

# **Aldar Properties PJSC**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF ALDAR PROPERTIES PJSC**

*Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2017 comprising of the interim consolidated statement of financial position as at 30 September 2017 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended and the related statement of changes in equity and condensed statement of cash flows for the nine-month period then ended and other 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 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. Consequently, it 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.



Signed by  
Anthony O'Sullivan  
Partner  
Ernst & Young  
Registration No. 687

12 November 2017  
Abu Dhabi

# Aldar Properties PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 (Unaudited)

		30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,891,416	2,986,073
Intangible assets		4,585	3,967
Investment properties	6	15,844,491	15,773,282
Investment in associates and joint ventures	7	973,049	964,408
Available-for-sale financial assets	8	110,502	126,448
Trade and other receivables	9	434,738	726,974
<b>Total non-current</b>		<b>20,258,781</b>	<b>20,581,152</b>
<b>Current assets</b>			
Land held for sale		2,386,308	2,228,191
Development work in progress	10	1,502,047	1,298,384
Inventories	11	174,183	220,645
Trade and other receivables	9	5,411,748	4,536,385
Cash and bank balances	12	5,499,604	6,696,340
<b>Total current assets</b>		<b>14,973,890</b>	<b>14,979,945</b>
<b>TOTAL ASSETS</b>		<b>35,232,671</b>	<b>35,561,097</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		7,862,630	7,862,630
Statutory reserve		3,931,315	3,931,315
Hedging reserve		(36,226)	(19,136)
Fair value reserve		32,964	38,171
Retained earnings		11,059,136	10,069,933
Equity attributable to the owners of the Company		22,849,819	21,882,913
Non-controlling interests		210,883	203,181
<b>Total equity</b>		<b>23,060,702</b>	<b>22,086,094</b>
<b>Non-current liabilities</b>			
Non-convertible sukuk	13	2,751,920	2,749,189
Bank borrowings	13	2,065,378	2,168,792
Retentions payable		312,971	165,234
Provision for employees' end of service benefit		137,729	128,137
Other financial liabilities	16	33,732	15,081
<b>Total non-current liabilities</b>		<b>5,301,730</b>	<b>5,226,433</b>
<b>Current liabilities</b>			
Non-convertible sukuk	13	39,931	9,983
Bank borrowings	13	639,766	636,268
Retentions payable		265,806	397,525
Advances from customers	14	423,025	424,642
Trade and other payables	15	5,501,711	6,780,152
<b>Total current liabilities</b>		<b>6,870,239</b>	<b>8,248,570</b>
<b>Total liabilities</b>		<b>12,171,969</b>	<b>13,475,003</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,232,671</b>	<b>35,561,097</b>

Mohammed Khalifa Al Mubarak  
Chairman

Greg Fewer  
Chief Financial Officer

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

# Aldar Properties PJSC

## INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2017 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2017 AED'000</i>	<i>2016 AED'000</i>	<i>2017 AED'000</i>	<i>2016 AED'000</i>
Revenue		1,379,900	1,898,328	4,311,686	4,826,241
Direct costs		<u>(792,327)</u>	<u>(1,015,555)</u>	<u>(2,429,257)</u>	<u>(2,709,297)</u>
<b>GROSS PROFIT</b>		<b>587,573</b>	<b>882,773</b>	<b>1,882,429</b>	<b>2,116,944</b>
Selling and marketing expenses		(15,310)	(15,417)	(56,089)	(44,675)
<i>General and administrative expenses</i>					
Staff costs		(50,897)	(55,721)	(163,146)	(173,592)
Depreciation and amortisation		(40,042)	(48,463)	(137,771)	(149,105)
Reversal – net / (provisions, impairments and write downs)		59,727	(5,873)	47,114	15,946
Others		(17,986)	(27,954)	(44,877)	(73,228)
Share of profit from associates and joint ventures	7	14,677	19,281	42,244	53,323
Fair value loss on investment properties	6	(39,421)	(35,191)	(118,263)	(104,716)
Gain / (loss) on disposal of investment properties		3,835	(355)	3,835	14,764
Finance income		28,786	31,174	87,366	89,270
Finance costs	17	(63,081)	(60,849)	(185,961)	(178,767)
Other income	18	<u>133,171</u>	<u>53,658</u>	<u>504,913</u>	<u>479,263</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>601,032</u></b>	<b><u>737,063</u></b>	<b><u>1,861,794</u></b>	<b><u>2,045,427</u></b>
<b>Attributable to:</b>					
Owners of the Company		597,822	747,836	1,854,092	2,054,476
Non-controlling interests		<u>3,210</u>	<u>(10,773)</u>	<u>7,702</u>	<u>(9,049)</u>
		<b><u>601,032</u></b>	<b><u>737,063</u></b>	<b><u>1,861,794</u></b>	<b><u>2,045,427</u></b>
Basic and diluted earnings per share attributable to owners of the Company in AED	19	<u>0.076</u>	<u>0.095</u>	<u>0.236</u>	<u>0.261</u>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

# Aldar Properties PJSC

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2017 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Profit for the period	601,032	737,063	1,861,794	2,045,427
<i>Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods:</i>				
Gain / (loss) on revaluation of available-for-sale financial assets	2,122	1,583	(5,207)	2,394
Changes in fair value of cash flow hedges	<u>1,916</u>	<u>496</u>	<u>(17,090)</u>	<u>1,471</u>
<b>Other comprehensive income / (loss)</b>	<b><u>4,038</u></b>	<b><u>2,079</u></b>	<b><u>(22,297)</u></b>	<b><u>3,865</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>605,070</u></b>	<b><u>739,142</u></b>	<b><u>1,839,497</u></b>	<b><u>2,049,292</u></b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	601,860	749,915	1,831,795	2,058,341
Non-controlling interests	<u>3,210</u>	<u>(10,773)</u>	<u>7,702</u>	<u>(9,049)</u>
	<b><u>605,070</u></b>	<b><u>739,142</u></b>	<b><u>1,839,497</u></b>	<b><u>2,049,292</u></b>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

# Aldar Properties PJSC

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2017 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	Hedging reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Equity attributable to owners of the Company AED '000	Non- controlling interests AED '000	Total AED '000
Balance at 1 January 2016	7,862,630	3,931,315	(25,908)	29,283	8,073,832	19,871,152	287,939	20,159,091
Profit for the period	-	-	-	-	2,054,476	2,054,476	(9,049)	2,045,427
Other comprehensive income	-	-	2,394	1,471	-	3,865	-	3,865
Dividends	-	-	-	-	(786,263)	(786,263)	(54,800)	(841,063)
Balance at 30 September 2016	<u>7,862,630</u>	<u>3,931,315</u>	<u>(23,514)</u>	<u>30,754</u>	<u>9,342,045</u>	<u>21,143,230</u>	<u>224,090</u>	<u>21,367,320</u>
Balance at 31 December 2016 (audited)	7,862,630	3,931,315	(19,136)	38,171	10,069,933	21,882,913	203,181	22,086,094
Profit for the period	-	-	-	-	1,854,092	1,854,092	7,702	1,861,794
Other comprehensive income	-	-	(17,090)	(5,207)	-	(22,297)	-	(22,297)
Dividends (i)	-	-	-	-	(864,889)	(864,889)	-	(864,889)
Balance at 30 September 2017	<u>7,862,630</u>	<u>3,931,315</u>	<u>(36,226)</u>	<u>32,964</u>	<u>11,059,136</u>	<u>22,849,819</u>	<u>210,883</u>	<u>23,060,702</u>

(i) The shareholders of the Company in their Annual General Meeting held on 20 March 2017 approved a dividend of 11 fils per ordinary share for the year ended 31 December 2016.

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

# Aldar Properties PJSC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2017 (Unaudited)

		<i>Nine months ended 30 September</i>	
		<i>2017</i>	<i>2016</i>
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>
Net cash generated from operating activities		<u>66,418</u>	<u>974,752</u>
<b>INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant and equipment		(48,690)	(200,583)
Payments for purchase of intangible assets		(3,764)	(1,868)
Additions to investment properties		(190,919)	(65,062)
Movement in term deposits with original maturities above three months		343,801	1,037,879
Movement in restricted bank balances		(152,751)	(151,244)
Proceeds from disposal of investment properties		15,094	49,358
Finance income received		55,829	51,416
Capital call contributions made for available for sale financial assets		-	(1,067)
Capital repayments received for available for sales financial assets		10,738	4,806
Dividend received		<u>45,638</u>	<u>42,038</u>
Net cash generated from investing activities		<u>74,976</u>	<u>765,673</u>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(865,823)	(841,892)
Directors' remuneration payments		(23,000)	(23,000)
Repayment of operating lease liability		(20,750)	(19,750)
Repayment of borrowings		(114,062)	-
Borrowings raised		-	5,000
Finance costs paid		<u>(123,445)</u>	<u>(124,945)</u>
Net cash used in financing activities		<u>(1,147,080)</u>	<u>(1,004,587)</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,005,686)</b>	<b>735,838</b>
Cash and cash equivalents at the beginning of the period		<u>1,511,533</u>	<u>1,604,167</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>12</b>	<u><b>505,847</b></u>	<u><b>2,340,005</b></u>

The attached notes 1 to 23 form part of these condensed consolidated financial statements.

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 1 CORPORATE INFORMATION

The establishment of Aldar Properties PJSC (the "Company") was approved by Decision No. (16) of 2004 of the Abu Dhabi Department of Planning and Economy dated 12 October 2004. The Company's incorporation was declared by Ministerial Resolution No. (59) of 2005 issued by the UAE Minister of Economy dated 23 February 2005.

The Company is domiciled in the United Arab Emirates and its registered office address is P O Box 51133, Abu Dhabi.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged in various businesses primarily the development, sales, investment, construction, management and associated services for real estate, operation of hotels, schools, marinas and golf courses.

### 2 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

#### 2.1 Standards issued and adopted

The Group early adopted following standards issued but not yet effective:

- IFRS 15 'Revenue from Contracts with Customers' with effect from 1 January 2015; and
- IFRS 16 'Leases' with effect from 1 January 2016.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and also comply with the applicable requirements of the laws in the UAE.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016. In addition, results for the nine-months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**3.2 Basis of preparation**

The interim condensed consolidated financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial instruments and investment properties.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those applied to the audited annual consolidated financial statements for the year ended 31 December 2016.

During the period, the Group has applied, for the first time, certain standards and amendments as disclosed below. The application of these standards and amendments do not impact the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*
- Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses*
- Annual Improvements Cycle - 2014-2016:
  - Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

**4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were same as those applied to the consolidated financial statements as at and for the year ended 31 December 2016.

**5 PROPERTY, PLANT AND EQUIPMENT**

The movement in property, plant and equipment pertains to depreciation charge for the period of AED 141.9 million and transfers to investment properties of AED 9.6 million (Note 6). This is offset by additions during the period of AED 48.7 million and transfer from development work in progress of AED 8.2 million (Note 10).

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 6 INVESTMENT PROPERTIES

Investment properties comprise completed properties (buildings and retail centers) and properties under development. The movement during the period / year is as follows:

	30 September 2017			31 December 2016 (Audited)		
	Completed properties AED'000	Properties under development AED'000	Total AED'000	Completed properties AED'000	Properties under development AED'000	Total AED'000
Balance at the beginning of the period / year	14,929,374	843,908	15,773,282	15,114,269	787,469	15,901,738
Development costs incurred during the period / year	2,987	187,932	190,919	908	95,274	96,182
Finance cost capitalised	-	213	213	-	-	-
Decrease in fair value – net	(118,263)	-	(118,263)	(169,680)	-	(169,680)
Disposals	(11,259)	-	(11,259)	(34,594)	-	(34,594)
Transfers from / (to):						
Property, plant and equipment (Note 5)	9,599	-	9,599	18,471	(38,835)	(20,364)
Balance at the end of the period / year	<u>14,812,438</u>	<u>1,032,053</u>	<u>15,844,491</u>	<u>14,929,374</u>	<u>843,908</u>	<u>15,773,282</u>

### 7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The movement in the investment in associates and joint ventures is as follows:

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
Balance at the beginning of the period / year	964,408	937,442
Share in profit for the period / year	42,244	66,636
Share in hedging reserve	1,562	1,431
Dividends received	(42,638)	(47,038)
Transferred to joint venture current accounts	8,273	5,937
Disposals	<u>(800)</u>	<u>-</u>
Balance at the end of the period / year	<u>973,049</u>	<u>964,408</u>

### 8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
Investment in UAE quoted securities	26,000	29,580
Investment in UAE unquoted securities	35,201	35,201
Investment in international unquoted securities	<u>49,301</u>	<u>61,667</u>
	<u>110,502</u>	<u>126,448</u>

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 9 TRADE AND OTHER RECEIVABLES

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
<b>Non-current portion</b>		
Receivable from project finance (Note 20)	149,991	150,581
Receivable from the Government of Abu Dhabi (Note 20)	190,000	474,999
Due from associates and joint ventures (Notes 20)	84,052	89,114
Other	<u>10,695</u>	<u>12,280</u>
	<u>434,738</u>	<u>726,974</u>
<b>Current portion</b>		
Trade receivables	1,434,965	1,414,592
Less: provision for impairment and cancellations	<u>(271,638)</u>	<u>(327,556)</u>
	1,163,327	1,087,036
Refundable costs (Note 20)	424,847	301,395
Receivable from project finance (Note 20)	16,932	17,401
Receivable from the Government of Abu Dhabi (Note 20)	1,147,562	815,039
Due from associates and joint ventures (Note 20)	275,093	236,485
Gross amount due from customers on contracts for sale of properties (Note 9.1)	828,148	152,194
Gross amount due from customers on contracts to construct an asset (Note 9.2)	124,057	129,885
Advances and prepayments	1,099,989	1,428,960
Accrued interest	53,262	37,493
Others	<u>278,531</u>	<u>330,497</u>
	<u>5,411,748</u>	<u>4,536,385</u>

#### 9.1 Contracts with customers for sale of properties

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
Amount due from customers included in trade and other receivables (Note 9)	828,148	152,194
Amount due to customers included in trade and other payables (Note 15)	<u>(284,887)</u>	<u>(556,489)</u>
	<u>543,261</u>	<u>(404,295)</u>
Total contracts cost incurred plus recognised profits less recognised losses to date	2,710,332	1,474,393
Less: total progress billings to date	<u>(2,167,071)</u>	<u>(1,878,688)</u>
	<u>543,261</u>	<u>(404,295)</u>

The above represents unbilled / (deferred) revenue arising from sale of land and units. With respect to the above contracts, revenue aggregating to AED 4,123 million is expected to be recognised over the term of these contracts.

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 9 TRADE AND OTHER RECEIVABLES continued

#### 9.2 Contracts with customers to construct an asset

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
Amount due from customers included in trade and other receivable (Note 9)	124,057	129,885
Amount due to customers included in trade and other payable (Note 15)	<u>(186,084)</u>	<u>(70,238)</u>
	<u>(62,027)</u>	<u>59,647</u>
Total contracts cost incurred plus recognised profits less recognised losses to date	5,636,828	5,673,578
Less: total progress billing to date	<u>(5,698,855)</u>	<u>(5,613,931)</u>
	<u>(62,027)</u>	<u>59,647</u>

The above represents (deferred) / unbilled revenue arising from construction contracts. With respect to the above contracts, revenue aggregating to AED 1,015 million is expected to be recognised over the period of these contracts.

### 10 DEVELOPMENT WORK IN PROGRESS

Development work in progress represents development and construction costs incurred on properties being developed. Movement during the period / year is as follows:

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
Balance at beginning of the period / year	1,298,384	2,744,976
Development costs incurred during the period / year	966,104	608,220
Recognised in costs of properties sold	(752,935)	(856,141)
Transfers from advances	-	(1,187,370)
Transfer to property, plant and equipment (Note 5)	(8,150)	(11,301)
Impairment	<u>(1,356)</u>	<u>-</u>
Balance at the end of the period / year	<u>1,502,047</u>	<u>1,298,384</u>

All development work in progress projects are located in the United Arab Emirates.

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 11 INVENTORIES

	<i>30 September 2017 AED'000</i>	<i>(Audited) 31 December 2016 AED'000</i>
Completed properties	116,081	163,415
Other operating inventories	<u>58,102</u>	<u>57,230</u>
	<u>174,183</u>	<u>220,645</u>

All completed properties are located in the United Arab Emirates.

### 12 CASH AND BANK BALANCES

	<i>30 September 2017 AED'000</i>	<i>(Audited) 31 December 2016 AED'000</i>
Cash and bank balances	1,550,525	2,046,292
Short term deposits held with banks	<u>3,949,079</u>	<u>4,650,048</u>
Cash and bank balances	5,499,604	6,696,340
Short term deposits with original maturities greater than three months	(2,871,358)	(3,215,160)
Restricted bank balances	<u>(2,122,399)</u>	<u>(1,969,647)</u>
Cash and cash equivalents	<u>505,847</u>	<u>1,511,533</u>

Included are balances amounting to AED 947.0 million (2016: AED 684.4 million) from customers against sale of development properties which are deposited into escrow accounts.

The interest rate on term deposits during the period ranges between 0.50% and 2.55% (2016: 0.75 % and 2.40%) per annum. All bank deposits are placed with local banks in the United Arab Emirates.

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 13 INTEREST-BEARING LOANS AND BORROWINGS

	<i>Non-convertible sukuk</i>		<i>Bank borrowings</i>		<i>Total borrowings</i>	
	<i>30 September 2017</i>	<i>31 December 2016 (audited)</i>	<i>30 September 2017</i>	<i>31 December 2016 (audited)</i>	<i>30 September 2017</i>	<i>31 December 2016 (audited)</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
<i>Current</i>						
Within one year	39,931	9,983	639,766	636,268	679,697	646,251
<i>Non-current</i>						
In two to five years	<u>2,751,920</u>	<u>2,749,189</u>	<u>2,065,378</u>	<u>2,168,792</u>	<u>4,817,298</u>	<u>4,917,981</u>
	<u>2,791,851</u>	<u>2,759,172</u>	<u>2,705,144</u>	<u>2,805,060</u>	<u>5,496,995</u>	<u>5,564,232</u>
Finance cost capitalised during the period/year	<u>110</u>	<u>1,136</u>	<u>103</u>	<u>1,225</u>	<u>213</u>	<u>2,361</u>

- Loan securities are in the form of mortgage over plots of land, assignment of project receivables and lien on bank deposits.
- Certain of the Group's borrowings carry a net worth covenant.

### 14 ADVANCES FROM CUSTOMERS

Advances from customers represent mainly instalments collected from customers for the sale of the Company's property developments and security deposits.

### 15 TRADE AND OTHER PAYABLES

	<i>30 September 2017</i>	<i>31 December 2016 (Audited)</i>
	<i>AED'000</i>	<i>AED'000</i>
Trade payables	348,844	465,869
Accrual for contractors' costs	1,726,712	1,725,527
Advances from the Government of Abu Dhabi (note 20)	798,395	1,829,262
Deferred income	340,991	432,158
Dividends payable	103,123	104,057
Provision for onerous contracts	33,354	67,298
Gross amount due to customers on contracts for sale of properties (Note 9.1)	284,887	556,489
Gross amount due to customers on contracts to construct an asset (Note 9.2)	186,084	70,238
Due to the Government of Abu Dhabi (Note 20)	684,075	502,335
Operating lease liability	476,457	488,333
Other liabilities	<u>518,789</u>	<u>538,586</u>
	<u>5,501,711</u>	<u>6,780,152</u>

The Group has financial and risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Trade payables and accruals for contractors' costs include amounts due to joint ventures for project related work which has been disclosed in Note 20.

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 16 OTHER FINANCIAL LIABILITIES

The Company has entered into interest rate swap contracts to hedge its exposure to future cash flows due to interest rate fluctuations. As at 30 September 2017, the notional amount of these derivatives amounted to AED 2,867,272 thousand (USD 780,635 thousand) with a negative fair value (net) of AED 17,090 thousand (USD 4,656 thousand) recorded in the statement of comprehensive income.

### 17 FINANCE COSTS

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017 (unaudited) AED'000</i>	<i>2016 (unaudited) AED'000</i>	<i>2017 (unaudited) AED'000</i>	<i>2016 (unaudited) AED'000</i>
Gross finance costs	58,715	57,200	173,077	166,715
Unwinding of finance cost on operating lease liability (Note 21.2)	4,366	4,804	13,097	14,413
Less: Amounts included in the cost of qualifying assets	-	(1,155)	(213)	(2,361)
	<u>63,081</u>	<u>60,849</u>	<u>185,961</u>	<u>178,767</u>

### 18 OTHER INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017 (unaudited) AED'000</i>	<i>2016 (unaudited) AED'000</i>	<i>2017 (unaudited) AED'000</i>	<i>2016 (unaudited) AED'000</i>
Government grant income recorded upon handover of infrastructure assets (Note 20)	79,770	-	342,932	326,424
Release of infrastructure accruals and other accruals and provisions	53,192	-	76,992	-
Write back on receivables and cancellation of land plots - net	-	-	-	44,426
Recovery of amounts previously charged to direct costs	-	50,000	73,871	50,000
Others	<u>209</u>	<u>3,658</u>	<u>11,118</u>	<u>58,413</u>
	<u>133,171</u>	<u>53,658</u>	<u>504,913</u>	<u>479,263</u>

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 19 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Earnings (AED '000)</b>				
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to Owners of the Company)	<u>597,822</u>	<u>747,836</u>	<u>1,854,092</u>	<u>2,054,476</u>
<b>Weighted average number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>7,862,629,603</u>	<u>7,862,629,603</u>	<u>7,862,629,603</u>	<u>7,862,629,603</u>
<b>Earnings per share (AED)</b>				
Basic and diluted earnings per share attributable to owners of the Company	<u>0.076</u>	<u>0.095</u>	<u>0.236</u>	<u>0.261</u>

### 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise of major shareholder, associated companies, directors, key management personnel of the Group and their related entities. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management. Government of Abu Dhabi is an indirect major shareholder of the Company.

The Group maintains significant balances with these related parties, which are as follows:

	<i>30 September 2017 AED'000</i>	<i>(Audited) 31 December 2016 AED'000</i>
<b>Due from / (to) Government:</b>		
Refundable costs (Note 9)	424,847	301,395
Receivable from assets sold (Note 9)	1,011,395	1,290,038
Receivables against infrastructure handovers (Note 9)	326,167	-
Other payables (Note 15)	(684,075)	(502,335)
Other receivables	<u>48,852</u>	<u>57,454</u>
	<u>1,127,186</u>	<u>1,146,552</u>
Advances received (Note 15)	<u>(798,395)</u>	<u>(1,829,262)</u>
<b>Due from associates and joint ventures (Note 9)</b>	<u>359,145</u>	<u>325,599</u>
<b>Due to joint ventures for project-related work:</b>		
Contract payables	<u>32,692</u>	<u>32,692</u>



# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

Certain receivables from joint ventures carry interest of 9% and are repayable within 2 to 5 years from the end of the reporting period.

	<i>30 September</i> 2017 AED'000	<i>(Audited)</i> 31 December 2016 AED'000
<b>Due from major shareholder owned by Government and / or its associated companies:</b>		
Receivable from project finance (Note 9)	<u>136,824</u>	<u>138,649</u>

Significant transactions with related parties during the period were as follows:

	<i>Nine months ended 30 September</i> 2017 AED'000	<i>2016</i> AED'000
<b>Key management compensation:</b>		
Salaries, bonuses and other benefits	11,072	11,129
Post-employment benefits	<u>489</u>	<u>497</u>
	<u>11,561</u>	<u>11,626</u>
<b>Directors' remuneration paid</b>	<u>23,000</u>	<u>23,000</u>
<b>Revenue from Government and major shareholder owned by Government:</b>		
Revenue from sale of land and properties	42,000	812,825
Project management income	92,628	91,065
Rental income	234,262	223,193
Government grant income	<u>342,932</u>	<u>326,424</u>
	<u>711,822</u>	<u>1,453,507</u>
Finance income from project finance and joint ventures	<u>14,616</u>	<u>13,743</u>

The amount and timing of the infrastructure cost reimbursement is subject to the completion of certain audit and technical inspections and assessments to be performed by the relevant government authority. Once these activities are completed, there will be reasonable assurance that the grant will be received and at that point it will be recognised as a deferred government grant. Once the conditions of the grant are met, i.e. infrastructure assets are handed over to the designated authorities, the deferred government grant will be recognised in profit or loss. During the period, an amount of AED 342.9 million was recognised as government grant income upon handover of infrastructure assets. (30 September 2016: AED 326.4 million).

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 21 COMMITMENTS AND CONTINGENCIES

#### 21.1 Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
Projects under development	2,980,251	1,731,035
Reimbursable project works in progress	3,088,179	4,489,301
Investment in associates	<u>30,342</u>	<u>30,342</u>
	<u>6,098,772</u>	<u>6,250,678</u>

The above commitments are spread over a period of one to five years.

#### 21.2 Operating lease commitments

	30 September 2017 AED'000	(Audited) 31 December 2016 AED'000
<i>The Company as lessor</i>		
Within one year	790,143	825,892
In the second to fifth year	1,669,550	1,794,525
After five years	<u>390,331</u>	<u>948,387</u>
	<u>2,850,024</u>	<u>3,568,804</u>

Following the Company election to adopt IFRS 16 (Note 2.1), the resulting impact on the consolidated income statement and consolidated statement of cash flows is as follows:

*The Company as a lessee*

	Nine months ended 30 September 2017 AED'000	2016 AED'000
Unwinding of interest expense during the period on lease liabilities (note 17)	<u>13,097</u>	<u>14,413</u>
Expense relating to short-term leases	<u>21,353</u>	<u>20,941</u>
Total cash outflow in respect of leases	<u>20,750</u>	<u>19,750</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the period ended 30 September 2017 (Unaudited)

**21 COMMITMENTS AND CONTINGENCIES** continued

**21.3 Contingencies**

	<i>30 September</i> <i>2017</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2016</i> <i>AED'000</i>
<i>Letters of credit and bank guarantees:</i>		
Issued by the Group	<u>881,974</u>	<u>698,084</u>
Group's share in contingencies of joint ventures and associates	<u>167,609</u>	<u>221,690</u>

Included in the above are bank guarantees and letters of credit amount of AED 809.9 million (31 December 2016: AED 619.2 million) pertaining to a construction related subsidiary.

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017 (Unaudited)

### 22 SEGMENT INFORMATION

#### 22.1 Business segments

Segment information about the Group's continuing operations for the nine months ended 30 September 2017 is presented below:

	Property development and management		Asset management			
	Property development and sales AED '000	Development management AED '000	Investment properties AED '000	Hospitality and leisure AED '000	Operative villages AED '000	Adjacencies AED '000
Revenue excluding service charges	1,455,843	123,911	1,160,161	323,499	14,116	4,208,387
Revenue from service charges	-	-	103,299	-	-	103,299
Gross revenue	1,455,843	123,911	1,263,460	323,499	14,116	4,311,686
Cost of revenue excluding service charge	(807,734)	(13,100)	(128,801)	(288,296)	(881)	(2,325,958)
Service charge expenses	-	-	(103,299)	-	-	(103,299)
Gross profit	648,109	110,811	1,031,360	35,203	13,235	1,882,429
Depreciation and amortisation	-	-	(4,299)	(86,691)	(735)	(126,079)
Reversal – net / (provisions, impairments and write downs)	96,019	-	(45,106)	-	-	48,346
Fair value loss on investment properties	-	-	(118,263)	-	-	(118,263)
Share of profit from associates and joint ventures	-	-	43,932	-	-	43,932
Gain on disposal of investment properties	-	-	3,835	-	-	3,835
Other income	458,304	-	-	18	-	458,322
Segment profit / (loss)	1,202,432	110,811	911,459	(51,470)	12,500	2,192,522
Share of profit from associates and joint venture	-	-	-	-	-	(1,688)
Selling and marketing expenses	-	-	-	-	-	(56,089)
General and administrative expenses	-	-	-	-	-	(208,023)
Provision for impairments/write downs - net	-	-	-	-	-	(1,232)
Depreciation and amortisation	-	-	-	-	-	(11,692)
Finance income	-	-	-	-	-	87,366
Finance costs	-	-	-	-	-	(185,961)
Other income	-	-	-	-	-	46,591
Profit for the period						1,861,794

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 22 SEGMENT INFORMATION continued

#### 22.1 Business segments continued

Segment information about the Group's continuing operations for the nine months ended 30 September 2016 is presented below:

	Property development and management		Asset management				
	Property development and sales AED '000	Development management AED '000	Investment properties AED '000	Hospitality and leisure AED '000	Operative villages AED '000	Adjacencies AED '000	Group AED '000
Revenue excluding service charges	2,044,520	91,066	1,184,814	365,040	87,611	945,446	4,718,497
Revenue from service charges	-	-	107,744	-	-	-	107,744
Gross revenue	2,044,520	91,066	1,292,558	365,040	87,611	945,446	4,826,241
Cost of revenue excluding service charge	(1,122,982)	(14,809)	(137,127)	(312,407)	(67,405)	(946,823)	(2,601,553)
Service charge expenses	-	-	(107,744)	-	-	-	(107,744)
Gross profit / (loss)	921,538	76,257	1,047,687	52,633	20,206	(1,377)	2,116,944
Depreciation and amortisation	-	-	(5,272)	(87,074)	(14,733)	(30,091)	(137,170)
Reversal – net / (provisions, impairments and write downs)	52,375	-	(15,525)	-	-	(904)	35,946
Fair value loss on investment properties	-	-	(104,716)	-	-	-	(104,716)
Share of profit from associates and joint ventures	-	-	50,134	-	-	-	50,134
Gain on disposal of investment properties	-	-	14,764	-	-	-	14,764
Other income	329,007	16,563	13,028	-	-	-	358,598
Segment profit / (loss)	1,302,920	92,820	1,000,100	(34,441)	5,473	(32,372)	2,334,500
Share of profit from associates and joint venture	-	-	-	-	-	-	3,189
Selling and marketing expenses	-	-	-	-	-	-	(44,675)
General and administrative expenses	-	-	-	-	-	-	(246,820)
Provision for impairments/write downs - net	-	-	-	-	-	-	(20,000)
Depreciation and amortisation	-	-	-	-	-	-	(11,935)
Finance income	-	-	-	-	-	-	89,270
Finance costs	-	-	-	-	-	-	(178,767)
Other income	-	-	-	-	-	-	120,665
Profit for the period	-	-	-	-	-	-	2,045,427

# Aldar Properties PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2017 (Unaudited)

### 22 SEGMENT INFORMATION continued

#### 22.1 Business segments continued

The segment assets and liabilities and capital and project expenditure at 30 September 2017 and 31 December 2016 are as follows:

	Property development and management		Asset management					Group AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Operative villages AED'000	Adjacencies AED'000	Unallocated AED'000	
<b>As at 30 September 2017</b>								
Assets	8,379,113	2,623,450	16,840,665	2,285,805	17,926	1,620,727	3,464,985	35,232,671
Liabilities	(1,534,962)	(2,465,530)	(1,323,246)	(136,316)	(6,382)	(771,937)	(5,933,596)	(12,171,969)
Capital expenditures	-	-	23,744	6,506	462	15,199	2,780	48,691
Project expenditures	963,070	-	190,919	-	-	3,034	-	1,157,023
<b>As at 31 December 2016</b>								
Assets	7,201,806	3,405,611	16,837,062	2,409,892	38,556	1,578,095	4,090,075	35,561,097
Liabilities	(1,874,422)	(3,164,341)	(1,495,274)	(144,422)	(32,591)	(667,457)	(6,096,496)	(13,475,003)
Capital expenditures	-	-	25,058	17,617	613	205,431	11,939	260,658
Project expenditures	606,488	-	96,182	-	-	1,733	-	704,403

### 23 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 November 2017.