ALDAR INVESTMENT PROPERTIES LLC

Review report and interim financial information for the six-months period ended 30 June 2021

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for the six-months period ended 30 June 2021

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ALDAR INVESTMENT PROPERTIES LLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aldar Investment Properties LLC (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on this interim 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)

Georges F. Najem
Registration No. 809
19 August 2021
Abu Dhabi
United Arab Emirates

Condensed consolidated statement of financial position as at 30 June 2021

	Notes	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	19,992	16,958
Investment properties	6	16,545,957	16,114,538
Total non-current assets		16,565,949	16,131,496
Current assets			
Trade and other receivables	7	436,786	524,158
Cash and bank balances	8	616,462	778,001
Total current assets		1,053,248	1,302,159
Total assets		17,619,197	17,433,655
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Capital contributions	9	9,755,110	9,476,144
Hedging reserve		(28,118)	(34,695)
Retained earnings		748,505	996,447
Total equity		10,475,498	10,437,897
LIABILITIES			
Non-current liabilities			
Non-convertible sukuk	10	3,637,616	3,634,684
Bank borrowings	10	2,027,605	1,894,564
Lease liabilities		189,744	210,677
Derivative financial instruments		10,494	13,675
Total non-current liabilities		5,865,459	5,753,600
Current liabilities			
Non-convertible sukuk	10	36,665	36,423
Bank borrowings	10	505,877	505,907
Due to the Ultimate Parent		50,207	77,149
Lease liabilities		39,992	30,256
Advances and security deposits		182,839	188,046
Trade and other payables	11	462,660	404,377
Total current liabilities		1,278,240	1,242,158
Total liabilities		7,143,699	6,995,758
Total equity and liabilities		17,619,197	17,433,655

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Talal Al Dhiyebi
Chairman

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Jassem Saleh Busaibe
Chief Executive Officer

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Faisal Falaknaz
Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of profit or loss for the six-months period ended 30 June 2021

	Notes	6 months ended 30 June 2021 (unaudited) AED'000	2020 (unaudited) AED'000
Continuing operations			
Revenue and rental income	**15**	**760,856**	734,133
Direct costs	**15**	**(160,747)**	(144,591)
Gross profit		**600,109**	589,542
Management fee charged by the Ultimate Parent	**13**	**(41,045)**	(40,526)
General and administrative expenses:			
Depreciation and amortisation		**(941)**	(941)
Provisions and reversals of impairments	**7**	**(2,026)**	(26,988)
Gain on disposal of investment properties		**4,468**	1,808
Fair value loss on investment properties, net	**6**	**(64,737)**	(129,593)
Finance income		**1,599**	6,491
Finance costs	**12**	**(119,119)**	(143,566)
Other income		**750**	-
Profit for the period from continuing operations		**379,058**	256,227
Discontinued operations			
Loss for the period from discontinued operations	**19**	**-**	(100,752)
Profit for the period		**379,058**	155,475
Profit for the period attributable to:			
Owners of the Company		**379,058**	155,595
Non-controlling interests		**-**	(120)
		379,058	155,475

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income for the six-months period ended 30 June 2021

	6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000
Profit for the period	**379,058**	155,475
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) arising on hedging instruments during the period classified under cash flow hedges	**3,181**	(8,554)
Cumulative gain arising on hedging instruments reclassified to profit or loss upon derecognition (note 12)	**3,396**	3,448
Other comprehensive income/(loss) for the period	**6,577**	(5,106)
Total comprehensive income for the period	**385,635**	150,369
Total comprehensive income for the period attributable to:		
Owners of the Company	**385,635**	150,489
Non-controlling interests	**-**	(120)
	385,635	150,369

Condensed consolidated statement of changes in equity for the six-months period ended 30 June 2021

	Share capital AED'000	Capital contributions AED'000	Cash flow hedging Reserve AED'000	Retained earnings AED'000	Equity attributable to the Owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2020 (audited)	1	11,976,642	(35,441)	608,934	12,550,136	68,407	12,618,543
Profit for the period	-	-	-	155,595	155,595	(120)	155,475
Other comprehensive loss for the period	-	-	(5,106)	-	(5,106)	-	(5,106)
Repayment of capital contributions (note 9 and 20)	-	(116,067)	-	-	(116,067)	-	(116,067)
Dividends (note 20)	-	-	-	(608,934)	(608,934)	-	(608,934)
Net movement in capital contributions during the period (note 9)	-	58,154	-	-	58,154	-	58,154
Balance at 30 June 2020 (unaudited)	1	11,918,729	(40,547)	155,595	12,033,778	68,287	12,102,065
Balance at 1 January 2021 (audited)	1	9,476,144	(34,695)	996,447	10,437,897	-	10,437,897
Profit for the period	-	-	-	379,058	379,058	-	379,058
Other comprehensive income for the period	-	-	6,577	-	6,577	-	6,577
Dividends (note 20)	-	-	-	(627,000)	(627,000)	-	(627,000)
Additional capital contributions made during the period (note 9)	-	278,966	-	-	278,966	-	278,966
Balance at 30 June 2021 (unaudited)	**1**	**9,755,110**	**(28,118)**	**748,505**	**10,475,498**	**-**	**10,475,498**

Condensed consolidated statement of cash flows for the six-months period ended 30 June 2021

	Notes	6 months ended 30 June 2021 (unaudited) AED'000	6 months ended 30 June 2020 (unaudited) AED'000
Net cash generated from operating activities		**672,924**	284,248
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	**5**	**(3,975)**	(4,778)
Payments for purchases of intangible assets		**-**	(355)
Additions to investment properties		**(263,537)**	(18,586)
Proceeds from disposal of investment properties		**48,943**	47,938
Decrease in term deposits with original maturities greater than three months		**152,182**	70,000
Finance income received		**1,841**	8,864
Net cash (used in)/generated from investing activities		**(64,546)**	103,083
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**143,505**	499,250
Repayments of corporate loan to the Ultimate Parent		**-**	(645,000)
Finance costs paid		**(121,709)**	(109,032)
Payments of lease liabilities	**14**	**(12,531)**	(28,225)
Dividends paid	**20**	**(627,000)**	(608,934)
Repayment of capital contributions		**-**	(65,662)
Net cash used in financing activities		**(616,735)**	(957,603)
Net decrease in cash and cash equivalents		**(9,357)**	(570,272)
Cash and cash equivalents at beginning of the period	**8**	**625,819**	1,058,443
Cash and cash equivalents at end of the period	**8**	**616,462**	488,171

Refer to note 17 for details of non-cash transactions excluded from the condensed consolidated statement of cash flows.

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2021

1 General information

Aldar Investment Properties LLC (the "Company") is a limited liability company incorporated in accordance with the UAE Federal Law No. (2) of 2015. The Company is owned by Aldar Investment Holding Restricted Limited (the "Parent Company"), a restricted scope company incorporated in Abu Dhabi Global Market. Aldar Properties PJSC, a company incorporated in Abu Dhabi, UAE and listed in Abu Dhabi Securities Exchange, is the "Ultimate Parent" of the Company.

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

The Company and its subsidiaries (together, referred to as the "Group") are involved in management of real estate assets including offices, malls, hotels, golf courses, beach clubs, restaurants and cooling assets, which are the principal activities of the Group.

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been applied in these condensed consolidated financial statements:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (continued)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e., the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. These amendments didn’t have any material impact on the condensed consolidated financial statements of the Group.

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2021 (continued)

3 Summary of significant accounting policies

3.1 Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting" (IAS 34)*.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. In addition, results for the three months and six- months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

3.2 Basis of preparation

These condensed consolidated financial statements are presented in UAE Dirhams ("AED") which is functional and presentation currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

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

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those applied to the audited annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective 1 January 2021.

4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were the same as those applied in the Group consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective 1 January 2021.

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

5 Property, plant and equipment

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period/year	**16,958**	2,817,547
Additions during the period/year	**3,975**	43,163
Depreciation charge for the period/year	**(941)**	(193,186)
Derecognised on sale of subsidiaries and businesses	**-**	(2,643,924)
Reversal of impairment for the period/year	**-**	(6,642)
Balance at the end of the period/year	**19,992**	16,958

6 Investments properties

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period/year	**16,114,538**	16,294,268
Additions during the period/year	**540,631**	150,259
Fair value changes, net	**(64,737)**	(255,516)
Disposals	**(44,475)**	(74,473)
Balance at the end of the period/year	**16,545,957**	16,114,538

Investment properties include right-of-use assets with respect to land lease of AED 249,363 thousand (31 December 2020: AED 258,031 thousand).

All investment properties are categorised under Level 3 in the fair value hierarchy.

During the period, the fair values of major investment properties were reassessed based on external valuations that resulted in a net fair value loss of AED 64,737 thousand at 30 June 2021 (30 June 2020: AED 129,593 thousand).

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

6 Investments properties (continued)

The Group conducted sensitivity analysis on the capitalisation rates and rental rates for the investment properties on which fair value loss was recognised as at 30 June 2021. Based on this sensitivity analysis:

- a decrease in the capitalisation rates by 50bps would result in AED 763,609 thousand (30 June 2020: AED 827,308 thousand) increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 677,601 (30 June 2020: AED 565,947 thousand) decrease in the valuation of those properties; and
- an increase in the rental rates by 10% would result in AED 1,125,540 thousand (30 June 2020: AED 966,781 thousand) increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 1,125,501 thousand (30 June 2020: AED 815,893 thousand) decrease in the valuation of those properties.

7 Trade and other receivables

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Trade receivables	**450,639**	574,829
Less: allowances for expected credit loss (i)	**(88,459)**	(123,390)
	362,180	451,439
Accrued income	**39,428**	30,605
Advances and prepayments	**33,986**	34,815
Other receivables	**1,192**	7,299
	436,786	524,158

(i) During the period, allowance for expected credit loss of AED 2,026 thousand (30 June 2020: AED 26,988 thousand) was made against trade receivables and trade receivables amounting to AED 36,957 thousand were written off against allowance (30 June 2020: AED 15,788 thousand).

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

8 Cash and bank balances

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Cash and bank balances	**100,948**	559,973
Short-term deposits held with banks	**515,514**	218,028
Cash and bank balances	**616,462**	778,001
Short term deposits with original maturities greater than three months	**-**	(152,182)
Cash and cash equivalents	**616,462**	625,819

As at 30 June 2021, certain bank accounts are in the name of the Ultimate Parent.

The interest rate on term deposits during the period is 0.30% to 0.75% (31 December 2020: between 0.85% to 1.1%) per annum. All bank balances and deposits are held with local banks in the United Arab Emirates.

9 Capital contributions

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period/year	**9,476,144**	11,976,642
Repayment during the period/year	**-**	(116,067)
Settlement of corporate loan from the Ultimate Parent	**-**	968,720
Acquisition of properties and related working capital (note 13)	**278,966**	60,354
Sale of hospitality and leisure business segment to the Ultimate Parent and its affiliates	**-**	(2,497,643)
Sale of subsidiaries to the Ultimate Parent	**-**	(913,200)
Other movements (i)	**-**	(2,662)
Balance at the end of the period/year	**9,755,110**	9,476,144

Capital contributions mainly represent the net contribution/funding made by the Ultimate Parent as a result of transfer of the Asset Management Business to the Group and transfer of properties. The amount is payable at the discretion of the Group and classified under equity.

(i) Other movements in 2020 mainly represent expenses paid on behalf of the Ultimate Parent.

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

10 Non-convertible sukuk and bank borrowings

	Non-convertible sukuk		Bank borrowings	
	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000	**30 June 2021 (unaudited) AED'000**	31 December 2020 (audited) AED'000
Current				
Within one year	**36,665**	36,423	**505,877**	505,907
Non-current				
More than one year	**3,637,616**	3,634,684	**2,027,605**	1,894,564
	3,674,281	3,671,107	**2,533,482**	2,400,471

a) Certain bank borrowings are secured in the form of mortgage over operating assets (with carrying value of AED 3,377,550 thousand as at 30 June 2021) and carry a net worth covenant.

b) The Company entered into 2 new revolving credit facilities totalling AED 2.5 billion for general corporate purposes with two financial institutions on 8 March 2021. The first facility with a local bank is unsecured, carrying an interest rate at 1% over relevant EIBOR for loans outstanding up to 66% of total commitments. A higher interest rate of 1.30% over relevant EIBOR applies to the loan once total outstanding exceed 66% of total commitments. This revolving facility is repayable in 5 years from the agreement date with an option to extend the facility by a maximum of a further two years. The other revolving credit facility also with a leading local bank carries an interest rate at relevant EIBOR plus a minimum margin of 1.10% based on the value of Secured assets provided as collateral. This revolving facility is repayable at 5 years from agreement date with an option to extend it by a maximum of a further period of two years.

c) In June 2021 the Company signed a 5-year sustainability linked term loan with the local arm of an international bank. The loan aligns with the Group's sustainability commitments by linking the interest margin payable to the achievement of a number of sustainability targets related to water intensity, waste recycling and worker welfare. The loan is priced at 1.30% over relevant EIBOR and this margin is due for review in July 2022 based on sustainability KPI targets achieved in the relevant financial year. The loan is for a period of 5 years and is due for a bullet repayment in June 2026.

d) As at 30 June 2021, the Company had AED 2,356,495 thousand of undrawn, committed revolving credit facilities and AED 300,000 thousand in undrawn Term Loan. As at 30 June 2021, all these facilities remained committed and partially or fully undrawn.

e) No bank borrowings were repaid during the period.

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

11 Trade and other payables

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Trade payables	**58,459**	30,231
Accruals	**209,433**	157,501
Deferred income	**67,217**	91,610
Retention payable	**17,107**	19,193
Other payables	**110,444**	105,842
	462,660	404,377

12 Finance costs

	6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000
Finance cost on bank borrowings, non-convertible sukuk and Corporate loan from the Ultimate Parent	**110,993**	134,803
Unwinding of finance costs on lease liabilities (note 14)	**4,730**	5,315
	115,723	140,118
Cumulative loss arising on hedging instruments reclassified to profit or loss upon derecognition	**3,396**	3,448
	119,119	143,566

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2021 (continued)

13 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise of Parent, Ultimate Parent, associated companies, directors, key management personnel of the Ultimate Parent and related entities. The terms of related party transactions are approved by the Group's Board of Directors. Government of Abu Dhabi is an indirect major shareholder of the Ultimate Parent. The balances and transactions disclosed below with reference to Government of Abu Dhabi also include the entities controlled by Government of Abu Dhabi.

Related party balances:

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Ultimate Parent		
Due to the Ultimate Parent	**50,207**	77,149
Other related parties (i)		
Trade and other receivables	**9,969**	12,251
Trade and other payables	**4,539**	4,999
Government of Abu Dhabi		
Trade and other receivables	**33,735**	11,626

Transactions with related parties:

	6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000
Ultimate Parent		
Revenue and rental income	**4,515**	4,515
Finance costs	**-**	(20,937)
Management fee (ii)	**(41,045)**	(47,682)
Other related parties (i)		
Revenue and rental income	**20,706**	18,809
Direct costs	**(42,257)**	(38,750)
Government of Abu Dhabi		
Revenue and rental income	**153,089**	167,012

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

13 Transactions and balances with related parties

(i) Other related parties represent subsidiaries of the Ultimate Parent.

(ii) In 2018, the Parent Company, Aldar Investment Holding Restricted Limited, entered into an Asset Management and Services Agreement (the "Management Fee Agreement") with the Ultimate Parent whereby the Ultimate Parent was appointed to provide asset management and other services for ongoing management of the properties of the Group. Consequently, the Group pays an annual management fees of 0.5% of gross asset value of the properties for the financial year as per the terms of the Management Fee Agreement.

Under the facility agreement executed on 2 September 2018, the Ultimate Parent has provided a corporate loan facility of AED 3,000,000 thousand with a termination date at 7 years from the date of utilisation. The loan carries interest at 1% plus 3-month EIBOR. There was no outstanding balance against this facility at 30 June 2021 and 31 December 2020.

During the period, the Group entered into a sale and purchase agreement with the Ultimate Parent in respect of sale and purchase of land and building improvements relating to Bridges 2, Shams Abu Dhabi. The Ultimate Parent transferred properties and its related working capital with a net value of AED 443 million. These were recorded against additional capital contributions (62.5%) from the Ultimate Parent (note 9) and portion was raised through new debt facility (37.5%) which was paid thereafter during the period.

14 Operating lease arrangements

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
The Group as lessor (commitments)		
Within one year	**841,849**	752,184
In the second to fifth year	**2,255,423**	1,788,253
After five years	**1,700,904**	1,500,663
	4,798,176	4,041,100

	6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000
The Group as lessee		
Unwinding of interest expense during the period on lease liabilities (note 12)	**4,730**	5,315
Payments made against lease liabilities	**15,926**	28,225

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2021 (continued)

15 Segment information

For internal management reporting purposes, the individual investment properties are aggregated into segments with similar economic characteristics such as the nature of the property and the occupier market it serves. Management considers that this is best achieved with retail, residential and commercial investment properties operating segments.

During 2020, two operations, namely hospitality and leisure segment and cooling assets segments, were discontinued during the year however each of these operations was monitored for internal management reporting purposes as a separate operating segment until the date of disposal. There is no aggregation of operating segments into any reportable segments.

Consequently, the Group has presented five reportable segments for the current and comparative periods which are as follows:

- Residential – acquires and leases residential properties
- Retail – acquires and leases shopping malls and residential / commercial retail spaces
- Commercial – acquires and leases offices
- Hospitality and leisure – hotels and leisure activities
- Cooling assets – cooling operations

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Chief Executive Officer, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit and a broad range of key performance indicators in addition to segment profitability.

Segment profit/(loss) represents the profit earned by each segment without allocation of finance income and finance costs. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance.
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Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

15 Operating segments (continued)

Segment information about the Group's continuing operations for the six months ended 30 June 2021 (unaudited) is presented below:

	Investment properties					
	Residential AED'000	**Retail AED'000**	**Commercial AED'000**	**Hospitality and leisure AED'000**	**Cooling assets AED'000**	**Total AED'000**
Revenue from external customers						
Revenue and rental income (i)	284,364	303,360	173,132	-	-	**760,856**
Direct costs						
Cost of revenue excluding service charge	(47,578)	(46,720)	(12,681)	-	-	**(106,979)**
Service charge expenses	-	(44,912)	(8,856)	-	-	**(53,768)**
Gross profit	236,786	211,728	151,595	-	-	**600,109**
Management fee charged by the Ultimate Parent	(14,457)	(18,541)	(8,047)	-	-	**(41,045)**
Depreciation and amortisation	-	-	(941)	-	-	**(941)**
Provisions, impairments and write-downs, net	-	(2,026)	-	-	-	**(2,026)**
Fair value (loss)/gain on investment properties, net	(94,497)	55,780	(26,020)	-	-	**(64,737)**
Gain on disposal of investment properties	4,288	-	180	-	-	**4,468**
Finance costs	(2,910)	(1,647)	(494)	-	-	**(5,051)**
Finance income	-	-	-	-	-	-
Other income	-	750	-	-	-	**750**
Segment profit from continuing operations	129,210	246,044	116,273	-	-	**491,527**
Segment profit from discontinued operations						-
Finance cost						**(114,068)**
Finance income						**1,599**
Profit for the year after discontinued operations						**379,058**

(i) Gross revenue of investment properties include AED 53,768 thousand of revenue from service charges.

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

15 Segment reporting (continued)

15.1 Business segments (continued)

Segment information about the Group's continuing operations for the six months ended 30 June 2020 (unaudited) is presented below:

	Investment properties					
	Residential AED'000	Retail AED'000	Commercial AED'000	Hospitality and leisure AED'000	Cooling assets AED'000	Total AED'000
Revenue from external customers						
Revenue and rental income (i)	275,651	285,298	173,184	-	-	734,133
Direct costs						
Cost of revenue excluding service charge	(41,509)	(46,888)	(8,854)	-	-	(97,251)
Service charge expenses	-	(38,858)	(8,482)	-	-	(47,340)
Gross profit	234,142	199,552	155,848	-	-	589,542
Management fee charged by the Ultimate Parent	(14,664)	(17,542)	(8,320)	-	-	(40,526)
Depreciation and amortisation	-	-	(941)	-	-	(941)
Provisions, impairments and write-downs, net	-	(10,361)	(16,627)	-	-	(26,988)
Fair value loss on investment properties, net	(34,733)	(87,393)	(7,467)	-	-	(129,593)
Gain on disposal of investment properties	1,808	-	-	-	-	1,808
Finance cost	(3,430)	(1,332)	(556)	-	-	(5,318)
Finance income	-	2	37	-	-	39
Other income	-	-	-	-	-	-
Segment profit from continuing operations	183,123	82,926	121,974	-	-	388,023
Segment profit from discontinued operations				(6,927)	(93,825)	(100,752)
Finance cost						(138,248)
Finance income						6,452
Profit for the period after discontinued operations						155,475

(i) Gross revenue of investment properties include AED 47,340 thousand of revenue from service charges.

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2021 (continued)

15 Segment reporting (continued)

15.1 Business segments (continued)

The segment assets and liabilities and capital and project expenditure are as follows:

	Investment properties						
	Residential AED'000	Retail AED'000	Commercial AED'000	Hospitality and leisure AED'000	Cooling assets AED'000	Unallocated AED'000	Group AED'000
As at 30 June 2021 (unaudited)							
Assets	**5,990,199**	**7,702,983**	**3,354,578**	**-**	**-**	**571,437**	**17,619,197**
Period ended 30 June 2021 (unaudited)							
Capital expenditures	**3,975**	**-**	**-**	**-**	**-**	**-**	**3,975**
Project expenditures	**450,226**	**86,992**	**3,413**	**-**	**-**	**-**	**540,631**
As at 31 December 2020 (audited)							
Assets	5,645,683	7,585,044	3,414,799	-	-	788,129	17,433,655
Period ended 30 June 2020 (unaudited)							
Capital expenditures	-	-	-	3,198	1,580	-	4,778
Project expenditures	4,513	109,488	1,386	-	-	-	115,387

15.2 Geographical segments

The Group operated only in one geographical segment, i.e., United Arab Emirates.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration, management fee by the Ultimate Parent, selling and marketing expenses, other gains and losses, finance income and finance costs. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance.

Segment disclosures are prepared on consistent basis as compared to 31 December 2020.

16 Seasonality of results

No significant income of a seasonal nature was recorded in the condensed consolidated income statement for the six-month period ended 30 June 2021.

17 Non-cash transactions

The following were significant non-cash transactions relating to investing and financing activities of condensed consolidated statement cash flows:

	6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000
Addition to investment properties from the Ultimate Parent (note 13)	**277,094**	96,801
Settlement of capital contributions	**-**	50,405

18 Fair value of financial instruments

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as disclosed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values.

	30 June 2021 (unaudited)		31 December 2020 (audited)	
	Gross carrying amount AED'000	**Fair value AED'000**	Gross carrying amount AED'000	Fair value AED'000
Financial liabilities at amortised cost				
Sukuk No.1 (note 10)	**1,840,328**	**2,054,111**	1,837,805	2,058,611
Sukuk No.2 (note 10)	**1,833,953**	**1,985,361**	1,833,302	1,991,974

The non-convertible sukuk are categorised under Level 1 in the fair value hierarchy.

19 Discontinued operations

19.1 Disposal of cooling assets business segment

On 17 December 2020, the Group entered into an assignment agreement ("Assignment Agreement") with the Ultimate Parent and irrevocably assigned all its ownership rights and control of Saadiyat District Cooling LLC (a wholly owned subsidiary) as at the date of the Assignment Agreement. The assignment was completed on 17 December 2020, on which date control of Saadiyat District Cooling LLC passed to the Ultimate Parent.

On 17 December 2020, the Group entered into an addendum to assignment agreement ("Addendum 2") with the Ultimate Parent and cancelled the original assignment agreement dated 31 December 2018 in respect of Saadiyat Cooling LLC (a 85% owned subsidiary) as at the date of the Addendum 2. The cancellation of original assignment agreement in respect of Saadiyat Cooling LLC completed on 17 December 2020, on which date control of Saadiyat Cooling LLC passed to the Ultimate Parent.

Given the infrastructure nature, the Saadiyat Cooling LLC and Saadiyat District Cooling LLC (together, the "Cooling Entities") were non-core to the Group's operations and required specialised skills and expertise to operate and hence serve a case for opportunistic exit. Accordingly, the Cooling Entities were assigned to the Ultimate Parent. The Cooling Entities constituted all of the Group's cooling asset operating segment and represented a separate major line of business. Accordingly, transfer of the Cooling Entities was classified as a discontinued operation in the condensed consolidated income statement.

The results of the discontinued operations, which have been included in the profit for the six-months period ended 30 June 2020 are set out below.

	6 months ended 30 June 2020 AED'000
Revenue and rental income	37,998
Expenses	(44,925)
Loss for the period from discontinued operations (attributable to owners of the Company)	(6,927)

During the six-months period ended 30 June 2020, the Cooling Entities contributed net operating cash outflows of AED 12,935 million to the Group's net operating cash flows, paid AED 1,580 million in respect of investing activities and paid AED 11,249 million in respect of financing activities.

19.2 Disposal of hospitality and leisure business segment

On 22 December 2020, the Group entered into an addendum to assignment agreement ("Addendum") with the Ultimate Parent and cancelled the original assignment agreement dated 31 December 2018 in respect of the Westin and Abu Dhabi Golf Club as at the date of the Addendum. The cancellation of original assignment agreement in respect of the Westin and Abu Dhabi Golf Club completed on 22 December 2020, on which date ownership and control of operations of the Westin and Abu Dhabi Golf Club passed to the Ultimate Parent.

Notes to the consolidated financial statements for the six-months period ended 30 June 2021 (continued)

19 Discontinued operations (continued)

19.2 Disposal of hospitality and leisure business segment (continued)

On 31 December 2020, the Group entered into the following agreements w'/ith the Ultimate Parent or its affiliate in respect of its remaining hospitality and leisure operations:

- Sale and purchase agreement with Aldar Hotels & Hospitality Sole Proprietorship LLC (a wholly owned subsidiary of the Ultimate Parent) in respect of the sale and purchase of a portfolio of hospitality assets covering Centro Yas Island, Yas Rotana, Crowne Plaza, Staybridge Suites, Park Inn, Radisson Blu Hotel, W Abu Dhabi Yas Island, Yas links Golf Course, Saadiyat Beach Golf Club for a total consideration of AED 2,163 million;
- Sale and purchase agreement with the Ultimate Parent and Aldar Hotels & Hospitality Sole Proprietorship LLC in respect of the sale and purchase of Tilal Liwa Hotel for a total consideration of AED 70 million; and
- Assignment agreement with Aldar Hotels & Hospitality Sole Proprietorship LLC in respect of the sale and purchase of Eastern Mangroves Hotel & Spa for a total consideration of AED 134 million.

The title of the above properties was transferred to the buyer/assignee as of the date of the agreement upon satisfactorily completion of any substantive conditions precedent. Accordingly, the control of these businesses and assets were passed to the buyer/assignee on 31 December 2020.

The hospitality and leisure assets were sold or assigned to the Ultimate Parent or its affiliate for as part of the Ultimate Parent's plan to consolidate all the hospitality and leisure operations under one legal entity.

The sale or assignment of the above hospitality and leisure operations in December 2020 constituted all of the Group's hospitality and leisure operations which represented a separate major line of business. Accordingly, sale of assignment of hospitality and leisure operations was classified as a discontinued operation in the condensed consolidated income statement.

The results of the discontinued operations, which have been included in the profit for the six-months period ended 30 June 2020 are set out below.

	6 months ended 30 June 2020 AED'000
Revenue and rental income	172,519
Expenses	(266,344)
Loss for the period from discontinued operations (attributable to owners of the Company)	(93,825)

During the six-months period ended 30 June 2020, the hospitality and leisure business segment contributed AED 37,429 million to the Group's net operating cash flows, paid AED 2,898 million in respect of investing activities and paid AED 72,707 million in respect of financing activities.

20 Impact of COVID-19 pandemic

The business outlook for 2021 may be impacted by significant risks and uncertainties caused by a diverse range of factors, some of which will be beyond the Group's control. In this context, the Group highlights the COVID-19 pandemic, caused by the rapid global spread of the coronavirus, as being one such factor. Since the World Health Organization proclaimed this as a global pandemic in March 2020, governments around the world, including in the United Arab Emirates, have responded to this outbreak with various temporary restrictions to help contain the spread of the virus and support measures to mitigate the adverse implications on communities and economies.

As it stands, the full impact remains unclear and will be determined by factors that continue to evolve, such as the success of support measures introduced by governments, the ability of businesses to manage their operations during these times and the timing and manner of the easing of restrictions, including lockdowns, social distancing and travel. Due to the unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries started easing gradually the lock down restrictions starting mid-2020. However, the lockdowns and travel restrictions are expected to have a continuous impact on the global economy.

As the effect of COVID-19 on businesses continues to evolve, there are potential risks and uncertainties on future business impact, the Group continues to update its plans accordingly.

The Ultimate Parent has a documented business continuity plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations. The Ultimate Parent, on behalf of the Group, has announced support programmes for residential communities, retail partners and home buyers in addition to various initiatives and measures to the wider community as part of Abu Dhabi's wider efforts to cushion the blow faced by the global economy due to the COVID 19 and in line with the Ultimate Parent and the Group commitment to long term sustainable value creation. The Group is continuously assessing the impact of COVID 19 on its operations particularly the effect on the retail, hospitality and leisure business operations.

In response to this crisis, the Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that, as at 30 June 2021, liquidity position of the Group remains strong and its existing balances of cash and cash equivalents, along with undrawn borrowings, revolving credit facilities and corporate loan from the Ultimate Parent will be sufficient to satisfy its working capital needs, capital expenditures, debt repayments and other liquidity requirements associated with its existing operations.

The Group is taking proactive measures to monitor and manage the situation to the best of its abilities to support the long-term continuity of its business and make the necessary judgements and estimates as may be required.

21 Dividends distribution

The Board of Directors in their meeting held on 4 March 2021, approved a cash dividend of AED 627,000 thousand for the year ended 31 December 2020.

22 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 19 August 2021.