

**Dubai Parks and Resorts PJSC
(under incorporation) and its Subsidiaries
Dubai - United Arab Emirates**

**Interim condensed consolidated
financial information and
independent auditor's review report
for the nine months period ended
30 September 2014**

Dubai Parks and Resorts PJSC (under incorporation)

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Report on Review of Interim Condensed Consolidated Financial information

**The Founders Committee
Dubai Parks and Resorts PJSC - under incorporation
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Dubai Parks and Resorts PJSC (under incorporation)** (the “Company”) **and its Subsidiaries** (collectively the “Group”) as at 30 September 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 information is not prepared, in all material respects in accordance with IAS 34.




Anis F. Sadek
Partner
Registration No. 521

30 November 2014


Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

**Condensed consolidated statement of financial position
as at 30 September 2014**

| | Notes | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|---|-------|--|---|
| ASSETS | | | |
| Property and equipment | 5 | 903,972 | 317,216 |
| Investment properties | 6 | 18,248 | 2,629 |
| Advances to contractors and prepayments | 7 | 194,424 | 19,997 |
| Total assets | | 1,116,644 | 339,842 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 8 | 300 | 600 |
| Proposed share capital increase | 9(f) | 880,674 | - |
| Accumulated losses | | (24,914) | (17,044) |
| Total equity | | 856,060 | (16,444) |
| Liabilities | | | |
| Due to related parties | 9(c) | - | 315,467 |
| Trade and other payables | 10 | 260,584 | 40,819 |
| Total liabilities | | 260,584 | 356,286 |
| Total equity and liabilities | | 1,116,644 | 339,842 |


.....
H.E. Abdulla Al Habbai
Chairman


.....
Mr. Raed Al Nuaimi
Chief Executive Officer


.....
Mr. Abdulwahab Al Halabi
Non-Executive Director

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Condensed consolidated statement of comprehensive income for the nine months period ended 30 September 2014

| | | Nine months period ended | |
|--|-------|--|--|
| | Notes | 30 September 2014 AED'000 (Unaudited) | 30 September 2013 AED'000 (Unaudited) |
| General and administrative expenses | 11 | <u>(7,870)</u> | <u>(10,458)</u> |
| Loss for the period | | (7,870) | (10,458) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive loss for the period | | <u>(7,870)</u> | <u>(10,458)</u> |

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

**Condensed consolidated statement of changes in equity
for the nine months period ended 30 September 2014**

| | Share capital AED'000 | Proposed share capital increase AED'000 | Accumulated losses AED'000 | Total AED'000 |
|---|-----------------------------|--|----------------------------------|-----------------------|
| As at 1 January 2013 (Audited) | 300 | - | (4,228) | (3,928) |
| Total comprehensive loss for the period | - | - | (10,458) | (10,458) |
| As at 30 September 2013 (Unaudited) | <u>300</u> | <u>-</u> | <u>(14,686)</u> | <u>(14,386)</u> |
| As at 1 January 2014 (Audited) | 600 | - | (17,044) | (16,444) |
| Share capital elimination (Note 8) | (300) | - | - | (300) |
| Additional contribution by the Parent Company during the period [Note 9(f)] | - | 880,674 | - | 880,674 |
| Total comprehensive loss for the period | - | - | (7,870) | (7,870) |
| As at 30 September 2014 (Unaudited) | <u><u>300</u></u> | <u><u>880,674</u></u> | <u><u>(24,914)</u></u> | <u><u>856,060</u></u> |

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Condensed consolidated statement of cash flows for the nine months period ended 30 September 2014

| | Nine months period ended | |
|---|--|--|
| | 30 September 2014 AED'000 (Unaudited) | 30 September 2013 AED'000 (Unaudited) |
| Cash flows from operating activities | | |
| Loss for the period | (7,870) | (10,458) |
| Adjustment for non-cash items: | | |
| General and administrative expenses | 7,870 | 10,458 |
| Net cash from operating activities | <u>-</u> | <u>-</u> |
| Cash and cash equivalents at the end of the period | <u>-</u> | <u>-</u> |

The Group does not hold any cash or cash equivalents and consequently, there are no cash flows for the Group for the nine month period ended 30 September 2014 and 30 September 2013, respectively.

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014

1. Establishment and operations

Dubai Parks and Resorts LLC (the “Company” or the “Parent Company”) was originally formed as Deo Real Estate (LLC), with commercial license number 673692 and was established on 11 July 2012 with share capital comprising of 300 authorized, issued and fully paid shares of AED 1,000 each. On 30 January 2014, the Company changed its name to Dubai Parks Project (LLC). On 25 August 2014, the Company changed its name to Dubai Parks and Resorts (LLC). As at the reporting date, the Company is in the process of being converted from a limited liability company to a public joint stock company in the Emirate of Dubai, United Arab Emirates, pursuant to Federal Law No. 8 of 1984 concerning commercial companies, as amended.

The Company’s registered address is P.O. Box 123311, Dubai, United Arab Emirates.

The licensed activities of the Parent Company and its subsidiaries (collectively the “Group”) are as follows:

- Investment in commercial enterprises and management of amusement parks, investment in and management of agricultural enterprises, investment in and management of industrial enterprises and investment in and management of tourist enterprises; and
- Sport & recreational events tickets e-trading, marketing management, facilities management services and event management.

These interim condensed consolidated financial information include the financial performance, assets and liabilities of the following entities which are subsidiaries of the Company as at 30 September 2014 and ultimately controlled by Meraas Holding (LLC) (the “Ultimate Parent Company”) from incorporation to 30 September 2014:

| <u>Entity</u> | <u>Country of incorporation</u> | <u>Date of incorporation</u> | <u>Legal interest</u> | <u>Beneficial interest</u> | <u>Principal activities</u> |
|--|--|-------------------------------------|------------------------------|-----------------------------------|------------------------------------|
| Dubai Parks and Resorts (LLC) | United Arab Emirates | 11 July 2012 | 99% | 100% | Investment. |
| Motiongate (LLC) | United Arab Emirates | 18 March 2013 | 99% | 100% | Theme park development. |
| Dubai Parks Destination Management (LLC) | United Arab Emirates | 25 August 2014 | 99% | 100% | Theme park management. |
| Bollywood Parks (LLC) | United Arab Emirates | 25 August 2014 | 99% | 100% | Theme park development. |
| Dubai Parks Hotel (LLC) | United Arab Emirates | 25 August 2014 | 99% | 100% | Real estate development. |
| River Park (LLC) | United Arab Emirates | 25 August 2014 | 99% | 100% | Real estate development. |
| Mgate Operations (LLC)* | United Arab Emirates | 8 April 2013 | 100% | 100% | Facilities management. |
| LL Dubai Theme Park (LLC) | United Arab Emirates | 7 September 2014 | 99% | 100% | Theme park development. |

* *Subsidiary of Motiongate (LLC)*

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

2. Application of new and revised International Financial Reporting Standards (“IFRSs”)

2.1 *New and revised IFRS applied with no material effect on the interim condensed combined financial information*

In the current period, the Group for the first time has applied the following new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- Amendments to International Accounting Standard (IAS) 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 36 *Impairment of Assets* relating to recoverable amount disclosures. The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU’s recoverable amount has been determined on the basis of fair value less costs of disposal.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* relating to novation of Derivatives and Continuation of Hedge Accounting. The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.
- IFRIC 21 *Levies* was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements - Guidance on Investment Entities*. On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRS. The objective of this project is to develop an exemption from the requirement to consolidate subsidiaries for eligible investment entities (such as mutual funds, unit trusts, and similar entities), instead requiring the use of the fair value to measure those investments.

2.2 *New and revised standards and interpretations in issue but not yet effective*

New and revised IFRS

- Amendments to IFRS 2 *Share based Payment* relating to definition of ‘vesting condition’. The amendment was part of Annual Improvements Cycle 2010-2012.

*Effective for
annual periods
beginning on or after*

1 July 2014

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

2. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)

2.2 *New and revised standards and interpretations in issue but not yet effective* (continued)

| <u><i>New and revised IFRS</i></u> | <u><i>Effective for annual periods beginning on or after</i></u> |
|---|--|
| <ul style="list-style-type: none">• Amendments to IFRS 3 <i>Business Combination</i> relating to contingent consideration and scope exception for joint ventures. The amendment was part of Annual Improvements Cycle 2010-2012. | 1 July 2014 |
| <ul style="list-style-type: none">• Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9. | When IFRS 9 is first applied. |
| <ul style="list-style-type: none">• IFRS 7 <i>Financial Instruments: Additional Hedge Accounting Disclosures</i> (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. | When IFRS 9 is first applied. |
| <ul style="list-style-type: none">• Amendments to IFRS 8 <i>Operating Segments</i> relating to aggregation of segments, reconciliation of segment assets. The amendment was part of Annual Improvements Cycle 2010-2012. | 1 July 2014 |
| <ul style="list-style-type: none">• IFRS 9 <i>Financial Instruments</i> (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 <i>Financial Instruments</i> (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. | The IASB tentatively decided in its February 2014 meeting to set 1 January 2018 as the effective date for the mandatory application of IFRS 9. |
| <p>IFRS 9 <i>Financial Instruments</i> (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.</p> | |
| <p>IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets (2) the classification and measurement requirements for both financial assets and financial liabilities (3) the classification and measurement requirements and the hedge accounting requirements.</p> | |

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

2. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)

2.2 *New and revised standards and interpretations in issue but not yet effective* (continued)

| <u><i>New and revised IFRS</i></u> | <u><i>Effective for annual periods beginning on or after</i></u> |
|--|--|
| • Amendments to IFRS 13 <i>Fair Value Measurement</i> relating to scope of the portfolio exception in paragraph 52. The amendment was part of Annual Improvements Cycle 2011-2013. | 1 July 2014 |
| • Amendments to IAS 16 <i>Property, Plant and Equipment</i> relating to proportionate restatement of accumulated depreciation on revaluation. The amendment was part of Annual Improvements Cycle 2010-2012. | 1 July 2014 |
| • Amendments to IAS 19 <i>Employee Benefits</i> to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. | 1 July 2014 |
| • Amendments to IAS 24 <i>Related Party Disclosures</i> relating to management entities. The amendment was part of Annual Improvements Cycle 2010-2012. | 1 July 2014 |
| • Amendments to IAS 38 <i>Intangible Assets</i> relating to proportionate restatement of accumulated depreciation on revaluation. The amendment was part of Annual Improvements Cycle 2010-2012. | 1 July 2014 |
| • Amendments to IAS 40 <i>Investment Property</i> relating to interrelationship between IFRS 3 and IAS 40. The amendment was part of Annual Improvements Cycle 2011-2013. | 1 July 2014 |
| • IFRS 14 <i>Regulatory Deferral Accounts</i> issued in January 2014 specifies the financial reporting requirements for ‘regulatory deferral account balances’ that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation. | 1 January 2016 |
| • IFRS 15 <i>Revenue from Contract with Customers</i> | 1 January 2017 |

Management is in the process of assessing the impact of the Standards and Interpretations in issue but not yet effective. However, management anticipates that the adoption of these Standards and Interpretations in future years will not have material impact on the interim condensed consolidated financial information of the Group in the period of initial application.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

3. Significant accounting policies

Statement of compliance

These interim condensed consolidated financial information is prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the IASB and also complies with the applicable requirements of the laws in the U.A.E.

Basis of preparation

During the period, the Company legally acquired the ownership of the subsidiaries listed in Note 1 to the interim condensed consolidated financial information through assignment and transfer of shares from a related party and the Ultimate Parent Company. Before the assignment and transfer of shares, the subsidiaries of the Company were ultimately controlled by the Ultimate Parent Company which is consistent with the Group of entities combined as at 31 December 2013. Accordingly, the interim condensed consolidated financial information has been prepared in accordance with the requirements of IFRS 10 *Consolidated Financial Statements*.

In the prior period, the legal entities constituting the Group for these interim condensed consolidated financial information have not constituted a legal group. Accordingly, the financial information as at 31 December 2013 were prepared on a combined basis and therefore did not comply with the requirements of IFRS 10 *Consolidated Financial Statements*, however the financial information were prepared by applying the principles underlying the consolidation process of IFRS 10.

Internal transactions within the Group have been eliminated in full on consolidation.

The interim condensed consolidated financial information have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are effective for financial periods beginning on or after 1 January 2014.

The interim condensed consolidated financial information have been prepared based on the following:

- The assets, liabilities and the profit or loss of the entities comprising the Group have been aggregated. All transactions and balances between entities included within interim condensed consolidated financial information have been eliminated. Transactions and balances with the Ultimate Parent Company and related parties under Meraas Holding (LLC) do not eliminate within the consolidated Group and are classified as related party transactions.
- During the period, certain transfers have taken place between the related parties and entities within the Group. Details of material transactions/transfers between the Group and the related parties are included in Note 9 to the interim condensed consolidated financial information.

The interim condensed consolidated financial information have been prepared on the historical cost basis. The accounting policies adopted are consistent with those followed in the preparation of the Group’s special purpose combined financial statements for the eight months period ended 31 August 2014 except for the accounting policy on the “Basis of Consolidation” as the Group did not constitute a legal group as at 31 August 2014. The accounting policy on the “Basis of Consolidation” is disclosed in Note 3 to the interim condensed consolidated financial information.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

3. Significant accounting policies (continued)

Basis of preparation (continued)

The interim condensed consolidated financial information does not include all the information required in the special purpose combined financial statements for the eight months period ended 31 August 2014 and should be read in conjunction with the Group's special purpose combined financial statements for the eight months period ended 31 August 2014.

In addition, results for the period from 1 January 2014 to 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

The interim condensed consolidated statement of comprehensive income for the nine month period ended 30 September 2014 is not significantly affected by seasonality of results.

Basis of consolidation

The interim condensed consolidated financial information of the Company and its subsidiaries incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) prepared up to 30 September 2014. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its powers to affect its returns.

The Company reassesses 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 listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. Critical accounting judgments and key sources of estimation uncertainty

Critical judgments in applying the Group's accounting policies

The preparation of the Group's interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management have made the following critical accounting judgments that have the most significant effect on the amounts recognised in the interim condensed consolidated financial information:

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Critical judgments in applying the Group's accounting policies (continued)

Classification of properties

Management determines at the time of acquisition or construction of the property, whether the property should be classified as development property, investment property or property, plant and equipment. The Group classifies a property as development property when the intention is to develop the property for the purpose of future sale to third parties. The Group classifies a property as investment property when the intention is to hold the property for rental, capital appreciation or for undetermined use. The Group classifies a property as property, plant and equipment when the intention is to use the property for its operations.

Key sources of estimation uncertainty

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting period, that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of useful lives of investment properties

The asset's residual values and useful lives are reviewed annually and adjusted if appropriate, taking into account technology developments. Uniform depreciation rates are established based on the straight-line method which may not represent the actual usage of the assets. As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

5. Property and equipment

| | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|--|--|---|
| Cost | | |
| <i>Capital work-in-progress</i> | | |
| As at the beginning of the period/year | 317,216 | 44,016 |
| Additions during the period/year | 586,756 | 273,200 |
| | <hr/> | <hr/> |
| As at the end of the period/year | 903,972 | 317,216 |
| | <hr/> <hr/> | <hr/> <hr/> |

The details and the movement in capital work-in-progress per project are as follows:

- a) Property and equipment relates to amusement park projects undertaken on land which the Group has the exclusive right to develop. On 20 October 2014, the Ultimate Parent Company transferred to the Group the title of the related plots of land [Note 13(b)].
- b) From 1 September 2014, the Group's related parties have novated a number of contracts for the acquisition and construction of property and equipment which were previously entered into by related parties on behalf of the Company. The novation process for all contracts is expected to be completed by 31 March 2015.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

6. Investment properties

| | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|--|--|---|
| Cost | | |
| <i>Capital work-in-progress</i> | | |
| As at the beginning of the period/year | 2,629 | - |
| Additions during the period/year | 15,619 | 2,629 |
| | <u>18,248</u> | <u>2,629</u> |
| As at the end of the period/year | <u>18,248</u> | <u>2,629</u> |

- a) The investment properties are undertaken on land which the Group has the exclusive right to develop. On 20 October 2014, the Ultimate Parent Company long-term leased to the Group the related plots of land [Note 13(b)].
- b) From 1 September 2014, the Group's related parties have novated a number of contracts for the acquisition and construction of property and equipment which were previously entered into by related parties on behalf of the Company. The novation process for all contracts to the Group is expected to be completed by 31 March 2015.

7. Advances to contractors and prepayments

| | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|-------------------------|--|---|
| Advances to contractors | 193,424 | 19,983 |
| Prepayments | 1,000 | 14 |
| | <u>194,424</u> | <u>19,997</u> |

8. Share capital

| | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|---|--|---|
| Authorised, issued and fully paid share capital | <u>300</u> | <u>600</u> |

As at 31 December 2013, the individual share capital balances of entities within the Group have been aggregated to produce a combined share capital balance as at 31 December 2013 (see Note 2). Reduction in share capital in 2014 is a result of changes to the legal structure of the Group with the Company becoming the legal parent of the Group.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

9. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, and key management personnel.

- a) The management decides on the terms and conditions of the transactions and of services received from/rendered to related parties as well as on other charges.
- b) The Group also provides funds to and receives funds from related parties as and when required, interest-free and unsecured. As agreed with the related parties, the outstanding balance does not have any fixed repayment period.
- c) As at the reporting date, the outstanding balances with related parties were as follows:

| | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|-------------------------------|--|---|
| <i>Due to related parties</i> | | |
| Ultimate Parent Company | - | 11,451 |
| Entities under common control | - | 304,016 |
| | <hr/> | <hr/> |
| | - | 315,467 |
| | <hr/> <hr/> | <hr/> <hr/> |

- d) The salaries and end-of-service benefits of key management have been incurred and recorded in the consolidated financial statements of the Ultimate Parent Company, and are included as part of general and administrative expenses.

The Ultimate Parent Company has charged general and administrative expenses to the Group based on an allocation based on the Group's policy on related party transactions (Note 11).

- e) From 1 September 2014, the Group's related parties have entered into a number of novation agreements to novate contracts to the Group which are entered into by related parties on behalf of the Company.
- f) As at 30 August 2014, the outstanding liability balance due to related parties of AED 686 million has been forgiven by the related parties, as all these related parties are under the common control of the Ultimate Parent Company and was reclassified to equity as a proposed share capital increase on behalf and for the benefit of the Parent Company. During September 2014, the related parties made additional payments to contractors and suppliers on behalf of the Group amounting to AED 195 million, which were also forgiven and was reclassified to equity as additional proposed share capital increase.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

9. Related party transactions (continued)

- g) In 2012, Meraas Leisure and Entertainment (LLC), immediate parent company of Dubai Parks and Resorts (LLC) and the Ultimate Parent Company, as a guarantor, obtained an off balance sheet trade finance facility for AED 368 million from a bank on behalf of the Group. The facility pertains to letter of credits and guarantees to be issued in favour of the various suppliers in respect of the import of various products related to the theme park projects. While the Group is responsible for all liabilities in relation to the facility, the covenants are at the Ultimate Parent Company level. As at the reporting date, AED 58 million of letters of credit have been issued (See Note 12b).

As at 30 September 2014, the facility is secured by the following:

- Pledge over Wakala deposit of a related party;
- Assignment of existing cash flows from a project of a related party;
- Negative pledge on theme park project assets; and
- Assignment of all theme park projects related guarantees in favour of the bank.

10. Trade and other payables

| | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|-------------------------------------|--|---|
| Retention payables | 25,167 | - |
| Trade payables and accrued expenses | 235,390 | 40,806 |
| Other | 27 | 13 |
| | <u>260,584</u> | <u>40,819</u> |

Retention payables represent amounts withheld in accordance with the terms of the contract when progress payments are made to the contractors. Retention payables are settled one to two years after completion of the related projects. As at 31 December 2013, retention payables were included in due to related parties.

11. General and administrative expenses

| | Nine months period ended | |
|---|--|--|
| | 30 September 2014 AED'000 (Unaudited) | 30 September 2013 AED'000 (Unaudited) |
| Recharged expenses from a related party [Note 9(d)] | 7,870 | 10,458 |
| | <u>7,870</u> | <u>10,458</u> |

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

12. Commitments and contingent liabilities

a) Commitments

Contracted for commitments for the acquisition of services for the development and construction of assets classified under property and equipment and investment properties accounts amounted to AED 3.7 billion as at 30 September 2014 (31 December 2013: AED 513 million).

The estimated total commitments are reviewed and assessed by management on regular basis. The estimated costs are validated through historical pricing achieved, regular review of material prices and discussions with third party specialists.

b) Contingent liabilities

| | 30 September 2014 AED'000 (Unaudited) | 31 December 2013 AED'000 (Audited) |
|-------------------|--|---|
| Letters of credit | 57,961 | - |

13. Subsequent events

- a) As at the reporting date, Dubai Parks and Resorts (LLC) is in the process of being converted from a limited liability company to a public joint stock company in the Emirate of Dubai, United Arab Emirates, pursuant to Federal Law No. 8 of 1984 concerning commercial companies, as amended. The Company has applied for the ordinary shares to be listed in the Dubai Financial Market ("DFM"). It is expected that the Admission will become effective and that the dealings of the ordinary shares will commence on the DFM on or about 10 December 2014.
- b) On 20 October 2014, the Ultimate Parent Company transferred 12.4 million square feet of land and leased a further 3.6 million square feet under a long-term renewable lease to the Group in lieu of issuance of shares by the Company. The aggregate value of the land transferred and land leased amounted to AED 896 million as at 16 September 2014 as assessed by the Dubai Lands Department. A value of AED 716 million will be recorded as "property, plant and equipment" and AED 180 million will be recorded as "investment properties" with an aggregate value of AED 896 million credited to the "proposed share capital increase" [Note 9(f)]. In addition, the Ultimate Parent Company has granted easements over approximately 9 million square feet of additional land to enable the Group to construct access roads and other supporting infrastructure.
- c) On 9 November 2014, the Company entered into facility agreements with financing banks with an aggregate principal amount of AED 4.2 billion, split in USD and AED tranches.

Dubai Parks and Resorts PJSC (under incorporation) and its Subsidiaries

Notes to the interim condensed consolidated financial information for the nine months period ended 30 September 2014 (continued)

13. Subsequent events (continued)

- d) On 14 October 2014, LL Dubai Operations (LLC) was established as a subsidiary of LL Dubai Theme Park (LLC). At incorporation date, the shareholdings of LL Dubai Operations (LLC) are as follows:

| | Percent holding | Amount AED'000 |
|------------------------------|----------------------------|---------------------------|
| LL Dubai Theme Park (LLC)* | 99% | 297 |
| Dubai Parks and Resorts(LLC) | 1% | 3 |
| | <u>100%</u> | <u>300</u> |

** Beneficially held for Dubai Parks and Resorts (LLC)*

14. Approval of interim condensed consolidated financial information

The interim condensed consolidated financial information were approved and signed for issuance on 30 November 2014.