

ALDAR INVESTMENT PROPERTIES LLC

**Review report and interim
financial information
for the six-months period ended
30 June 2022**

ALDAR INVESTMENT PROPERTIES LLC

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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 2022 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-months 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.)



Mohammad Khamees Al Tah
Registration No. 717
12 August 2022
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2022**

		30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	5	77,743	20,338
Investment properties	6	18,620,897	17,321,070
Derivative financial instruments		134,702	20,299
		<hr/>	<hr/>
Total non-current assets		18,833,342	17,361,707
Current assets			
Trade and other receivables	7	655,266	506,778
Due from the Parent	14	3,196	-
Cash and bank balances	8	2,126,295	1,013,185
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Total current assets		2,784,757	1,519,963
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Total assets		21,618,099	18,881,670
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The accompanying notes are an integral part of these condensed consolidated financial statements.

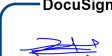
**Condensed consolidated statement of financial position
as at 30 June 2022**

	Notes	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Capital contributions	10	10,286,783	10,030,533
Hedging reserve	21	124,025	(422)
Retained earnings		1,471,648	1,446,217
Equity attributable to owners of the parent		11,882,457	11,476,329
Hybrid equity instrument	9	1,815,646	-
Non-controlling interests		147,465	-
Total equity		13,845,568	11,476,329
LIABILITIES			
Non-current liabilities			
Non-convertible sukuk	11	3,641,546	3,639,170
Bank borrowings	11	2,218,696	2,695,100
Corporate loan from the Parent	14	713,008	-
Lease liabilities		295,478	191,835
Employees benefits		9,743	-
Derivative financial instruments		-	6,648
Total non-current liabilities		6,878,471	6,532,753
Current liabilities			
Non-convertible sukuk	11	36,907	36,665
Bank borrowings	11	39,369	11,100
Due to the Parent	14	-	108,418
Lease liabilities		49,397	29,139
Advances and security deposits		209,379	185,616
Trade and other payables	12	559,008	501,650
Total current liabilities		894,060	872,588
Total liabilities		7,772,531	7,405,341
Total equity and liabilities		21,618,099	18,881,670

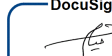
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Talal Al Dhiyebi
Chairman

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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 2022**

	Notes	6 months ended 30 June	
		2022 (unaudited) AED'000	2021 (unaudited) AED'000
Revenue and rental income	16	825,243	760,856
Direct costs	16	(180,002)	(160,747)
Gross profit		645,241	600,109
<i>General and administrative expenses:</i>			
Management fee charged by the Parent	14	-	(41,045)
Staff cost		(40,069)	-
Depreciation expense	5	(4,163)	(941)
Provisions and reversals of impairments	7	(4,737)	(2,026)
Others		(22,503)	-
Gain on disposal of investment properties	6	13,635	4,468
Fair value gain/(loss) on investment properties, net	6	160,715	(64,737)
Finance income		8,538	1,599
Finance costs	13	(127,390)	(119,119)
Gain on bargain purchase	20	9,104	-
Other income		13,654	750
Profit for the period before tax		652,025	379,058
Income tax expense		-	-
Profit for the period after tax		652,025	379,058
Profit for the period attributable to:			
Owners of the Company		646,431	379,058
Non-controlling interests		5,594	-
		652,025	379,058

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 2022**

	6 months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	AED'000	AED'000
Profit for the period	652,025	379,058
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Fair value gain arising on hedging instruments during the period classified under cash flow hedges (note 21)	121,051	3,181
Cumulative gain arising on hedging instruments reclassified to profit or loss upon derecognition (note 13)	3,396	3,396
Other comprehensive income for the period	124,447	6,577
Total comprehensive income for the period	776,472	385,635
Total comprehensive income for the period attributable to:		
Owners of the Company	770,878	385,635
Non-controlling interests	5,594	-
	776,472	385,635

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

**Condensed consolidated statement of changes in equity
for the six-months period ended 30 June 2022**

	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	Hybrid equity instrument AED'000	Non- controlling interests AED'000	Total AED'000
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
Total comprehensive income for the period	-	-	6,577	379,058	385,635	-	-	385,635
Dividends (note 21)	-	-	-	(627,000)	(627,000)	-	-	(627,000)
Additional capital contributions made during the period	-	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
Balance at 1 January 2022 (audited)	1	10,030,533	(422)	1,446,217	11,476,329	-	-	11,476,329
Profit for the period	-	-	-	646,431	646,431	-	5,594	652,025
Other comprehensive income for the period	-	-	124,447	-	124,447	-	-	124,447
Total comprehensive income for the period	-	-	124,447	646,431	770,878	-	5,594	776,472
Dividends (note 21)	-	-	-	(621,000)	(621,000)	-	-	(621,000)
Hybrid equity instrument (note 9)	-	-	-	-	-	1,815,646	-	1,815,646
Additional capital contributions made during the period (note 10)	-	256,250	-	-	256,250	-	-	256,250
Non-controlling interest arising on a business combination (note 20)	-	-	-	-	-	-	141,871	141,871
Balance at 30 June 2022 (unaudited)	1	10,286,783	124,025	1,471,648	11,882,457	1,815,646	147,465	13,845,568

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

**Condensed consolidated statement of cash flows
for the six-months period ended 30 June 2022**

	Notes	6 months ended 30 June	
		2022 (unaudited) AED'000	2021 (unaudited) AED'000
Net cash generated from operating activities		411,277	672,924
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	5	(1,271)	(3,975)
Additions to investment properties		(200,372)	(263,537)
Proceeds from disposal of investment properties	6	124,574	48,943
Acquisition of subsidiaries, net of cash acquired	20	(299,088)	-
(Increase)/decrease in term deposits with original maturities greater than three months		(650,780)	152,182
Movement in restricted bank balances		(10,819)	-
Finance income received		3,406	1,841
Net cash used in investing activities		(1,034,350)	(64,546)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(9,538)	(12,531)
Proceeds from borrowings, net of transaction costs	11	300,000	143,505
Proceeds from corporate loan from the Parent		859,258	-
Repayments of bank borrowings	11	(859,258)	-
Repayments of corporate loan to the Parent		(300,000)	-
Finance costs paid		(110,524)	(121,709)
Dividends paid	22	(621,000)	(627,000)
Issuance of hybrid equity instrument	9	1,815,646	-
Net cash generated from/(used in) financing activities		1,074,584	(617,735)
Net increase/(decrease) in cash and cash equivalents		451,511	(9,357)
Cash and cash equivalents at beginning of the period	8	1,013,185	625,819
Cash and cash equivalents at end of the period	8	1,464,696	616,462

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 2022****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 “Immediate Parent”), a restricted scope company incorporated in Abu Dhabi Global Market which is a 100% owned entity of Aldar Properties PJSC (“Aldar” or the “Parent”).

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, warehousing, industrial, logistics and office complex 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 2022, have been applied in these condensed consolidated financial statements:

- ***Reference to the Conceptual Framework (Amendments to IFRS 3)***
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- ***Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)***
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the statement of profit or loss.
- ***Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)***
The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- ***Annual Improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)***
The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (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 2021. In addition, results for the six-months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

3.2 Basis of preparation

These condensed consolidated financial statements are presented in UAE Dirhams (“AED”) which is the 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 2021, except for the adoption of new standards and interpretations effective 1 January 2022.

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 2021, except for the adoption of new standards and interpretations effective 1 January 2022.

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

5 Property, plant and equipment

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	20,338	16,958
Additions during the period/year	1,271	5,262
Recognised as part of business combination (note 20)	2,447	-
Depreciation charge for the period/year	(4,163)	(1,882)
Transfer from investment properties (note 6)	57,850	-
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Balance at the end of the period/year	77,743	20,338
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6 Investments properties

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	17,321,070	16,114,538
Additions during the period/year*	610,372	1,138,881
Recognised as part of business combination (note 20)	697,529	-
Fair value changes, net	160,715	212,384
Disposals	(110,939)	(144,733)
Transfer to property, plant and equipment (note 5)	(57,850)	-
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Balance at the end of the period/year	18,620,897	17,321,070
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*During the period, the Group acquired Al Hamra Mall in Ras Al Khaimah, United Arab Emirates from Al Hamra Real Estate Development Company LLC for a total consideration of AED 410 million. In accordance with the requirements of IFRS 3 *Business Combinations*, the above acquisition was accounted for as an asset acquisition.

During the period, the Group sold investment properties of AED 110,939 thousand and realised a net gain of AED 13,635 thousand (for the period 30 June 2021: AED 4,468 thousand) that is recorded in the condensed consolidated statement of profit or loss under “gain on disposal of investment properties”.

During the period, the Group transferred certain investment properties to property, plant and equipment due to change in use.

Investment properties include right-of-use assets with respect to land lease of AED 337,871 thousand (31 December 2021: AED 231,739 thousand).

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

6 Investments properties (continued)

The net fair value gain amounting to AED 160,715 thousand (30 June 2021: net fair value loss amounting to AED 64,737 thousand) recorded during the period resulted mainly from fair value loss amounting to AED 26,444 thousand (for the period ended 30 June 2021: AED 30,720 thousand) recorded on buildings held on leasehold land, netted against a fair value gain of AED 187,159 thousand (for the period ended 30 June 2021: AED 34,017 thousand, fair value loss) relates to the net fair value gain recorded on major investment properties based on valuation carried out by the accredited independent valuers not connected with the Group. The valuers are members of professional valuers' associations and have appropriate qualification and experience in the valuation of properties at the relevant locations. Fair value gain or loss on investment properties are presented under the line item "fair value gain/(loss) on investment properties, net" in the condensed consolidated statement of profit or loss. The investment properties are categorised under Level 3 in the fair value hierarchy.

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 2022. Based on this sensitivity analysis:

- a decrease in the capitalisation rates by 50bps would result in AED 687,332 thousand increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 606,633 decrease in the valuation of those properties; and
- an increase in the rental rates by 10% would result in AED 972,003 thousand increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 971,480 thousand decrease in the valuation of those properties.

7 Trade and other receivables

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Trade receivables	577,010	510,396
Less: allowances for expected credit loss (i)	(107,973)	(105,945)
	<hr/>	<hr/>
	469,037	404,451
Accrued income	34,034	38,985
Advances and prepayments	92,919	60,496
Other receivables	59,276	2,846
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	655,266	506,778
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(i) During the period, allowance for expected credit loss of AED 4,737 thousand (30 June 2021: AED 2,026 thousand) was made against trade and other receivables and trade and other receivables amounting to AED 2,709 thousand were written off against allowance (30 June 2021: AED 36,957 thousand).

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

8 Cash and bank balances

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Cash and bank balances	122,934	481,033
Short-term deposits held with banks	2,003,361	532,152
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Cash and bank balances	2,126,295	1,013,185
Short term deposits with original maturities greater than three months	(650,780)	-
Restricted balances	(10,819)	-
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Cash and cash equivalents	1,464,696	1,013,185
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As at 30 June 2022, certain bank accounts are in the name of the Parent.

Restricted cash and bank balances include balances amounting to AED 9,106 thousand (31 December 2021: nil) which are deposited into debt servicing bank accounts. The remaining balance of restricted cash balances mainly represents cash balances designated against insurance maintenance reserve for which separate bank accounts are maintained.

The interest rate on term deposits during the period is 1.40% to 2.06% (31 December 2021: between 0.75 to 0.80%) per annum. All bank balances and deposits are held with local banks in the United Arab Emirates.

9 Hybrid equity instrument

During the period, the Group issued USD 500 million (AED 1,836 million) Reset Subordinated Perpetual Notes (the "Notes") to an investor ("Noteholder") in two tranches. The first tranche amounting to USD 310.5 million was received during March 2022 while the second tranche amounting to USD 189.5 million was received in April 2022.

As per the terms of the agreement, the Notes do not have any maturity date and the Group may elect at its sole discretion not to pay interest on the Notes and Noteholder does not have a right to claim such interest. Such event will not be considered an Event of Default. Pursuant to the terms and conditions of the agreement, the instrument is classified as hybrid equity instrument in line with the requirements of IAS 32 *Financial Instruments: Presentation*. Transaction costs amounting to AED 22,017 thousand related to issuance of the Notes were recorded directly in equity.

Issuance period	Issued amount	Coupon rate
March 2022	USD 310.5 million (AED 1,140 million)	Fixed interest rate with a reset after 15 years
April 2022	USD 189.5 million (AED 696 million)	Fixed interest rate with a reset after 15 years

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

10 Capital contributions

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	10,030,533	9,476,144
Transfer of properties and related working capital (note 14)	256,250	554,389
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Balance at the end of the period/year	10,286,783	10,030,533
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Capital contributions mainly represent the net contribution/funding made by the 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.

11 Non-convertible sukuk and bank borrowings

	<u>Non-convertible sukuk</u>		<u>Bank borrowings</u>	
	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
<i>Current</i>				
Within one year	36,907	36,665	39,369	11,100
<i>Non-current</i>				
More than one year	3,641,546	3,639,170	2,218,696	2,695,100
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	3,678,453	3,675,835	2,258,065	2,706,200
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- a) Bank borrowings drawn during the period amounted to AED 300,000 thousand (period ended 30 June 2021: AED 143,505 thousand) and repaid during the period amounted to AED 859,258 thousand (period ended 30 June 2021: nil).
- b) Certain bank borrowings carry a net worth covenant and are secured in the form of mortgage over operating assets under investment properties amounting to AED 3,775,700 thousand (31 December 2021: AED 3,359,000 thousand).
- c) In April this year the Group acquired a majority stake in Abu Dhabi Business Hub LLC which has an existing Term Murabaha facility with a local bank priced at 3M EIBOR plus margin of 2.25%. The facility is repayable in 13 semi-annual instalments with the final payment in September 2027.
- d) As at 30 June 2022, the Group had AED 2,530,500 thousand of undrawn (31 December 2021: AED 1,691,242), committed revolving credit facilities. Further all these facilities remained committed and partially or fully undrawn.

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

12 Trade and other payables

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Trade payables	72,753	49,705
Accruals	283,975	239,159
Deferred income	64,134	68,674
Retention payable	25,766	19,309
Other payables	112,380	124,803
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	559,008	501,650
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13 Finance costs

	6 months ended 30 June	
	2022 (unaudited) AED'000	2021 (unaudited) AED'000
Finance cost on bank borrowings, non-convertible sukuk and corporate loan from the Parent	118,107	110,993
Finance costs on lease liabilities (note 15)	5,887	4,730
	<hr/>	<hr/>
	123,994	115,723
Cumulative loss arising on hedging instruments reclassified to profit or loss upon derecognition	3,396	3,396
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	127,390	119,119
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**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

14 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 the Parent, Immediate Parent, major shareholders of the Parent, associated companies, directors, key management personnel of the Parent and Immediate Parent its affiliates 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 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 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
The Parent		
Due from/(to) the Parent	3,196	(108,418)
Corporate loan (v)	713,008	-
Capital contributions	10,286,783	10,030,533
Other related parties (i)		
Trade and other receivables	13,867	20,924
Trade and other payables	1,925	9,284
Government of Abu Dhabi		
Trade and other receivables	7,978	7,230

Transactions with related parties:

	6 months ended 30 June	
	2022 (unaudited) AED'000	2021 (unaudited) AED'000
The Parent		
Revenue and rental income	13,583	4,515
Finance costs	(18,029)	-
Management fee (ii)	-	(41,045)
Cost recharged by the Parent (iii)	37,551	-
Cost recharged to the Parent (iv)	10,186	-
Contribution made during the period (vi)	256,250	278,966

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

14 Transactions and balances with related parties (continued)

Transactions with related parties:

	6 months ended 30 June	
	2022 (unaudited) AED'000	2021 (unaudited) AED'000
Other related parties (i)		
Revenue and rental income	44,423	20,706
Direct costs	(69,921)	(42,257)
Government of Abu Dhabi		
Revenue and rental income	156,074	153,089

- (i) Other related parties represent subsidiaries of the Parent.
- (ii) In 2018, the Immediate Parent, entered into an Asset Management and Services Agreement (the “Management Fee Agreement”) with the Parent whereby the Parent was appointed to provide asset management and other services for ongoing management of the properties of the Group. This agreement was terminated effective from 31 December 2021.
- (iii) During the period, the Parent and the Group entered into a Central Services – Service Level Agreement where the Group procures the services from the Parent and the service provider has agreed to provide those services in accordance with the terms of the agreement for a fee on a cost to company basis within agreed allocation methodology.
- (iv) During the period, the Group has entered into an Asset and Investment Management Agreement (the “Asset Management Agreement”) with the Parent to provide asset management and reporting services.
- (v) Under the facility agreement executed on 2 September 2018, the 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. The Company has discretion to roll over the outstanding amounts under the Corporate Loan Facility and it does not require approval of the Parent if there is no event of default and that repeating representations continue to be made by the Company (which are also under control of the Company). Although the maturity of the loans as per the utilisation requests specify less than 12 months period, the Company intends to roll over the drawings under the Corporate Loan Facility at next maturity dates and at this point does not expects to repay any outstanding balances of Corporate Loan Facility as of 30 June 2022 for a period of at least 12 months. As at 30 June 2022 there were no events of default in occurrence and all the repeating representations as defined in the Corporate Loan facility remained valid. Accordingly, the entire outstanding amount of the Corporate Loan Facility as of 30 June 2022 is classified as non-current in the condensed consolidated statement of financial position.
- (vi) During the period, the Group acquired Al Hamra Mall in Ras Al Khaimah, United Arab Emirates from Al Hamra Real Estate Development Company LLC for a total consideration of AED 410,000 thousand. These were recorded against additional capital contributions amounting to AED 256,250 thousand from the Parent (note 10) and remaining amount was financed through corporate loan facility amounting to AED 153,750 thousand.

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

14 Transactions and balances with related parties (continued)

- (vii) Deposits and bank balances amounting to AED 55,974 thousand (Dec 2021: AED 353,335 thousand) are kept with banks ultimately controlled by the Government of Abu Dhabi. Finance income on these deposits amounted to AED 405 thousand (Dec 2021: AED 208 thousand).

15 Operating lease arrangements

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
<i>The Group as lessor (commitments)</i>		
Within one year	1,062,971	938,281
In the second to fifth year	2,619,637	2,387,506
After five years	1,633,928	1,678,013
	<hr/>	<hr/>
	5,316,536	5,003,800
	<hr/> <hr/>	<hr/> <hr/>

Set out below are the maturity analysis of lease liabilities:

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
<i>The Group as lessee</i>		
Within one year	49,397	35,657
In the second to fifth year	145,421	127,583
After five years	353,466	167,218
	<hr/>	<hr/>
	548,284	330,458
	<hr/> <hr/>	<hr/> <hr/>

	6 months ended 30 June 2022 (unaudited) AED'000	2021 (unaudited) AED'000
<i>The Group as lessee</i>		
Unwinding of interest expense during the period on lease liabilities (note 13)	5,887	4,730
	<hr/>	<hr/>
Payments made against lease liabilities	15,425	15,926
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

16 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.

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
- Logistics - warehousing, industrial, and office complex

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. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance.

Segment information about the Group's continuing operations for the six months ended 30 June 2022 (unaudited) is presented below:

	Residential AED'000	Retail AED'000	Commercial AED'000	Logistics AED'000	Total AED'000
Revenue from external customers					
Revenue and rental income (i)	292,147	343,355	174,761	14,980	825,243
Direct costs					
Cost of revenue excluding service charge	(53,965)	(45,584)	(16,351)	(2,461)	(118,361)
Service charge expenses	-	(51,996)	(9,645)	-	(61,641)
Gross profit	238,182	245,775	148,765	12,519	645,241
Depreciation and amortisation	(1,831)	(1,258)	(985)	(89)	(4,163)
Provisions, impairments and write-downs, net	-	(1,966)	-	-	(1,966)
Fair value (loss)/gain on investment properties, net	(1,971)	133,003	30,518	(835)	160,715
Gain on disposal of investment properties	12,907	-	728	-	13,635
Finance costs	(2,497)	(1,338)	(910)	(2,054)	(6,799)
Other income	-	654	-	-	654
Segment profit	244,790	374,870	178,116	9,541	807,317
Provisions, impairments and write-downs, net					(2,771)
Staff costs					(40,069)
Others					(22,503)
Finance income					8,538
Finance costs					(120,591)
Gain on bargain purchase (note 20)					9,104
Other income					13,000
Profit for the period					652,025

(i) Gross revenue of investment properties includes AED 61,641 thousand of revenue from service charges and contingent rent of AED 26,560 thousand.

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

16 Segment reporting (continued)

16.1 Business segments (continued)

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

	Residential AED'000	Retail AED'000	Commercial AED'000	Logistics 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 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)
Other income	-	750	-	-	750
Segment profit	129,210	246,044	116,273	-	491,527
Finance cost					(114,068)
Finance income					1,599
Profit for the period					379,058

(i) Gross revenue of investment properties includes AED 53,768 thousand of revenue from service charges and contingent rent of AED 16,284 thousand.

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

16 Segment reporting (continued)

16.1 Business segments (continued)

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

	Residential AED'000	Retail AED'000	Commercial AED'000	Logistics AED'000	Unallocated AED'000	Group AED'000
<u>As at 30 June 2022 (unaudited)</u>						
Assets	6,166,243	8,967,805	3,526,631	762,049	2,195,371	21,618,099
<u>Period ended 30 June 2022 (unaudited)</u>						
Capital expenditures	566	-	-	706	-	1,272
Project expenditures	20,460	585,274	4,638	-	-	610,372
<u>As at 31 December 2021 (audited)</u>						
Assets	6,213,424	8,203,940	3,404,054	-	1,060,252	18,881,670
<u>Period ended 30 June 2021 (unaudited)</u>						
Capital expenditures	3,975	-	-	-	-	3,975
Project expenditures	450,226	86,992	3,413	-	-	540,631

16.2 Geographical segments

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

Segment profit represents the profit earned by each segment without allocation of central administration, management fee by the 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.

During 2022, the Group has acquired Twafq Projects Development Property LLC ("Twafq") which owns strategically located warehousing, industrial, and office complex in industrial city Abu Dhabi with a total net lettable area of 166,000 sqm.

Segment disclosures are prepared on consistent basis as compared to 31 December 2021.

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

17 Seasonality of results

No significant income of a seasonal nature was recorded in the condensed consolidated income statement for the six-months period ended 30 June 2022.

18 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	
	2022 (unaudited) AED'000	2021 (unaudited) AED'000
Addition to investment properties from the Parent (note 14)	410,000	277,094
Transfer between property, plant and equipment and investment properties (note 5,6)	57,850	-

19 Fair value of financial instruments

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 2022 (unaudited)		31 December 2021 (audited)	
	Gross carrying amount AED'000	Fair value AED'000	Gross carrying amount AED'000	Fair value AED'000
<i>Financial liabilities at amortised cost</i>				
Sukuk No.1 (note 11)	1,845,145	1,869,058	1,842,615	2,012,858
Sukuk No.2 (note 11)	1,833,308	1,760,580	1,833,220	1,987,198

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

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

20 Business combinations

Acquisitions in 2022

20.1 Twafq Projects Development Property LLC

On 18 April 2022, Aldar Logistics Holding Limited (“ALH” a subsidiary of the Group) signed an agreement for the purchase of 70% share of Twafq Projects Development Property LLC (“Twafq”) for a consideration of AED 331 million. Twafq was acquired as part of the plan of the Group to diversify its portfolio and sector into industrial and logistics vertical. The acquisition has been accounted for effective 1 April 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	<u>AED’000</u>
Assets	
Investment properties	697,529
Property, plant and equipment	2,447
Trade and other receivables	5,404
Cash and bank balances	31,945
Total assets	<u>737,325</u>
Liabilities	
Employees benefits	1,411
Lease liabilities	133,439
Bank borrowings	102,355
Advances from customers	8,576
Trade and other payables	9,536
Total liabilities	<u>255,317</u>
Total identifiable net assets at fair value	482,008
Non-controlling interest	<u>(141,871)</u>
Group’s share of net assets acquired	<u>340,137</u>
Less: purchase consideration	<u>(331,033)</u>
Gain on bargain purchase	<u>9,104</u>

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

20 Business combinations (continued)

20.1 Twafq Projects Development Property LLC (continued)

Analysis of cashflow on acquisition

	<u>AED'000</u>
Cash paid for the acquisition	(331,033)
Net cash acquired on business combination	<u>31,945</u>
Net cash outflows on acquisition (included in cash flows from investing activities)	(299,088)
Transaction costs of the acquisition (included in cash flows from operating activities)	<u>(88)</u>
Net cash outflow on acquisition	<u>(299,176)</u>

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of net assets acquired and amounted to AED 141,871 thousand.

Acquisition related costs amounted to AED 1,807 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Twafq contributed revenue of AED 14,980 thousand and net profit of AED 9,541 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 15,062 thousand and net profit would have been higher by AED 10,145 thousand. The net assets recognised in these consolidated financial statements were based on a provisional assessment of their fair values.

**Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2022 (continued)**

21 Cash flow hedging reserve

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	(422)	(34,695)
Fair value gain on cash flow hedges arising during the period/year	121,051	27,327
Net gain on hedging instruments reclassified to profit or loss	3,396	6,947
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Balance at the end of the period/year	124,025	(422)
	<hr/> <hr/>	<hr/> <hr/>

22 Dividends distribution

The Board of Directors in their meeting held on 28 February 2022, approved a cash dividend of AED 621,000 thousand for the year ended 31 December 2021 (2021: AED 627,000 thousand).

23 Events after the reporting period

Subsequent to the reporting period, the Group signed an agreement for the sale and purchase of 100% of the issued share capital of Confluence Partners (HQ) RSC Ltd. (“Confluence”), registered in Abu Dhabi, UAE for a total consideration of AED 4.3 billion. Confluence is mainly involved in the management and leasing of commercial properties. Confluence was acquired as part of the plan of the Group to diversify its commercial portfolio. At the date of issuance of these consolidated financial statements, the initial acquisition accounting of this transaction is not complete.

24 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 August 2022.