- audited: AED 565 million), at market prevailing profit rates.

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

10. Related party transactions and balances (continued)

(d) Due to related parties comprises:

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Current		
Due to ultimate majority shareholder	1,337	196
Due to other related party	103	101
	1,440	297

At 31 March 2025, the Group had bank borrowings from the ultimate majority shareholder of AED 419.3 million (31 December 2024- audited: AED 424.8 million), at market prevailing profit rates (Note 13).

11. Cash and bank balances

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Cash in hand	489	493
Current accounts	1,229,795	1,053,835
Fixed deposits	682,001	805,881
	1,912,285	1,860,209
Less: provision for impairment	(1,540)	(1,566)
Cash and bank balances, net	1,910,745	1,858,643
Less: term deposits with an original maturity greater than three months	(70,704)	(180,620)
Cash and cash equivalents	1,840,041	1,678,023

Bank accounts include a balance of AED 1,057.6 million (31 December 2024- audited: AED 844.4 million) and fixed deposits of AED 325 million (31 December 2024- audited: AED 278 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 98.1 million (31 December 2024- audited: AED 114.6 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.

12. Share capital

At 31 March 2025, share capital comprised of 4,375,837,645 shares (31 December 2024- 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 16 April 2025 dividends on ordinary shares amounting to AED 218.8 million (AED 5 fils per share) and the corresponding liability was recognized in the subsequent period.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

13. Borrowings

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Islamic finance obligations		
Current	60,000	60,000
Non-current	409,927	415,296
Total borrowings	469,927	475,296
		AED'000
1 January 2024		644,317
Drawdown		3,296
Repayments		(172,317)
31 December 2024 (Audited)		475,296
1 January 2025		475,296
Drawdown		9,631
Repayments		(15,000)
31 March 2025 (Unaudited)		469,927

Islamic finance obligations represent Ijarah and other Islamic facilities obtained from Dubai Islamic Bank PJSC (ultimate majority shareholder) amounting to AED 419.3 million (31 December 2024: AED 424.8 million) [Note 10(d)], and balance 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 ten years from the reporting date (31 December 2024- audited: two years to eight years). These facilities have AED 464.1 million available for drawdown to the Group.

Islamic finance obligations are secured by mortgages over properties classified under properties held for development and sale amount to AED 513.4 million (31 December 2024: AED 513.4 million) (Note 9), property and equipment amount to AED 469.9 million (31 December 2024: AED 468.7 million) (Note 6) and investment properties amount to AED 488.2 million (31 December 2024: AED 487.8 million)(Note 7).

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

16. Commitments

At 31 March 2025, the Group had total commitments of AED 651.3 million (*31 December 2024- audited: AED 795.4 million*) with respect to project related contracts issued net of invoices received and accruals made at that date.

17. Contingencies

Contingent liabilities

At 31 March 2025, the Group has contingent liabilities in respect of performance bond and guarantees issued by banks, in the ordinary course of business, amounting to AED 532.2 million (*31 December 2024- audited: AED 517.5 million*), which mainly includes performance guarantees of AED 519.2 million (*31 December 2024- audited: AED 500.1 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 2024- 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (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
31 March 2025 (unaudited)			
<i>Assets as per interim condensed consolidated statement of financial position</i>			
Equity instrument at fair value other comprehensive income	-	8,786	8,786
Trade, contract and other receivables excluding prepayments and advances	991,076	-	991,076
Due from related parties	5,907	-	5,907
Bank balances	1,910,256	-	1,910,256
	2,907,239	8,786	2,916,025
<i>Liabilities as per interim condensed consolidated statement of financial position</i>			
Trade and other payables	782,019	-	782,019
Retentions payable	59,440	-	59,440
Borrowings	469,927	-	469,927
	1,311,386	-	1,311,386
	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
31 December 2024 (audited)			
<i>Assets as per interim condensed consolidated statement of financial position</i>			
Equity instrument at fair value other comprehensive income	-	9,978	9,978
Trade, contract and other receivables excluding prepayments and advances	900,586	-	900,586
Due from related parties	4,045	-	4,045
Bank balances	1,858,150	-	1,858,150
	2,762,781	9,978	2,772,759
<i>Liabilities as per interim condensed consolidated statement of financial position</i>			
Trade and other payables	658,166	-	658,166
Retentions payable	61,426	-	61,426
Borrowings	475,296	-	475,296
	1,194,888	-	1,194,888

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (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 31 March 2025 (unaudited)</i>		
Equity instrument at fair value through other comprehensive income	8,786	8,786
<i>As at 31 December 2024 (audited)</i>		
Equity instrument at fair value through other comprehensive income	9,978	9,978

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:

	Three months period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
Profit after tax for the period (AED'000)	113,027	72,960
Weighted average number of ordinary shares ('000)	4,375,838	4,375,838
Earnings per ordinary share - Basic and Diluted (Fils)	2.58	1.67

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025 (continued)

20. Income tax expense (continued)

On 23 May 2023, the International Accounting Standards Board (the Board) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 which clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements Qualified Domestic Minimum Top-up Taxes. The Group has adopted these amendments. However, they are not yet applicable for the current reporting year as the Group's consolidated revenue is currently below the threshold of €750 million.

Amount recognised in the consolidated statement of profit or loss

The major components of income tax expense for the period ended 31 March 2025:

	Three months period ended	
	31 March 2025	31 March 2024
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Current income tax expense	8,296	4,581
Income tax expense recognised in statement of profit or loss	8,296	4,581

Tax reconciliation:

	Three months period ended	
	31 March 2025	31 March 2024
	(In AED '000)	(In AED '000)
Accounting profit before tax	119,818	77,541
Share of profit from associates/joint ventures	(27,535)	(27,623)
Non-deductible expenses	545	986
Profit exempt from tax	(654)	-
Net taxable profit	92,174	50,904
At United Arab Emirates' statutory income tax rate of 9%	8,296	4,581
Income tax expense reported in the income statement	8,296	4,581
Accounting profit before tax	119,818	77,541
Effective tax rate	6.9%	5.9%

21. Reclassifications

Certain comparative figures have been reclassified to conform to the presentation adopted in these condensed consolidated interim financial statements. The reclassification does not have any material effect on the condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows.