رأس الخيمة العقارية
RAK PROPERTIES

عام التسامح
YEAR OF TOLERANCE

Ref: RAKP-LD-E-0038-130620-05
Date: 13th June 2020

المرجع: RAKP-LD-E-0038-130620-05
التاريخ: 13 يونيو 2020

Mr. Hamad Al Ali
Head of Listing Companies Dept
Abu Dhabi Securities Exchange Market

السيد/ حمد العلي المحترم
رئيس إدارة إدراج الشركات
سوق أبو ظبي للأوراق المالية

Dear Sir:

تحية طيبة وبعد،،،

Subject: Results of RAK Properties BOD Meeting held on 13th June 2020

الموضوع: نتائج إجتماع مجلس ادارة شركة رأس الخيمة العقارية المنعقد بتاريخ 13 يونيو 2020

We would like to inform you that the company's BOD held its meeting on Saturday, 13th of June 2020 at 10:00 am, in Double Tree Hilton Al Marjan Island in Ras Al Khaimah, and discussed the items set out on the agenda, and the Board has approved the audited financial statements of the first quarter of the year 2020.

نرجوا التكرم بالعلم بأن مجلس الادارة قد إجتمع يوم السبت الموافق 13 يونيو 2020 في تمام الساعة 10:00 صباحاً وذلك بفندق دبل تري هيلتون جزيرة المرجان برأس الخيمة، حيث تم مناقشة البنود المدرجة على جدول الأعمال، وتم الموافقة واعتماد البيانات المالية المدققة للربع الأول من عام 2020

Best Regards,

و تفضلوا بقبول فائق التقدير و الإحترام

Maen Abdol Kareem
Legal Advisor and Board Secretary

معن عبد الكريم
المستشار القانوني و أمين سر مجلس الإدارة

رأس الخيمة العقارية
RAK PROPERTIES

ص.ب: ٣١١١٣، رأس الخيمة، إ.ع.م. هاتف: ٩٧١٧٢٢٨٤٧٧٧+، فاكس: ٩٧١٧٢٢٧٢٤٤٤+
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رأس الخيمة العقارية
RAK PROPERTIES.

Directors Report for the three month ended 31st March 2020

On behalf of the board of Directors of RAK Properties PJSC, I am pleased to present the report on financials results of the Company for the 1st quarter ended March 31, 2020.

Q1 - 2020 Key Highlights:

- Revenue decreased to AED 36 million in Q1/2020 vs AED 46 million in Q1/2019
- Net Profit increased to AED 12 million in Q1/2020 vs AED 3.5 million in Q1/2019
- The total sales backlog is AED 133 million to be recognized over the period of construction based on construction percentage
- Total Asset increased by 1% to AED 5.65 billion during 1st quarter vs AED 5.59 billion at the year-end 2019

Brief summary of the financial as follows:

Income Statement		AED Million
	31st March 2020	31st March 2019
Revenue	36.14	46.44
Cost of Revenue	(22.67)	(30.10)
Gross Profit	13.47	16.34
Profit for the period	**12.04**	**3.51**

Balance Sheet		AED Million
	31st March 2020	31st Dec 2019
Non Current Assets	4,685	4,642
Current Assets	966	950
Total Assets	**5,651**	**5,592**
Non Current Liabilities	955	915
Current Liabilities	883	781
Capital and Reserves	3,813	3,896
Total Equity & Liabilities	**5,651**	**5,592**

Development Update

I. **Residential Projects:**
Gateway Residence, Mina Al Arab, Ras Al Khaimah – 144 apartments
Julphar Residence, Reem Island, Abu Dhabi – 266 apartments
Marbella Villas, Mina Al Arab, Ras Al Khaimah – 205 villas and townhouses
Bay Residence, Mina Al Arab, Ras Al Khaimah -2 towers

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The Gateway Residence and Julphar Residence are in the advanced stages of development and expected to be delivered in Q2, 2020 and Q3, 2020 respectively. The Construction of Marbella villa project is progressing as per the development plan.

Hospitality Projects:

1. **Intercontinental Hotel and Resort**, Mina Al Arab, Ras Al Khaimah – 350 keys
2. **Anantara Mina Al Arab Hotel and Resort**, Ras Al Khaimah – 174 Keys

The hotel properties are expected to form part of the hospitality portfolio to facilitate recurring revenue stream.

During this period RAK Properties distributed 4% dividend to the shareholders

Mohammad Sultan Al Qadi
Managing Director

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RAK Properties P.J.S.C.
and its subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

RAK Properties P.J.S.C. and its subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 31 March 2020

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF RAK PROPERTIES P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of RAK Properties P.J.S.C. (the "Company") and its subsidiaries (the "Group") as at 31 March 2020, comprising of the interim consolidated statement of financial position as at 31 March 2020, and the related interim consolidated income statement, interim consolidated statement of comprehensive income, statement of changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 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.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2019, excluding the adjustments described in note 20 of these interim condensed consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 15 February 2020.

The interim condensed consolidated financial statements as at and for the three month period ended 31 March 2019, excluding the adjustments described in note 20 of these interim condensed consolidated financial statements, were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 4 May 2019.

For Ernst & Young

TS. Hari Gopal

Signed by:
Thodla Hari Gopal
Partner
Registration number: 689

13 June 2020

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2020 (Unaudited)

	Notes	***Three-month period ended*** ***31 March 2020 AED'000 (Unaudited)***	*31 March 2019 AED'000 (Unaudited) (Restated)**
Revenue	3	**36,144**	46,443
Cost of revenue	3	**(22,679)**	(30,102)
GROSS PROFIT		**13,465**	16,341
Selling, general and administrative expenses	4	**(10,426)**	(11,136)
Other income		**10,428**	948
OPERATING PROFIT		**13,467**	6,153
Net change in fair value of investments at fair value through profit and loss		**(1,534)**	(1,266)
Finance income		**3,019**	2,523
Finance costs		**(2,912)**	(4,914)
Dividend income		**-**	1,009
PROFIT FOR THE PERIOD		**12,040**	3,505
Earnings per share for the period – basic and diluted (AED)		**0.006**	0.002

* Refer note 20 for details regarding prior year adjustments and reclassifications.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2020 (Unaudited)

	Three-month period ended	
	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (Unaudited) (Restated)**
PROFIT FOR THE PERIOD	**12,040**	3,505
Other comprehensive loss / income		
Items that will not be reclassified to profit or loss in subsequent periods:		
Net change in fair value of investments at fair value through other comprehensive income	**(10,573)**	3,621
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,467**	7,126

* Refer note 20 for details regarding prior year adjustments and reclassifications.

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

RAK Properties P.J.S.C. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020 (Unaudited)

	Notes	***31 March 2020 AED'000 (Unaudited)***	*31 December 2019 AED'000 (Audited) (Restated)**	*1 January 2019 AED'000 (Audited) (Restated)**
ASSETS				
Non-current assets				
Property and equipment	5	**796,314**	752,353	623,620
Investment properties	6	**2,649,325**	2,649,325	2,594,231
Investment properties under development	7	**318,995**	312,573	290,096
Trading properties under development	8	**585,625**	571,674	543,435
Investments	9	**97,131**	108,164	125,984
Trade and other receivables	10	**238,058**	248,247	238,804
		4,685,448	4,642,336	4,416,170
Current assets				
Trading properties under development	8	**233,857**	225,533	153,397
Inventories		**819**	758	609
Investments	9	**14,128**	15,661	15,221
Trading properties	11	**38,070**	42,380	100,565
Trade and other receivables	10	**230,162**	215,804	175,806
Bank balances and cash	12	**448,716**	449,570	400,774
		965,752	949,706	846,372
TOTAL ASSETS		**5,651,200**	5,592,042	5,262,542
EQUITY AND LIABILITIES				
Equity				
Share capital		**2,000,000**	2,000,000	2,000,000
Statutory reserve		**1,000,000**	1,000,000	1,000,000
General reserve		**601,948**	601,948	591,878
Fair value reserve		**(226,676)**	(216,103)	(448,441)
Retained earnings		**437,797**	509,757	668,219
TOTAL EQUITY		**3,813,069**	3,895,602	3,811,656
Non-current liabilities				
Provision for employees' end-of-service benefits		**3,822**	3,650	3,172
Borrowings	13	**425,215**	376,769	91,859
Deferred government grants		**496,301**	506,240	528,260
Advances from customers		**29,588**	28,402	22,957
		954,926	915,061	646,248
Current liabilities				
Borrowings	13	**601,818**	498,920	553,169
Advances from customers		**3,159**	4,318	4,168
Trade and other payables	14	**278,228**	278,141	247,301
		883,205	781,379	804,638
TOTAL LIABILITIES		**1,838,131**	1,696,440	1,450,886
TOTAL EQUITY AND LIABILITIES		**5,651,200**	5,592,042	5,262,542

Managing Director

* Refer note 20 for details regarding prior year adjustments and reclassifications.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2020 (Unaudited)

	Share capital AED'000	*Statutory reserve AED'000*	*General reserve AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total equity AED'000*
Balance at 1 January 2020 *(Audited)*	2,000,000	1,000,000	601,948	(216,103)	519,121	3,904,966
Prior year adjustments (note 20)	-	-	-	-	(9,364)	(9,364)
Balance at 1 January 2020 *(Audited) (restated)*	2,000,000	1,000,000	601,948	(216,103)	509,757	3,895,602
Profit for the period	-	-	-	-	12,040	12,040
Other comprehensive income for the period	-	-	-	(10,573)	-	(10,573)
Total comprehensive income for the period (unaudited)	-	-	-	(10,573)	12,040	1,467
Board of Directors' remuneration (note 15)	-	-	-	-	(4,000)	(4,000)
Dividends (note 16)	-	-	-	-	(80,000)	(80,000)
Balance at 31 March 2020 (unaudited)	**2,000,000**	**1,000,000**	**601,948**	**(226,676)**	**437,797**	**3,813,069**
Balance at 1 January 2019 *(audited)*	2,000,000	1,000,000	591,878	(448,441)	670,020	3,813,457
Prior year adjustments (note 20)	-	-	-	-	(1,801)	(1,801)
Balance at 1 January 2019 *(audited) (restated)*	2,000,000	1,000,000	591,878	(448,441)	668,219	3,811,656
Profit for the period (restated)	-	-	-	-	3,505	3,505
Other comprehensive income for the period	-	-	-	10,219	(6,598)	3,621
Total comprehensive income for the period *(unaudited)*	-	-	-	10,219	(3,093)	7,126
Board of Directors' remuneration (note 15)	-	-	-	-	(4,000)	(4,000)
Balance at 31 March 2019 *(unaudited) (restated)*	2,000,000	1,000,000	591,878	(438,222)	661,126	3,814,782

* Refer note 20 for details regarding prior year adjustments and reclassifications.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2020 (Unaudited)

	Notes	*Three-month period ended* **31 March 2020 AED'000 (Unaudited)**	*31 March 2019 AED'000 (Unaudited) (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**12,040**	3,505
Adjustments for:			
Depreciation	5	**2,979**	2,950
Provision for employees' end-of-service benefits		**172**	182
Finance costs		**2,912**	4,914
Finance income		**(3,019)**	(2,523)
Dividend income		**-**	(1,009)
Net change in fair value of investments at fair value through profit or loss		**1,534**	1,266
Government grants		**(9,939)**	-
Cash from operations before working capital changes		**6,679**	9,285
Trading properties		**4,310**	12,934
Trading properties under development		**(20,317)**	(31,374)
Trade and other receivables		**(3,409)**	(15,238)
Trade and other payables		**134**	9,999
Inventories		**(61)**	36
Advances from customers		**27**	249
Net cash used in operating activities		**(12,637)**	(14,109)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		**(46,940)**	(31,333)
Interest received		**1,536**	1,148
Dividend received		**-**	1,009
Proceeds from disposal of investments		**459**	10,755
Additions to investment properties under development		**(6,422)**	(2,793)
Net cash used in investing activities		**(51,367)**	(21,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(80,024)**	(114)
Borrowings availed		**74,917**	81,035
Borrowings repaid		**-**	(1,662)
Change in bill discounting		**-**	(6,286)
Interest paid		**(4,146)**	(4,218)
Board of directors' remuneration paid		**(4,000)**	(4,000)
Net cash (used in) / from financing activities		**(13,253)**	64,755
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(77,257)**	29,432
Cash and cash equivalents at the beginning of the period		**(6,723)**	(64,149)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12	**(83,980)**	(34,717)

* Refer note 20 for details regarding prior year adjustments and reclassifications.

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

1 CORPORATE INFORMATION

RAK Properties P.J.S.C. ("the Company") is a public joint stock company established under Emiree Decree No. 5 issued by the Ruler of the Emirate of Ras Al Khaimah on 16 February 2005 and commenced its operations on 2 June 2005. The Company is listed in the Abu Dhabi Securities Exchange, United Arab Emirates ("UAE"). The registered office of the Company is P.O. Box 31113, Ras Al Khaimah, UAE.

The condensed consolidated interim financial statements as at and for the three month period ended 31 March 2020 ("the current period") comprises the Company and its subsidiaries (collectively referred to as "the Group").

The principal activities of the Group are investment in and development of properties, property management and related services.

The interim condensed consolidated financial statements were authorised for issue on 13 June 2020 by the Board of Directors.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2020 have been prepared in accordance with International Accounting Standard ("IAS") 34: *Interim Financial Reporting.*

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the new standards and amendments adopted during the current period as explained in note 2.3.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, investment properties under development and investments, which are measured at fair value.

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The interim condensed consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a restatement, or a reclassification of items in financial statements.

An additional statement of financial position as at 1 January 2019 is presented in these consolidated financial statements due to the restatement and classifications (note 20).

Results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and the entity controlled by the Company (its subsidiary) as at 31 March 2020. Control is achieved where all the following criteria are met:

(a) the Company has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiary
A subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Details of the Company's subsidiary are as follows:

Subsidiary	*Country of incorporation*	***Ownership %***	
		31 March 2020	*31 December 2019*
RAK Properties International Limited	United Arab Emirates	**100%**	100%
RAK Properties Tanzania Limited	Tanzania	**100%**	100%
Dolphin Marina Limited	Tanzania	**100%**	100%

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments, estimates and assumptions that have a significant impact on the interim condensed consolidated financial statements of the Group are discussed below:

Judgments
Classification of properties
In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property and equipment and/or trading property. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property and equipment and trading property. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management. Trading properties are grouped under current assets, as intention of the management is to sell it within one year from the end of the reporting date.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Classification of investments

In the process of classifying investments, judgement is required on the classification into fair value through comprehensive income or fair value through profit and loss. The Group develops criteria so that it can exercise that judgements consistently in accordance with the requirements of IFRS 9.

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time (i.e.; for sale of trading properties under development). Where this is not the case revenue is recognised at a point in time (i.e.; for sale of trading properties). Which coincides with the delivery of property.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the “most-likely amount” method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Consideration of significant financing component in a contract

For some contracts involving the sale of properties, the Group is entitled to receive an advance. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial advance are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Going Concern

Management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements have been prepared on the going concern basis.

Estimations and assumptions

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due and expected credit loss on such receivables.

The Group uses a provision matrix to calculate expected credit loss (ECL) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by property type, customer type and rating, and coverage by credit insurance). The provision matrix is initially based on the Group’s historical default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The Group’s historical credit loss experience may also not be representative of customer’s actual default in the future.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Valuation of investment properties and investment properties under development
The Group follows the fair value model under IAS 40 where investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer.

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determined the amount within a range of reasonable fair value estimates. In making its judgment, the Group considered recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The determination of the fair value of revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment properties under development. These estimates are based on local market conditions existing at the end of the reporting period.

Write-down of trading properties and trading properties under development
The Group's management reviews the trading properties and trading properties under development to assess write-down, if there is an indication of write-down. The Group uses valuation carried out by an independent external valuer and market sales data to ascertain the recoverable amount.

In determining whether write-down of properties to net realisable value should be recognised in the consolidated statement of profit or loss, the management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties, which remain unsold at the reporting date. If the current selling prices are lower than the anticipated costs to complete, a provision is recognised for the identified loss event or condition to reduce the cost of trading properties and trading properties under development to its net realizable value.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
- Other valuation models

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data. Refer note 18 for estimates applied and amount involved.

Allocation of transaction price to performance obligation in contracts with customers
The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Impairment of non-financial assets
For impairment of non-financial assets other than the non-financial assets discussed above, the Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the interim consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

New standards, interpretations and amendments adopted by the Group
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 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: *Definition of a Business*
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*
The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Amendments to IAS 1 and IAS 8: *Definition of Material*
The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

3 REVENUE AND COST OF REVENUE

	Three-month period ended	
	31 March 2020 AED'000 (unaudited)	*31 March 2019 AED'000 (unaudited)*
Revenue		
Sale of properties	**22,040**	32,227
Rental income	**7,453**	7,774
Facility management fee	**6,084**	6,114
Forfeiture income	**465**	203
Others	**102**	125
	36,144	46,443
Cost of revenue		
Cost of sale of properties	**17,215**	24,427
Facility management expenses	**4,559**	4,841
Others	**905**	834
	22,679	30,102

The entire revenue earned by the Group is in UAE.

Below is the split of revenue recognised over a period of time and single point in time:

	1 January 2020 to 31 March 2020 AED'000 (unaudited)	*1 January 2019 to 31 March 2019 AED'000 (unaudited)*
- Recognised at a point in time	**5,489**	19,487
- Recognised over a period of time	**30,655**	26,956
	36,144	46,443

4 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended	
	31 March 2020 AED'000 (unaudited)	*31 March 2019 AED'000 (unaudited)*
Staff costs	**4,587**	4,596
Sales and marketing expenses	**1,902**	3,050
Depreciation	**2,979**	2,950
Other expenses	**958**	540
	10,426	11,136

5 PROPERTY AND EQUIPMENT

Additions, disposal and depreciation
During the three month period ended 31 March 2020, the Group has acquired property and equipment and made additions amounting to AED 46,940 thousand (three month period ended 31 March 2019: AED 31,333 thousand).

The Group is currently constructing certain projects on Mina Al Arab Island. These projects are expected to be completed during 2021 and the carrying amount at 31 March 2020 was AED 477,966 thousand (31 December 2019: AED 431,055 thousand).

The amount of borrowing costs capitalised during the three months ended 31 March 2020 is AED 7,554 thousand (31 March 2019: AED 3,681 thousand) relating to construction of hotel properties. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 5.48%, which is the effective interest rate of the specific borrowing.

Depreciation of property and equipment for the three months period ended 31 March 2020 amounted to AED 2,979 thousand (31 March 2019 (restated): AED 2,950 thousand).

6 INVESTMENT PROPERTIES

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited) (Restated)*
In UAE	**2,649,325**	2,649,325

The Government of Ras Al Khaimah has granted certain plots of land with an aggregate area of 67 million square feet on the condition that these lands undergo development.

The Group has accounted for the portion of land granted as deferred government grant. This deferred government grant will be released on the fulfilment of the conditions stipulated by the Government and is based on the progress of development activities. During the current period, management has recognised AED 9.9 million (three month period ended 31 March 2019: nil) to the consolidated income statement.

The management does not consider the fair value of investment properties for the period ended 31 March 2020 to be significantly different from the fair value as at 31 December 2019. Fair valuation of investment properties was conducted by an independent external valuer as at 31 December 2019.

7 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Balance at beginning of the period / year	**312,573**	290,096
Cost incurred during the period / year	**6,422**	22,477
	318,995	312,573

Investment properties under development are located in United Arab Emirates. Refer note 18 on fair valuation of investment properties under development.

The management does not consider the fair value of investment properties under development for the period ended 31 March 2020 to be significantly different from the fair value as at 31 December 2019. Fair valuation of investment properties under development was conducted by an independent external valuer as at 31 December 2019.

8 TRADING PROPERTIES UNDER DEVELOPMENT

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited) (Restated)*
Inside UAE	**803,125**	780,850
Outside UAE	**16,357**	16,357
	819,482	797,207
Less: Classified as current assets	**(233,857)**	(225,533)
	585,625	571,674

Trading properties under development include lands held for future development and use amounting to AED 455,291 thousand (2019: AED 457,382 thousand).

9 INVESTMENTS

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Non-current		
Investments at fair value through other comprehensive income		
Private equity investments	**48,334**	59,367
Real estate fund	**48,797**	48,797
	97,131	108,164
Current		
Investments at fair value through profit or loss	**14,128**	15,661

The details of the Group's investments are as follows:

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Non-current		
Investments at fair value through other comprehensive income		
Investments within UAE		
Unquoted private equity investments	**6,545**	6,545
Investments outside UAE		
Unquoted private equity investments	**24,087**	24,546
Unquoted funds	**48,797**	48,797
Quoted securities	**17,702**	28,276
	90,586	101,619
	97,131	108,164

9 INVESTMENTS (continued)

The details of the Group's investments are as follows: (continued)

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Current		
Investments at fair value through profit or loss		
Quoted equity securities inside UAE	**3,157**	4,690
Unquoted investments outside UAE	**10,971**	10,971
	14,128	15,661

The details of valuation techniques and assumptions applied for the measurement of fair value of financial instruments are mentioned in note 18 of the consolidated financial statement.

10 TRADE AND OTHER RECEIVABLES

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited) (Restated)*
Trade receivables	**247,593**	251,764
Advances to suppliers and contractors	**129,567**	136,176
Contract assets	**67,587**	52,507
Other receivables	**30,338**	28,255
VAT refundable	**2,356**	4,570
	477,441	473,272
Less: Allowance for doubtful receivables	**(9,221)**	(9,221)
	468,220	464,051
Less: Non-current portion	**(238,058)**	(248,247)
	230,162	215,804

Advances to suppliers and contractors include non-current portion of AED 59,599 thousand (2019: AED 63,829 thousand) paid for construction of hotel properties.

Movements in allowance for doubtful debts:

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Balance at beginning of the period / year	**9,221**	52,087
Provision for impairment allowance for the period / year	**-**	932
Write-off for the period / year	**-**	(43,798)
Balance at the end of the period / year	**9,221**	9,221

11 TRADING PROPERTIES

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Balance at the beginning of the period/year	**42,380**	100,565
Transferred to investment properties	**-**	237
Cost of properties sold	**(4,310)**	(58,422)
Balance at the end of the period/year	**38,070**	42,380

All trading properties are located in United Arab Emirates.

The management does not consider the fair value of trading properties for the period ended 31 March 2020 to be significantly different from the fair value as at 31 December 2019. Fair valuation of trading properties was conducted by an independent external valuer as at 31 December 2019.

12 BANK BALANCES AND CASH

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Cash in hand	**20**	9
Bank balances:		
Current accounts	**1,319**	1,201
Call accounts	**378**	1,337
Current accounts – unclaimed dividends	**46,999**	47,023
Restricted term deposits	**400,000**	400,000
	448,716	449,570

Current accounts - unclaimed dividends will be utilised only for the payment of dividend and should not be used for any other purposes.

Bank balances include term deposits amounting to AED 400,000 thousand (2019: AED 400,000 thousand) with a maturity period of more than three months, which are not included in cash and cash equivalents. The effective average interest rate on deposits is 1.65% to 3% per annum (2019: 2.25% to 3% per annum). Term deposits amounting to AED 400,000 thousand are under lien against bank overdraft (note 13).

Bank balances and cash are maintained in United Arab Emirates.

For the purpose of interim condensed consolidated statement of cash flows, cash and cash equivalents comprises of the following amounts:

	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (unaudited)*
Bank balances and cash	**448,716**	401,036
Less: Current accounts – unclaimed dividends	(**46,999)**	**(**47,194)
Less: Bank overdraft	**(485,697)**	(388,559)
	(83,980)	(34,717)

13 BORROWINGS

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Term loan	**541,336**	466,419
Bank overdraft	**485,697**	409,270
Balance at the end of the period / year	**1,027,033**	875,689
Less: Current portion	**(601,818)**	(498,920)
Non-current portion	**425,215**	376,769

The Group has obtained an overdraft facility of AED 540,000 thousand (2019: 540,000 thousand) from commercial banks. Interest on overdraft, which is secured by term deposit is 0.5% over such term deposit rates. Further, for unsecured bank overdraft, interest is computed at a fixed rate + 3 months EIBOR. The balance outstanding as at 31 March 2020 amounted to AED 485,697 thousand (31 December 2019: AED 409,270 thousand).

The overdraft facility of the Group is secured by:

- Lien over term deposit for AED 400,000 thousand held with the bank in the name of the borrower;
- To route funds 1.5 times of the net clean limit utilised under the overdraft. (31 December 2019: the net clean limit utilized was AED 8,000 thousand).

The details of the long term bank loans, including terms of repayment, interest rate are set out in the consolidated financial statements of the Group for the year ended 31 December 2019.

The bank borrowing agreements ("Agreements") contain certain restrictive covenants including maintaining Debt to EBITDA ratio. The Group obtained a waiver letter from the lenders for deferral of these covenants. Accordingly, the borrowings continue to be presented as non-current, based upon the terms of repayment.

Term loans are secured against the following:

- Legal mortgage of land and buildings of specific properties.
- Assignment of Insurance over the mortgaged properties in favour of the bank.
- Assignment of guarantees from the main contractor/construction contracts under the project duly assigned in favour of the bank.
- Assignment of revenues from the hotel projects financed by the banks.
- Assignment of revenues from sale of apartments and rental revenues from the apartments financed by the bank.
- Pledge of project account opened with the bank for receiving the project receipts from buyers.

14 TRADE AND OTHER PAYABLES

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Trade payables	**2,380**	19,958
Retention payable	**51,208**	45,229
Project cost accruals	**63,119**	69,092
Unclaimed dividends	**46,999**	47,023
Other payables and accruals	**114,522**	96,839
	278,228	278,141

15 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party transactions
During the period, the following were the significant related party transactions:

	Three-month period ended	
	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (Unaudited)*
Affiliated entities:		
Purchase of services	**205,028**	76,761
Directors, Key management personnel and their related parties:		
Salaries and benefits	**1,012**	1,402
End of service benefits	**68**	67
Directors remuneration	**4,000**	4,000
	5,080	5,469

16 DIVIDENDS

At the Annual General Meeting held on 21 March 2020, the shareholders approved cash dividend of 4% amounting to AED 80,000 thousand (AED 4 fils per share) for the year ended 31 December 2019. Shareholders had approved the Board of Directors' remuneration of AED 4,000 thousand for the year ended 31 December 2019.

17 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Commitments relating to the property development are as follows:

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Capital commitments	**687,279**	734,984

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

18 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments carried at amortised cost
Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial information approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2019.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

	Level 1 AED'000	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
31 March 2020 (Unaudited)				
Fair value through other comprehensive income				
Unquoted equities and funds	**-**	**-**	**79,429**	**79,429**
Quoted equity securities	**17,702**	**-**	**-**	**17,702**
Financial assets carried at FVTPL	**3,157**	**10,971**	**-**	**14,128**
Investment properties	**-**	**-**	**2,649,325**	**2,649,325**
Investment properties under development	**-**	**-**	**318,995**	**318,995**
	20,859	**10,971**	**3,047,749**	**3,079,579**

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
31 December 2019 (Audited)				
Fair value through other comprehensive income				
Unquoted equities and funds	-	-	79,888	79,888
Quoted equity securities	28,276	-	-	28,276
Financial assets carried at FVTPL	4,690	10,971	-	15,661
Investment properties	-	-	2,649,325	2,649,325
Investment properties under development	-	-	312,573	312,573
	32,966	10,971	3,041,786	3,085,723

During the current and previous years, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

19 SEGMENT REPORTING

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into two major operating segments: property sales and property leasing. Information regarding the operations of each separate segment is included below

	Property sales AED'000	***Property leasing AED'000***	***Others AED'000***	***Total AED'000***
Three month period ended 31 March 2020 (Unaudited)				
Revenue	**22,505**	**7,453**	**6,186**	**36,144**
Gross profit	**4,876**	**7,057**	**1,532**	**13,465**
As at 31 March 2020 (Unaudited)				
Total assets	**1,162,851**	**2,968,320**	**1,520,029**	**5,651,200**
Total liabilities	**362,732**	**294,883**	**1,180,516**	**1,838,131**

	Property sales AED'000	*Property leasing AED'000*	*Others AED'000*	*Total AED'000*
Three month period ended 31 March 2019 (Unaudited)				
Revenue	32,430	7,774	6,239	46,443
Gross profit	7,673	7,353	1,315	16,341
As at 31 December 2019 (Audited)				
Total assets	1,137,900	2,961,898	1,492,244	5,592,042
Total liabilities	335,192	296,054	1,065,194	1,696,440

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into two major operating segments: property sales and property leasing.

20 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS

As per the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, certain adjustments and reclassifications of items were undertaken by the Group's management, as follows:

(i) Adjustment of the financing element attributable to the long-term trade receivables recognised upon sale of trading properties as per the requirements of IFRS 15 – Revenue from Contacts with Customers.

(ii) Adjustment and reclassification of the roads, common facilities and infrastructure costs attributable to the completed investment properties as per the requirement of IAS 40 – Investment Properties and trading properties (sold earlier) as per the requirements of IAS 2 – Inventories, which were earlier classified as property and equipment.

- Costs attributable to the trading properties has been adjusted against retained earnings as these relate to sale of properties prior to the year 2019; and

- Costs attributable to the investment properties completed prior to 2019 were reclassified from property and equipment. Fair value of such properties were concluded to be appropriate.

(iii) Reversals of borrowing cost capitalised on trading properties (completed projects) subsequent to 31 March 2019, which were not eligible for such capitalisation as per the requirements of IAS 23 – Borrowing Costs.

(iv) Reversals of the fair value recognised subsequent to the initial recognition of deferred government grants as per the requirements of IAS 20 – Government Grant.

(v) Certain other comparative information was reclassified to conform to the current year presentation and classification.

Basic and diluted earnings per share for the prior year have also been restated to these interim condensed consolidated financial statements. The amount of decrease in both basic and diluted earnings per share was not significant due to these corrections.

Per requirements of *IAS 1 – Presentation of Financial Statements*, a third columnar consolidated statement of financial position has also been presented by the Group's management.

20 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (continued)

The effect of the above adjustments and reclassifications on the affected financial statement line item is as follows:

	For the period ended 31 March 2019			
	As previously reported AED'000	*Adjustments AED'000*	*Reclassifications AED'000*	*As restated AED'000*
Income statement:				
Revenue (v)	45,793	-	650	46,443
Cost of revenue (v)	(29,452)	-	(650)	(30,102)
Depreciation (ii)	(3,856)	906	-	(2,950)
Finance costs (i)	(3,497)	(1,417)	-	(4,914)

	As of 31 December 2019			*As of 1 January 2019*		
	As previously reported AED'000	*Adjustments and reclassifications AED'000*	*As restated AED'000*	*As previously reported AED'000*	*Adjustments and reclassifications AED'000*	*As restated AED'000*
Statement of financial position:						
ASSETS						
Property and equipment (ii)	824,824	(72,471)	752,353	699,714	(76,094)	623,620
Trade and other receivables (i)	480,267	(16,216)	464,051	429,379	(14,769)	414,610
Investment properties (ii)	2,636,996	12,329	2,649,325	2,581,902	12,329	2,594,231
Trading properties under development (iii)	806,946	(9,739)	797,207	696,832	-	696,832
EQUITY						
Retained earnings (i) to (iv)	519,121	(9,364)	509,757	670,020	(1,801)	668,219
LIABILITIES						
Deferred government grants (iv)	582,973	(76,733)	506,240	604,993	(76,733)	528,260

21 EVENTS AFTER REPORTING DATE

As a result of the economic fallout of COVID-19 crisis, the Group has launched certain initiative which aligns with the Government of Ras Al Khaimah’s efforts to support all the investors and stakeholders. This includes providing relief measures like waiver of rental payments for its retail tenants in Mina Al Arab and Julphar Tower projects for a period of three months.

These conditions are considered subsequent, non-adjusting events on the results of the Group until the reporting date.

The Group continues to assess regularly the impact of the above initiatives on its business, in particular the reduction of rental income. However, the unprecedented nature of the crisis, the lack of enough historical data, the low visibility and the high uncertainty related to its evolution, its duration and its impact on the economy in general and the business in particular, make the quantification of its negative impact on the business difficult to assess at this stage.