



ALDAR PROPERTIES PJSC

Review report and interim financial information

**For the nine-months period ended
30 September 2022**



ALDAR PROPERTIES PJSC

Review report and interim financial information for the nine-months period ended 30 September 2022

Pages

Report on review of interim financial information	1
Condensed consolidated statement of financial position	2 - 3
Condensed consolidated statement of profit or loss	4
Condensed consolidated statement of comprehensive income	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows	7-8
Notes to the condensed consolidated financial statements	9 - 42



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 PROPERTIES PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aldar Properties PJSC (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-months period then ended. Management is responsible for the preparation and presentation of this interim 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 Kamees Al Tah
Registration No. 717
27 October 2022
Abu Dhabi
United Arab Emirates

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

		30 September 2022	31 December 2021
		(unaudited)	(audited)
	Note	AED'000	AED'000
Assets			
Non-current assets			
Property, plant and equipment	5	5,442,902	3,557,052
Intangible assets and goodwill	6	342,308	293,195
Investment properties	7	23,099,605	18,025,935
Investment in associates and joint ventures	8	76,954	108,359
Investment in financial assets	9	115,007	41,659
Derivative financial assets	19	206,156	20,299
Trade receivables and other assets	10	516,244	526,839
Total non-current assets		29,799,176	22,573,338
Current assets			
Plots of land held for sale		4,847,972	5,137,885
Development work in progress	11	4,328,770	4,503,543
Inventories	12	938,634	1,029,411
Investment in financial assets	9	152,463	77,475
Contract assets	18	421,558	306,471
Trade receivables and other assets	10	8,315,220	7,057,481
Cash and bank balances	13	9,305,496	8,857,133
Total current assets		28,310,113	26,969,399
Total assets		58,109,289	49,542,737



ALDAR PROPERTIES PJSC

Condensed consolidated statement of financial position as at 30 September 2022 (continued)

	Note	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Equity and liabilities			
Equity			
Share capital		7,862,630	7,862,630
Statutory reserve		3,931,315	3,931,315
Cash flow hedging reserve	34	187,900	(422)
Investment revaluation reserve		(1,330)	9,800
Assets revaluation reserve		73,623	73,623
Foreign currency translation reserve	33	(197,591)	-
Retained earnings		15,762,726	15,044,624
Equity attributable to owners of the parent		27,619,273	26,921,570
Hybrid equity instrument	14	1,815,646	-
Non-controlling interests	35	4,229,578	715,213
Total equity		33,664,497	27,636,783
Non-current liabilities			
Non-convertible sukuk	15	3,643,173	3,641,186
Bank borrowings	15	4,931,886	4,408,755
Retentions payable		511,611	533,835
Lease liabilities		441,335	295,517
Employees benefits		290,493	223,345
Derivative financial liabilities	19	-	6,648
Trade and other payables	17	1,152,563	1,472,397
Total non-current liabilities		10,971,061	10,581,683
Current liabilities			
Non-convertible sukuk	15	32,889	36,665
Bank borrowings	15	978,702	290,284
Retentions payable		1,046,054	812,919
Lease liabilities		55,135	37,743
Advances from customers	16	1,031,464	762,357
Contract liabilities	18	2,010,858	1,835,151
Trade and other payables	17	8,318,629	7,549,152
Total current liabilities		13,473,731	11,324,271
Total liabilities		24,444,792	21,905,954
Total equity and liabilities		58,109,289	49,542,737

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated financial statements present fairly in all material respects the condensed consolidated financial position, financial performance and cash flows of the Group.

DocuSigned by:

 275CC34579784D4...

Mohamed Al Mubarak
Chairman

DocuSigned by:

 58B5E8D12AF748D...

Talal Al Dhiyebi
Group Chief Executive Officer

DocuSigned by:

 81E86FBB6B684BF...

Greg Fewer
Group Chief Financial &
Sustainability Officer

**Condensed consolidated statement of profit or loss
for the period ended 30 September 2022**

	Note	3 months period ended		9 months period ended	
		30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Revenue and rental income	30.1	2,713,374	2,087,430	8,065,985	6,320,085
Direct costs	30.1	(1,578,252)	(1,253,397)	(4,618,853)	(3,885,899)
Gross profit		1,135,122	834,033	3,447,132	2,434,186
Selling and marketing expenses		(100,458)	(27,068)	(275,314)	(97,377)
General and administrative expenses					
Staff costs		(145,516)	(86,566)	(414,614)	(216,329)
Depreciation and amortisation		(85,592)	(63,521)	(240,222)	(189,633)
Provisions, impairments and write downs, net		(15,707)	(30,887)	(89,836)	(90,213)
Others		(124,197)	(65,590)	(260,571)	(140,162)
(Loss)/gain on revaluation of investment properties, net	7	(12,387)	(37,123)	64,327	(119,748)
Share of results of associates and joint ventures	8	(2,364)	(1,873)	(6,274)	(6,488)
Gain on disposal of investment properties	7	9,253	8,182	22,888	10,253
Gain on bargain purchase	31	-	-	9,104	99,469
Finance income	20	57,426	10,841	132,840	34,316
Finance costs	21	(113,626)	(67,012)	(273,610)	(199,596)
Other income	22	10,906	681	50,398	20,107
Profit for the period before tax		612,860	474,097	2,166,248	1,538,785
Income tax expense	32	(11,698)	-	(35,917)	-
Profit for the period after tax		601,162	474,097	2,130,331	1,538,785
Attributable to:					
Equity holders of the Company		556,653	473,225	2,028,550	1,536,049
Non-controlling interests		44,509	872	101,781	2,736
		601,162	474,097	2,130,331	1,538,785
Basic and diluted earnings per share (AED)	23	0.064	0.060	0.251	0.195

**Condensed consolidated statement of comprehensive income
for the period ended 30 September 2022**

	Note	3 months period ended		9 months period ended	
		30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Profit for the period		601,162	474,097	2,130,331	1,538,785
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>					
Foreign exchange differences on translation of foreign operations	33	(56,348)	-	(330,089)	-
Fair value gain on cash flow hedges arising during the period	34	71,455	24,431	192,505	27,612
Net gains on hedging instruments reclassified to profit or loss	21	1,775	1,776	5,171	1,531
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
Fair value gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (FVTOCI)	9	380	5,100	53,166	(501)
Other comprehensive income/(loss) for the period		17,262	31,307	(79,247)	28,642
Total comprehensive income for the period		618,424	505,404	2,051,084	1,567,427
Attributable to:					
Equity holders of the Company		587,179	504,532	2,072,447	1,564,691
Non-controlling interests		31,245	872	(21,363)	2,736
		618,424	505,404	2,051,084	1,567,427

ALDAR PROPERTIES PJSC

Condensed consolidated statement of changes in equity for the period ended 30 September 2022

	Share capital	Statutory reserve	Cash flow hedging Reserve	Investment revaluation reserve	Assets revaluation reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Hybrid equity instrument	Non- controlling interests	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2021 (audited)	7,862,630	3,931,315	(31,054)	18,142	-	-	13,849,760	25,630,793	-	70,892	25,701,685
Profit for the period	-	-	-	-	-	-	1,536,049	1,536,049	-	2,736	1,538,785
Other comprehensive income/(loss) for the period	-	-	29,143	(501)	-	-	-	28,642	-	-	28,642
Total comprehensive income/(loss) for the period	-	-	29,143	(501)	-	-	1,536,049	1,564,691	-	2,736	1,567,427
Dividends (note 27)	-	-	-	-	-	-	(1,140,082)	(1,140,082)	-	-	(1,140,082)
Balance at 30 September 2021 (unaudited)	7,862,630	3,931,315	(1,911)	17,641	-	-	14,245,727	26,055,402	-	73,628	26,129,030
Balance at 1 January 2022 (audited)	7,862,630	3,931,315	(422)	9,800	73,623	-	15,044,624	26,921,570	-	715,213	27,636,783
Profit for the period	-	-	-	-	-	-	2,028,550	2,028,550	-	101,781	2,130,331
Other comprehensive income/(loss) for the period	-	-	188,322	53,166	-	(197,591)	-	43,897	-	(123,144)	(79,247)
Total comprehensive income/(loss) for the period	-	-	188,322	53,166	-	(197,591)	2,028,550	2,072,447	-	(21,363)	2,051,084
Issuance of hybrid equity instrument (note 14)	-	-	-	-	-	-	-	-	1,815,646	-	1,815,646
Dividends (note 27)	-	-	-	-	-	-	(1,179,395)	(1,179,395)	-	(974)	(1,180,369)
Dividends paid by a subsidiary against preference equity (note 35)	-	-	-	-	-	-	-	-	-	(7,093)	(7,093)
Coupon paid on hybrid equity instrument (note 14)	-	-	-	-	-	-	(51,644)	(51,644)	-	-	(51,644)
Reclassification of fair value reserve of financial asset at FVTOCI upon derecognition (note 9)	-	-	-	(64,296)	-	-	64,296	-	-	-	-
Movement from partial disposal of interests in subsidiaries (note 35)	-	-	-	-	-	-	(44,624)	(44,624)	-	3,302,843	3,258,219
Change in equity attributable to owners of the Company due to partial disposal of subsidiary (note 35.1)	-	-	-	-	-	-	(99,081)	(99,081)	-	99,081	-
Non-controlling interest arising on a business combination (note 31.2)	-	-	-	-	-	-	-	-	-	141,871	141,871
Balance at 30 September 2022 (unaudited)	7,862,630	3,931,315	187,900	(1,330)	73,623	(197,591)	15,762,726	27,619,273	1,815,646	4,229,578	33,664,497

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

ALDAR PROPERTIES PJSC

Condensed consolidated statement of cash flows for the period ended 30 September 2022

		9 months period ended	
	Note	30 September 2022 (unaudited) AED '000	30 September 2021 (Unaudited) AED '000
Operating activities			
Profit for the period before tax		2,166,248	1,538,785
<i>Adjustments for:</i>			
Depreciation and amortisation	5,6	254,422	184,877
Finance income	20	(132,840)	(34,316)
Finance costs	21	273,610	199,596
(Gain)/loss on revaluation investment properties, net	7	(64,327)	119,748
Share of results of associates and joint ventures	8	6,274	6,488
Provisions, impairments and write downs, net		89,836	90,213
Loss on disposal of property, plant equipment		206	-
Gain on disposal of investment properties		(22,888)	(10,253)
Gain on bargain purchase	31	(9,732)	(99,469)
(Gain)/loss on revaluation of financial assets		(3,165)	991
Provision for employee benefits		55,858	39,619
Operating cash flows before movements in working capital		2,613,502	2,036,279
Movement in working capital:			
(Increase)/decrease in trade and other assets		(1,381,745)	755,479
Decrease/(increase) in development work in progress, inventories and plots of land held for sale		241,993	(145,709)
Increase in contract assets		(115,087)	(164,550)
Increase in retentions payable		225,644	305,068
Increase in advances from customers		285,563	165,425
Increase/(decrease) in contract liabilities		390,696	(98,334)
Increase in trade and other payables		796,502	243,602
Cash generated from operations		443,566	1,060,981
Employee benefits paid		(29,105)	(9,217)
Income tax paid		(92,810)	-
Net cash generated from operating activities		2,935,153	3,088,043

ALDAR PROPERTIES PJSC

Condensed consolidated statement of cash flows for the period ended 30 September 2022 (continued)

		9 months period ended	
	Note	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Net cash generated from operating activities		2,935,153	3,088,043
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(1,996,323)	(49,123)
Purchases of intangible assets, net of disposal	6	(15,924)	(12,171)
Additions to investment properties	7	(5,107,592)	(183,934)
Proceeds from disposal of investment properties and property, plant and equipment	5,7	204,677	118,327
Proceeds from disposal of investment in associates and joint ventures		-	16,445
Acquisition of subsidiaries, net of cash acquired	31	(353,195)	(62,339)
Movement in term deposits with maturities greater than three months		(55,000)	681,394
Investment in financial assets		(17,018)	(4,847)
Movement in restricted bank balances		(425,707)	(999,494)
Finance income received		41,199	44,175
Proceeds from maturity of treasury bills		323,338	-
Payments for treasury bills		(417,440)	-
Capital repayment against investments in an associate	8	32,000	-
Dividends received		-	39
Net cash used in investing activities		(7,786,985)	(451,528)
Cash flows from financing activities			
Repayments of bank borrowings	15	(5,435,541)	(1,514,500)
Proceeds from bank borrowings	15	6,672,788	1,303,774
Payment of principal portion of lease liabilities		(54,263)	(25,728)
Finance costs paid		(268,983)	(210,303)
Dividends paid		(1,239,106)	(1,140,834)
Proceeds from movement in ownership interest in subsidiaries	35	3,258,219	-
Cash paid for settlement of derivatives		-	(1,655)
Proceeds from issuance of hybrid equity instrument	14	1,815,646	-
Net cash generated from/(used) in financing activities		4,748,760	(1,589,246)
Net (decrease)/increase in cash and cash equivalents		(103,072)	1,047,269
Cash and cash equivalents at beginning of the period	13	5,383,855	2,586,485
Effect of foreign exchange rate changes		70,728	-
Cash and cash equivalents at end of the period	13	5,351,511	3,633,754

Refer to note 28 for details of non-cash transactions excluded from the condensed consolidated statement of cash flows.

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022

1 General information

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

The Company is domiciled in the United Arab Emirates (UAE) and its registered office address is P.O. Box 51133, Abu Dhabi. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

The holding company of the Group is Alpha Dhabi Holding PJSC (the “Parent Company”) which is listed on Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the “Group”) are engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.

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

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 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* and comply with the applicable requirements of the laws in the UAE.

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 nine-months period ended 30 September 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 presentation currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties, revaluation of the financial assets at fair value through other comprehensive income, revaluation of the financial assets at fair value through profit or loss, measurement of derivative financial instruments and measurement of share-based payments at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 period ended 30 September 2022 (continued)**
5 Property, plant and equipment

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	3,557,052	2,961,523
Additions during the period/year (ii & iii)	1,996,323	96,883
Recognised as part of business combination (note 31)	89,323	230,189
Transfer from development work in progress (note 11)	6,252	259,196
Transfer from investment properties (note 7)	57,850	262,917
Depreciation charge for the period/year	(220,953)	(218,560)
Disposals during the period/year	(1,655)	(6,036)
Impairment charge for the period/year	-	(29,060)
Exchange differences	(41,290)	-
Balance at the end of the period/year	5,442,902	3,557,052

- (i) Property, plant and equipment includes right-of-use assets mainly with respect to leases of plots of land and buildings amounting to AED 151,172 thousand (31 December 2021: AED 96,388 thousand).
- (ii) During the period, Aldar Hotels & Hospitality – Sole Proprietorship LLC (“AHH” a subsidiary of the Company) signed an agreement for the purchase of the entire economic interest in Bab Resorts LLC, owner of Rixos Bab Al Bahr Ras Al Khaimah hotel (“Rixos”) and Double Tree by Hilton Hotel, Ras Al-Khaimah UAE (“Double Tree”) for a total consideration of AED 770,000 thousand and AED 810,000 thousand respectively resulting in additions of AED 767,528 thousand and AED 697,978 thousand respectively to the property, plant and equipment. The above transaction also results in additions of AED 23,500 thousand and AED 103,900 thousand respectively as plots of land held for sale. In accordance with the requirements of IFRS 3 Business Combinations, these acquisitions were accounted for as an asset acquisition since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset.
- (iii) During the period, AHH signed an agreement for the purchase of hotel building of Nurai Island Hotel (“Nurai Hotel”) for a total consideration of AED 600,000 thousand resulting in additions of AED 232,966 thousand to property, plant and equipment. The above transaction also results in addition of AED 350,000 thousand as advances under trade receivables and other assets (note 10).
- (iv) The depreciation charge for the period includes AED 13,860 thousand allocated to cost of sales (for the period ended 30 September 2021: nil). No impairment indications were observed for any items of property, plant and equipment during the period ended 30 September 2022.

6 Intangible assets and goodwill

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	293,195	28,085
Additions during the period/year	16,121	19,107
Recognised as part of business combination (note 31)	88,149	282,123
Amortisation charge for the period/year	(33,469)	(35,702)
Disposals during the period/year	(197)	(418)
Exchange differences	(21,491)	-
Balance at the end of the period/year	342,308	293,195

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**
7 Investment properties

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	18,025,935	16,462,916
Additions during the period/year (i & ii)	5,107,592	255,798
Recognised as part of business combination (note 31)	697,529	929,801
Fair value gain, net	64,327	146,383
Disposals during the period/year	(180,340)	(144,733)
Transfers (to)/from		
Property, plant and equipment (note 5)	(57,850)	(262,917)
Development work in progress (note 11)	(387,415)	573,662
Revaluation on transfer from property, plant and equipment	-	73,623
Write-off	-	(8,598)
Exchange differences	(170,173)	-
Balance at the end of the period/year	23,099,605	18,025,935

(i) During the period, Aldar Investment Properties LLC ("AIP" a subsidiary of the Company) 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.

(ii) During the period, AIP 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 4,300,000 thousand. Confluence is mostly involved in the management and leases of commercial properties.

In accordance with the requirements of IFRS 3 *Business Combinations*, the above acquisitions in (i) to (ii) were accounted for as assets acquisition since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset.

(iii) During the period, the Group sold investment properties and realised a net gain of AED 22,888 thousand (for the period ended 30 September 2021: AED 10,253 thousand) that is recorded in the condensed consolidated statement of profit or loss under "gain on disposal of investment properties".

(iv) During the period, the Group transferred certain investment properties to property, plant and equipment due to change in use. Transfer to development work in progress relate to change in use during the period since the Group commenced development of such properties with a view to sell.

(v) Investment properties include right-of-use assets mainly with respect to leases of plots amounting to AED 334,400 thousand as at 30 September 2022 (31 December 2021: AED 252,408 thousand).

(vi) Investment properties represent the Group's interest in land and buildings situated in the United Arab Emirates (AED 22,680,225 thousand) and Arab Republic of Egypt ("Egypt") of AED 419,380 thousand.

(vii) The net fair value gain amounting to AED 64,327 thousand (30 September 2021: net fair value loss amounting to AED 119,748 thousand) recorded during the period resulted mainly from fair value loss amounting to AED 97,528 thousand (for the period ended 30 September 2021: AED 111,370 thousand) recorded on buildings held on leasehold land, netted against a fair value gain of AED 161,855 thousand (period ended 30 September 2021: AED 8,378 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 "gain/(loss) on revaluation of 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.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

7 Investment properties (continued)

(viii) The Group conducted sensitivity analysis on the capitalisation rates and rental rates for the major investment properties on which net fair value gain was recognised. 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 603,633 thousand 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.

8 Investment in associates and joint ventures

During the period, the share capital of an associate of the Group is reduced and the Group has accordingly received AED 32,000 thousand and is recognised as reduction in share capital. The other major movement relates to net share of losses amounting to AED 6,274 thousand (for the period ended 30 September 2021: profit of AED 6,488 thousand).

The Company considers that its amount receivable from one of the joint venture is part of the Company's interest in the joint venture and, accordingly, loss recognised using the equity method in excess of the Group's investment in ordinary shares amounting to AED 6,868 thousand (period ended 30 September 2021: AED 7,153 thousand) was applied to the Group's receivable from the joint venture.

9 Investment in financial assets

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Financial assets at fair value through other comprehensive income		
Investment in UAE quoted securities	55,988	20,000
Investment in UAE unquoted securities	2	2
Financial assets at fair value through profit or loss		
Investment in international unquoted funds	59,017	21,657
Financial assets at amortised cost		
Investment in treasury bills	152,463	77,475
	267,470	119,134

Carrying values for investments carried at amortised cost approximate their fair values as at 30 September 2022 and 31 December 2021.

As at 30 September 2022 and 31 December 2021, the fair value hierarchy for financial investments is as follows:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 September 2022 (unaudited)				
Investment in UAE quoted securities	55,988	-	2	55,990
Investment in international unquoted funds	-	-	59,017	59,017
Investment in treasury bills	-	-	152,463	152,463
	55,988	-	211,482	267,470
31 December 2021 (audited)				
Investment in UAE quoted securities	20,000	-	2	20,002
Investment in international unquoted funds	-	-	21,657	21,657
Investment in treasury bills	-	-	77,475	77,475
	20,000	-	99,134	119,134

There were no transfers during the period from level 1 and level 2 or transfer in or out of level 3.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

9 Investment in financial assets (continued)

During the period, the Group swapped its 1,000 thousand shares held in Al Reem Investments PJSC for 17,330 thousand shares in Q Holding PJSC. Al Reem Investment PJSC was fair valued at AED 74,692 thousand as of transaction date. Cumulative fair value changes in Al Reem Investment PJSC amounting to AED 64,492 thousand were transferred from the investment revaluation reserve to retained earnings upon derecognition. Subsequently, during the period, 4,031 thousands of shares in Q Holding PJSC were sold. The proportionate fair value difference of AED 196 thousand transferred from investment revaluation reserve to retained earnings.

10 Trade receivables and other assets

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Non-current portion		
Trade receivables	285,259	275,292
Due from associates and joint ventures	182,658	181,576
Receivables relating to project finance	136,570	137,663
Deferred tax assets (note 32)	39,947	47,368
Others	44,585	51,304
	689,019	693,203
Less: allowance for expected credit loss	(172,775)	(166,364)
	516,244	526,839
Current portion		
Trade receivables	3,234,542	4,208,111
Advances and prepayments	2,439,533	1,565,475
Refundable deposits	304,954	342,266
Refundable costs	1,368,708	314,701
Tax recoverable	162,875	40,227
Due from associates and joint ventures	26,387	26,280
Accrued interest	32,226	18,468
Receivables from the Government of Abu Dhabi	5,734	13,324
Receivables relating to project finance	8,863	7,738
Receivable related to sale of subsidiaries and businesses	-	8,217
Others	924,147	687,611
	8,507,969	7,232,418
Less: allowance for expected credit loss	(192,749)	(174,937)
	8,315,220	7,057,481

During the period, allowance for expected credit loss of AED 24,222 thousand (for the period ended 30 September 2021: AED 21,798 thousand) was made against trade and other receivables. Trade and other receivables amounting to Nil were written off (period ended 30 September 2021: AED 55,386 thousand).

Advances and prepayments include AED 350,000 thousand paid during the period as part of purchase of Nurai Island (note 5 iii) for two development islands where the seller will procure the dredging and reclamation of these islands.

During 2020, the Company sold its district cooling operations (the "Cooling Entities") comprising the Group's entire interest in Saadiyat Cooling LLC (a 85% owned subsidiary) and Saadiyat District Cooling LLC (a wholly owned subsidiary). As per the Sale Purchase Agreements and earn out agreement, the Group is also entitled to earn out consideration in the form of additional fee for each additional load for which the buyer contracts from these cooling operations. At 30 September 2022 and 31 December 2021, management assessed that the deferred consideration is a contingent asset as its existence will be confirmed by occurrence of future uncertain events not within the control of the Group and is accordingly not recognised as asset.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

11 Development work in progress

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

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at beginning of the period/year	4,503,543	2,719,770
Development costs incurred during the period/year	2,303,355	1,901,420
Recognised in direct costs of properties sold	(1,837,789)	(1,690,359)
Recognised as part of business combination (note 31)	-	3,222,129
Write-off of project costs	(31,038)	(90,852)
Transfers from/(to):		
Inventories (note 12)	(540,975)	(725,707)
Investment properties (note 7)	387,415	(573,662)
Property, plant and equipment (note 5)	(6,252)	(259,196)
Plot of land held for sale	210,502	-
Exchange differences	(659,991)	-
Balance at the end of the period/year	4,328,770	4,503,543
Development properties are located as:		
Within UAE	1,385,740	1,281,414
Outside UAE	2,943,030	3,222,129
	4,328,770	4,503,543

As at 30 September 2022, the Group determined net realisable value of its development work in progress and concluded that carrying value is higher than the net realisable value and recognised a write down of AED 31,038 thousand (31 December 2021: AED 90,852 thousand) of its development project in progress.

The estimates of net realisable values are based on the most reliable evidence available at the reporting date, of the amount that the Group is expected to realise in its ordinary course of business. These estimates also take into consideration the purpose for which the asset is held.

12 Inventories

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Completed properties	902,044	979,640
Other operating inventories	36,590	49,771
	938,634	1,029,411
Inventories are located as:		
Within UAE	812,671	1,014,050
Outside UAE	125,963	15,361
	938,634	1,029,411

During the period/year, properties with a value of AED 540,975 thousand (31 December 2021: AED 725,707 thousand) were transferred to inventories upon completion (note 11). An amount of AED 536,597 thousand (31 December 2021: AED 566,374 thousand) was recognised as direct costs during the period/year.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

13 Cash and bank balances

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Cash and bank balances	6,530,983	6,582,349
Short term deposits held with banks	2,774,513	2,274,784
Cash and bank balances	9,305,496	8,857,133

Cash and cash equivalents

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Cash and bank balances	9,305,496	8,857,133
Short term deposits with original maturities greater than three months	(55,000)	-
Restricted bank balances	(3,898,985)	(3,473,278)
Cash and cash equivalents	5,351,511	5,383,855
Cash and cash equivalents:		
Within UAE	5,117,751	5,015,734
Outside UAE	233,760	368,121
	5,351,511	5,383,855

As at 30 September 2022, cash at banks amounting to AED 306,313 thousand (31 December 2021: AED 417,373 thousand) are not included in the Group's bank balances as it is held by the Group on behalf of third parties since the Group is not acting as a principal.

Restricted cash and bank balances include balances amounting to AED 2,784,818 thousand (31 December 2021: AED 1,278,074 thousand) which are deposited into escrow accounts representing cash received from customers against sale of development properties. The remaining balance of restricted cash balances mainly represents cash balances designated against government projects and dividend payables for which separate bank accounts are maintained.

The interest rate on term deposits during the period ranges between 0.14% and 4.13% (for the year ended 31 December 2021: between 0.12% and 1%) per annum for UAE and between 5.75% and 10% (for the year ended 31 December 2021: between 7% and 9%) for Egypt. Bank deposits relating to UAE operations are placed with local banks in the UAE.

14 Hybrid equity instrument

During the period, Aldar Investment Properties LLC (a subsidiary of the Company) issued USD 500 million (AED 1,838 million) Reset Subordinated Perpetual Notes (the "Notes") to an investor (the "Noteholder") in two tranches. The first tranche amounting to USD 310.5 million was received during the month of March 2022 while the second tranche amounting to USD 189.5 million was received in the month of 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*.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

14 Hybrid equity instrument (continued)

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 698 million)	Fixed interest rate with a reset after 15 years

During the period, the Group paid coupons amounting to AED 51,644 thousand.

15 Bank borrowings and non-convertible sukuk

	Current < 1 year AED'000	Non-current > 1 year AED'000	Total AED'000
As at 30 September 2022 (unaudited)			
Non-convertible Sukuk	32,889	3,643,173	3,676,062
Bank borrowings	978,702	4,931,886	5,910,588
	1,011,591	8,575,059	9,586,650
As at 31 December 2021			
Non-convertible Sukuk	36,665	3,641,186	3,677,851
Bank borrowings	290,284	4,408,755	4,699,039
	326,949	8,049,941	8,376,890

As at 30 September 2022, the Group had AED 4,905,289 thousand of undrawn, committed revolving credit facilities in the form of bilateral agreements (31 December 2021: AED 3,996,226 thousand). Bank borrowings drawn during the period amounted to AED 6,673 million (period ended 30 September 2021: AED 1,304 million) and repaid during the period amounted to AED 5,436 million (period ended 30 September 2021: AED 1,515 million).

During the period ended 30 September 2022:

- the Group refinanced 2 of its existing facilities of AED 500 million each with a local bank by entering into 2 new term loans of AED 1 billion each for an initial period of 5 years with an option to extend its maturity by a further 2 years. Both facilities were fully utilised in September 2022.
- the Group signed and utilised a new revolving credit facility of AED 500 million with a local bank in September 2022 and matures in 5 years with an option to extend it by a further 2 years.
- the Group signed a new Term loan of AED 400 million with a repayment period of 5 years extendable by a further tenor of 2 years. This loan was entered to refinance the bank's existing term loan facility which expires in 2023. The refinancing was completed in the first week of October 2022 by utilising the new facility and repaying the old loan.
- the remaining movement represent the drawdown and repayment of existing facilities.

All the above loans are priced at market rate.

Certain bank borrowings carry a net worth covenant and are secured in the form of mortgage over plots of land held for sale amounting to AED 1,097,200 thousand (31 December 2021: AED 1,097,200 thousand), operating assets under investment properties amounting to AED 4,995,256 thousand (31 December 2021: AED 4,950,904 thousand) and property, plant and equipment amounting to AED 38,619 thousand (31 December 2021: AED 40,495 thousand).

Few bank borrowings are secured against the following which relates to the Group Egypt subsidiary only:

- Pledge to deposit all proceeds from the sales of units in the designated accounts with the lenders;
- Assignment right of the first degree on the projects account in favour of the lenders; and
- Mortgage on the leased assets/units & buildings and pledge over unsold units.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

16 Advances from customers

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

17 Trade and other payables

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Non-current		
Payable to a government authority for purchase of land (note 17.1)	906,458	1,173,377
Other land acquisition creditors	246,105	299,020
	1,152,563	1,472,397
Current		
Trade payables	1,171,152	997,488
Accrual for contractors' costs	5,241,906	4,142,301
Deferred income	615,275	253,273
Income tax payable	121,150	215,900
Advances from the Government of Abu Dhabi (note 24.1)	97,632	112,848
Dividends payable	88,009	88,242
Payable to a government authority for purchase of land (note 17.1)	48,084	45,883
Due to the Government of Abu Dhabi	18,375	957,210
Provision for onerous contracts	8,347	6,003
Other land acquisition creditors	5,682	3,864
Other liabilities	903,017	726,140
	8,318,629	7,549,152

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

17.1 Payable to a government authority for purchase of land

Plot of land I

On 1 September 2021, New Urban Community Authority Egypt ("NUCA") approved the request submitted by one of the indirect subsidiaries to purchase a plot of land with an area of 123.38 acres, with a total value of AED 241 million. The remaining price of the land and any associated interest is payable in the form of 12 semi-annual instalments over a period of 6 years starting from 8 March 2022 and ending on 8 September 2027.

Plot of land II

On 21 March 2019, a co-development agreement was signed between a subsidiary of the Company and NUCA to establish an integrated urban project with an area of 500 acres (the "Previous Plot") with a total value of AED 2,229 million. During 2021, based on the proposal from the Egypt Sheikh Zayed City Development Authority to amend this site, NUCA and the subsidiary exchanged the Previous Plot against a plot with an area of 464.81 acres (the "New Plot"). The New Plot was based on the same terms and conditions as was attached to the Previous Plot with a revised payment plan. Any advance payments made against the Previous Plot were agreed to be adjusted against the liabilities of the New Plot.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**
18 Contract assets and liabilities

Contract assets represents unbilled revenue arising from contracts for sale of properties which pertains to the Group's right to consideration in exchange for goods or services that the Group has transferred to the customers. These contracts have remaining performance obligations (unsatisfied or partially unsatisfied which is expected to be recognised as revenue over the remaining tenor of these contracts. The majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years. These contract assets are fully secured against the underlying property units.

Contract liabilities represents deferred revenue arising from construction contracts and property development under off-plan sales projects. These contracts have performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts. Majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years.

19 Derivative financial instruments

The Group entered into floating to fixed interest rate swaps to partially hedge its interest rate risk in relation to its floating rate borrowings. The movement in derivative financial instruments is given below:

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at beginning of the period/year	13,651	(13,675)
Net fair value changes	192,505	27,326
Balance at the end of the period/year	206,156	13,651
Disclosed as:		
Non-current assets	206,156	20,299
Non-current liabilities	-	(6,648)
	206,156	13,651

20 Finance income

	3 months ended		9 months ended	
	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Interest/profit earned on:				
Sharia compliant deposits	12,449	3,096	26,916	10,000
Bank fixed deposits	8,574	233	17,789	932
Call and current accounts	12,044	1,487	24,241	4,563
	33,067	4,816	68,946	15,495
Finance income earned on receivables	18,216	2,177	51,888	7,368
Other finance income	6,143	3,848	12,006	11,453
	57,426	10,841	132,840	34,316

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

21 Finance costs

	3 months ended		9 months ended	
	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Finance costs on bank borrowings and non-convertible sukuk	105,487	60,445	250,615	183,653
Finance cost on operating lease liabilities (note 25.2)	3,941	3,482	11,525	10,594
Others	2,423	1,309	6,299	3,818
	111,851	65,236	268,439	198,065
Cumulative loss arising on hedging instruments reclassified to profit or loss	1,775	1,776	5,171	1,531
	113,626	67,012	273,610	199,596

22 Other income

	3 months ended		9 months ended	
	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Fair value (loss)/gain on revaluation of financial assets at FVTPL	(996)	(281)	5,461	(991)
Income recognised upon handover of infrastructure	-	-	3,329	3,323
Release of liability, accruals and provisions	-	-	-	447
Others	11,902	962	41,608	17,328
	10,906	681	50,398	20,107

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

23 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The calculation of basic and diluted EPS attributable to the owners of the Company based on the following data:

	3 months ended		9 months ended	
	30 September 2022 (unaudited)	30 September 2021 (unaudited)	30 September 2022 (unaudited)	30 September 2021 (unaudited)
Earnings (AED'000)				
Earnings for the purposes of basic and diluted earnings per share:				
Profit for the period attributable to equity holders of the Company	556,653	473,225	2,028,550	1,536,049
Less: distributions to the Noteholder (hybrid equity instrument – note 14)	(51,644)	-	(51,644)	-
	505,009	473,225	1,976,906	1,536,049
Weighted average number of shares				
Weighted average number of ordinary shares for basic and diluted EPS	7,862,629,603	7,862,629,603	7,862,629,603	7,862,629,603
Basic and diluted EPS attributable to equity holders of the Company (AED)	0.064	0.060	0.251	0.195

24 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 Company and its affiliates, major shareholders, associated companies, directors, key management personnel of the Group and their related entities. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

Major Shareholders represent Alpha Dhabi Holding PJSC (the “Parent Company”) and its affiliated entities and Mubadala Investment Company PJSC (the “Major Shareholder”) and its affiliated entities. Government of Abu Dhabi is an indirect major shareholder of the Company through an entity controlled by it. The balances and transactions disclosed below with reference to Government of Abu Dhabi also include the entities controlled by Government of Abu Dhabi.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

24 Transactions and balances with related parties (continued)

24.1 Related party balances:

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Government of Abu Dhabi		
Trade and other receivables	2,018,939	809,762
Trade and other payables	(24,035)	(987,907)
Advances received (note 17)	(97,632)	(112,848)
Contract assets	105,087	41,987
Contract liabilities	(501,141)	(9,934)
Major shareholder and its affiliates		
Trade and other receivables	37,573	34,825
Trade and other payables	(1,994)	(5,822)
Retentions payable	(113,185)	(139,915)
Parent Company and its affiliates		
Trade and other receivables	461,543	372,188
Trade and other payables	(26,442)	(322,720)
Retentions payable	(383,003)	(485,290)
Associates and joint ventures		
Due from joint venture	20,793	25,361

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Other than as disclosed in note 10, allowance of expected credit losses against due from associates and joint ventures, no provision has been made for doubtful debts in respect of the amounts owned by related parties. Certain receivables from joint ventures carry interest of 9% per annum and are repayable within 2 to 5 years.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**
24 Transactions and balances with related parties (continued)
24.2 Significant transactions with related parties:

	9 months ended	
	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Government of Abu Dhabi		
Revenue	1,149,393	1,393,858
Other income	3,329	3,323
Finance income from project finance	6,361	6,564
Major shareholder and its affiliates		
Revenue	11,667	23,086
Other income	-	9,203
Parent Company and its affiliates		
Revenue	14,438	-
Cost incurred on projects under development (i)	111,939	-
Cost incurred on projects under management (ii)	1,707,034	-
Other costs	14,759	-
Associates and joint ventures		
Finance income from joint venture	5,649	5,649
Key management compensation		
Salaries, bonuses and other benefits	24,716	14,295
Post-employment benefits	794	707
Long term incentives	7,817	8,669
Directors		
Directors' remuneration	20,131	12,000

- (i) This represents costs incurred during the period which is recognised as development work in progress for projects under development.
- (ii) This represents costs incurred on the projects under management on behalf of Government of Abu Dhabi. These costs are off set against "advances from the Government of Abu Dhabi".
- (iii) During the period, the Company paid Directors' remunerations amounting to AED 18,075 thousand (30 September 2021: AED 20,700 thousand).

24.3 Other balances and transactions with related parties:

- (i) Outstanding borrowings as of 30 September 2022 AED 3,154,626 thousand (31 December 2021: AED 2,703,774 thousand) are due to the banks controlled by the Government of Abu Dhabi, parent company and major shareholder. Finance cost on these borrowings amounted to AED 63,579 thousand for the period ended 30 September 2022 (period ended 30 September 2021: AED 38,439 thousand).
- (ii) Deposits and bank balances as of 30 September 2022 AED 5,850,817 thousand (31 December 2021: AED 5,666,299 thousand) are kept with banks controlled by the Government of Abu Dhabi, parent company and major shareholder. Finance income on these deposits amounted to AED 24,208 thousand for the period ended 30 September 2022 (period ended 30 September 2021: AED 5,495 thousand).
- (iii) Letter of credits and bank guarantees issued through banks controlled by the Government of Abu Dhabi, parent company and major shareholder amounted to AED 477,484 thousand for the period ended 30 September 2022 (31 December 2021: AED 290,910 thousand).

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

25 Commitments and contingencies

25.1 Capital commitments

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

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Projects under development	6,036,303	1,814,665
Projects under management	15,960,568	9,235,913
Others	103,963	93,446
	22,100,834	11,144,024

Projects under management represent remaining contractual amounts relating to projects managed by the Group, of which the related agreements with contractors were entered by and continued to be under the name of the Group on behalf of the Government of Abu Dhabi. This includes AED 15,700,343 thousand (31 December 2021: AED 8,746,856 thousand) of commitment of Aldar Projects LLC (a subsidiary of the Company) which will be funded in advance by the Government of Abu Dhabi. The above commitments are spread over a period of one to five years.

25.2 Operating lease commitments

The future minimum rentals receivable under non-cancellable operating leases contracted are as follows:

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
The Group as a lessor		
Within one year	1,099,079	992,440
One to five years	2,792,032	2,421,609
After five years	1,833,060	1,692,257
	5,724,171	5,106,306

Set out below are the maturity analysis of lease liabilities:

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
The Group as a lessee		
Within one year	44,723	51,124
One to five years	220,957	161,410
After five years	493,570	293,339
	759,250	505,873

	9 months ended	
	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
The Group as a lessee		
Unwinding of interest expense on operating lease liabilities (note 21)	11,525	10,594
Expense relating to short-term leases	1,123	-
	12,648	10,594

The total cash outflow for leases amounted to AED 56,643 thousand (period ended 30 September 2021: AED 35,351 thousand).

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**
25 Commitments and contingencies (continued)
25.3 Contingencies

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Letters of credit and bank guarantees		
Issued by the Group	725,736	740,195
Group's share in contingencies of joint ventures and associates	2	2
	725,738	740,197

Bank guarantees and letters of credit include AED 364,600 thousand (31 December 2021: AED 395,937 thousand) pertaining to a construction related subsidiary.

25.4 Legal claim contingency

In January 2022, a previous supplier filed a claim against the Group relating to a contract that was signed in 2007. On 28 June 2022, the First Instance Court rejected the case filed by the supplier in its entirety, based on the opinion provided by a panel of court appointed experts. In July, the supplier filed an appeal which introduced no further substantive facts but challenged the experts' opinion. The Appeal Court re-appointed the same panel of court appointed experts to consider this challenge. At present, the panel of experts is due to issue a further opinion in early November 2022.

26 Seasonality of results

The seasonal nature of the Group's activities only concerns the hospitality and leisure segment, whose revenue has variability during the first and last quarters of the year.

27 Dividends

At the annual general meeting held on 11 April 2022, the shareholders approved distribution of cash dividends of AED 1,179,395 thousand for the year ended 31 December 2021, being 15 fils per share (for the year 2020: cash dividends of AED 1,140,082 thousand, being 14.5 fils per share), which was paid during the period.

28 Non-cash transactions

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

	9 months ended 30 September	
	2022 (unaudited) AED'000	2021 (unaudited) AED'000
Transfer between investment properties and development work in progress (note 7)	387,415	449,572
Transfer between investment properties and PPE (note 7)	57,850	16,694
Exchange of investment in financial assets (note 9)	72,786	-

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2022 (continued)**

29 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 September 2022 (unaudited)		31 December 2021 (audited)	
	Gross carrying amount	Fair value	Gross carrying amount	Fair value
	AED'000	AED'000	AED'000	AED'000
Financial liabilities at amortised cost				
<i>Non-convertible Sukuk</i>				
Sukuk No. 1 (note 15)	1,824,477	1,814,250	1,842,615	2,012,858
Sukuk No. 2 (note 15)	1,851,585	1,715,231	1,835,236	1,987,198
	3,676,062	3,529,481	3,677,851	4,000,056

30 Segment information

30.1 Operating segments

The Group's operations are aggregated into segments with similar economic characteristics. Reportable segments under IFRS 8 were identified according to the structure of investment activities and services to customer groups. Consequently, the Group has presented seven reportable segments for the current and comparative periods which are as follows:

Aldar Development

Aldar Development represents the developing and marketing of Aldar's diverse and strategic landbank and Aldar's fee-based development management business, including government housing and infrastructure projects.

- * Property development and sales – develop and sell properties;
- * Project management services – manage various projects; and
- * Egypt subsidiaries – mainly a real estate development subsidiary which operates in Egypt.

Aldar Investment

Aldar Investment represents the Group's core asset management platform focused on investing and managing real estate assets, along with operating businesses including the following:

- * Investment properties – portfolio of investment grade and income generating real estate assets diversified across retail, residential, commercial and logistics properties;
- * Hospitality and leisure – portfolio of hotels, golf courses, beach clubs and marinas;
- * Education – provider of private and public Kindergarten through 12th grade education services; and
- * Principal investments – the Group's strategic investments which mainly include property management, facilities management and construction.

ALDAR PROPERTIES PJSC



Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

30.1 Operating segments

	Aldar Development			Aldar Investment				Unallocated/ eliminations	Consolidated
	Property development and sales AED'000	Project management services AED'000	Egypt subsidiaries AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investment* AED'000	AED'000	AED'000
Nine months ended 30 September 2022 (unaudited)									
Revenue and rental income from external customers									
- Over a period of time	1,986,758	894,550	65,917	-	214,989	436,485	638,408	-	4,237,107
- At a point in time	1,372,148	3,227	849,899	-	244,808	-	-	-	2,470,082
- Leasing	-	-	8,038	1,350,758	-	-	-	-	1,358,796
Inter-segments	-	394	-	48,721	-	-	121,867	(170,982)	-
Gross revenue (i)	3,358,906	898,171	923,854	1,399,479	459,797	436,485	760,275	(170,982)	8,065,985
Cost of revenue excluding service charge	(2,130,686)	(520,518)	(549,871)	(192,246)	(381,295)	(256,888)	(601,193)	115,699	(4,516,998)
Service charge expenses	-	-	-	(101,855)	-	-	-	-	(101,855)
Gross profit	1,228,220	377,653	373,983	1,105,378	78,502	179,597	159,082	(55,283)	3,447,132
Nine months ended 30 September 2021 (unaudited)									
Revenue and rental income from external customers									
- Over a period of time	2,043,072	1,076,935	-	-	117,799	395,692	642,394	-	4,275,892
- At a point in time	638,996	31,434	-	-	130,916	-	-	-	801,346
- Leasing	-	-	-	1,242,847	-	-	-	-	1,242,847
Inter-segments	-	-	-	11,514	-	4,604	87,957	(104,075)	-
Gross revenue (i)	2,682,068	1,108,369	-	1,254,361	248,715	400,296	730,351	(104,075)	6,320,085
Cost of revenue excluding service charge	(1,743,097)	(783,534)	-	(178,912)	(241,752)	(276,428)	(658,232)	88,231	(3,793,724)
Service charge expenses	-	-	-	(92,175)	-	-	-	-	(92,175)
Gross profit	938,971	324,835	-	983,274	6,963	123,868	72,119	(15,844)	2,434,186

(i) Gross revenue of investment properties includes AED 101,855 thousand (period ended 30 September 2021 AED 92,715 thousand) of revenue from service charges and contingent rent of AED 38,252 thousand (period ended 30 September 2021: AED 24,411 thousand).

* Principal investments also include Pivot Engineering & General Contracting Co. WLL.

ALDAR PROPERTIES PJSC



Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

30 Segment information (continued)

30.1 Operating segments (continued)

	Aldar Development			Aldar Investment				Unallocated/ eliminations	Consolidated
	Property development and sales AED'000	Project management services AED'000	Egypt subsidiaries AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	AED'000	AED'000
Nine months ended 30 September 2022 (unaudited)									
Gross profit	1,228,220	377,653	373,983	1,105,378	78,502	179,597	159,082	(55,283)	3,447,132
Selling and marketing expenses	(182,160)	(446)	(79,409)	(3,296)	(43)	(3,623)	(4,096)	(2,241)	(275,314)
General and administrative expenses	(281,752)	(50,883)	(113,166)	(159,034)	(141,949)	(98,920)	(109,589)	(49,950)	(1,005,243)
Gain on revaluation of investment properties	-	-	-	64,327	-	-	-	-	64,327
Gain on disposal of investment properties, net	-	-	-	22,888	-	-	-	-	22,888
Share of results of associates and joint ventures	-	-	-	(6,274)	-	-	-	-	(6,274)
Gain on bargain purchase	-	-	-	9,104	-	-	-	-	9,104
Finance income	36,143	4,167	58,207	59,606	508	278	99	(26,168)	132,840
Finance costs	(9,811)	(550)	(34,894)	(245,243)	(6,984)	(3,568)	(7,077)	34,517	(273,610)
Other income	11,386	50	18,127	13,000	-	171	856	6,808	50,398
Income tax expense	-	-	(35,917)	-	-	-	-	-	(35,917)
Profit for the period	802,026	329,991	186,931	860,456	(69,966)	73,935	39,275	(92,317)	2,130,331
Nine months ended 30 September 2021 (unaudited)									
Gross profit	938,971	324,835	-	983,274	6,963	123,868	72,119	(15,844)	2,434,186
Selling and marketing expenses	(85,910)	-	-	(250)	-	(3,623)	(5,264)	(2,330)	(97,377)
General and administrative expenses	(262,901)	(25,152)	-	(89,390)	(104,374)	(42,311)	(32,162)	(80,047)	(636,337)
Loss on revaluation of investment properties, net	-	-	-	(119,748)	-	-	-	-	(119,748)
Gain on disposal of investment properties	-	-	-	10,253	-	-	-	-	10,253
Share of results of associates and joint ventures	-	-	-	(6,488)	-	-	-	-	(6,488)
Gain on bargain purchase	-	99,469	-	-	-	-	-	-	99,469
Finance income	27,303	-	-	2,330	-	1	2	4,680	34,316
Finance costs	(11,894)	(348)	-	(175,513)	(11,886)	(3,368)	(2,270)	5,683	(199,596)
Other income	12,697	-	-	560	30	-	4,501	2,319	20,107
Profit for the period	618,266	398,804	-	605,028	(109,267)	74,567	36,926	(85,539)	1,538,785

Certain expenses under investment properties and principal investments for the period ended 30 September 2021 have been reclassified to make it comparable to the 2022 presentation.

ALDAR PROPERTIES PJSC



Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

30 Segment information (continued)

30.1 Operating segments (continued)

The segment assets and capital and project expenditures are as follows:

	Aldar Development			Aldar Investment				Unallocated/ eliminations AED'000	Consolidated AED'000
	Property development and sales AED'000	Project management services AED'000	Egypt subsidiaries AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000		
As at 30 September 2022 (unaudited)									
Total assets	8,599,411	4,879,861	5,358,858	25,224,953	3,946,153	914,163	1,148,396	8,037,494*	58,109,289
Period ended 30 September 2022 (unaudited)									
Capital expenditures	18,463	30,263	11,859	266,818	1,704,046	82,989	42,667	55,941	2,213,046
Project expenditures	1,763,768	-	591,957	5,752,750	-	-	-	-	8,108,475
As at 31 December 2021 (audited)									
Total assets	11,209,522	4,071,997	6,397,069	18,996,384	2,116,305	728,210	870,955	5,152,295*	49,542,737
Period ended 30 September 2021 (unaudited)									
Capital expenditures	128	5,110	-	3,648	10,705	10,671	5,853	18,839	54,954
Project expenditures	1,507,885	-	-	183,934	-	-	-	-	1,691,819

*Unallocated total assets mainly pertain to cash and bank balances held under the corporate amounting to AED 6,852,454 thousand (31 December 2021: 4,179,296 thousand).

ALDAR PROPERTIES PJSC



Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

30 Segment information (continued)

30.2 Geographical segments

The Group operates in the UAE and a few countries outside the UAE (including Egypt). Segment information about the Group's operations is presented below:

	9 months ended 30 September 2022			9 months ended 30 September 2021		
	UAE AED'000	International AED'000	Total AED'000	UAE AED'000	International AED'000	Total AED'000
Total assets as at 30 September 2022 and 31 December 2021	52,750,431	5,358,858	58,109,289	43,145,668	6,397,069	49,542,737
Consolidated statement of profit or loss (unaudited)						
Revenue and rental income from external customers						
- Over a period of time	4,171,190	65,917	4,237,107	4,275,892	-	4,275,892
- At a point in time	1,620,183	849,898	2,470,081	801,346	-	801,346
- Leasing	1,350,758	8,039	1,358,797	1,242,847	-	1,242,847
Gross revenue	7,142,131	923,854	8,065,985	6,320,085	-	6,320,085
Cost of revenue excluding service charge	(3,967,127)	(549,871)	(4,516,998)	(3,793,724)	-	(3,793,724)
Service charge expenses	(101,855)	-	(101,855)	(92,175)	-	(92,175)
Gross profit	3,073,149	373,983	3,447,132	2,434,186	-	2,434,186
Selling and marketing expenses	(195,905)	(79,409)	(275,314)	(97,377)	-	(97,377)
General and administrative expenses	(892,077)	(113,166)	(1,005,243)	(636,338)	-	(636,338)
Gain/(loss) on revaluation of investment properties, net	64,327	-	64,327	(119,748)	-	(119,748)
Gain on disposal of investment properties	22,888	-	22,888	10,253	-	10,253
Gain on bargain purchase	9,104	-	9,104	99,469	-	99,469
Share of results of associates and joint ventures	(6,274)	-	(6,274)	(6,488)	-	(6,488)
Finance income	74,633	58,207	132,840	34,316	-	34,316
Finance costs	(238,716)	(34,894)	(273,610)	(199,595)	-	(199,595)
Other income	32,271	18,127	50,398	20,107	-	20,107
Income tax expense	-	(35,917)	(35,917)	-	-	-
Profit for the period	1,943,400	186,931	2,130,331	1,538,785	-	1,538,785

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations

Acquisitions in 2022

31.1 Al Shohub Private School LLC

On 20 January 2022, Aldar Education - Sole Proprietorship LLC ("Aldar Education" a subsidiary of the Company) signed an agreement to purchase Al Shohub Private School LLC ("Al Shohub"), a limited liability company registered in Abu Dhabi, United Arab Emirates for a total consideration of AED 72,210 thousand. On 1 June 2022, all the major conditions precedent to completion were completed and therefore 1 June 2022 is the date on which the Group acquired control over Al Shohub. Al Shohub was acquired as part of growth and expansion of Aldar Education business in the education field. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional 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:

	AED'000
Assets	
Property, plant and equipment	74,054
Intangible assets	1,483
Trade and other receivables	2,158
Cash and bank balances	1,821
Total assets	79,516
Liabilities	
Employees benefits	1,246
Lease liabilities	2,521
Trade and other payables	12,660
Total liabilities	16,427
Total identifiable net assets at fair value	63,089
Satisfied by:	
Cash	65,084
Deferred consideration*	7,126
	72,210
Goodwill	9,121

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(65,084)
Net cash acquired on business combination	1,821
Net cash outflows on acquisition (included in cash flows from investing activities)	(63,263)
Transaction costs of the acquisition (included in cash flows from operating activities)	(845)
Net cash outflow on acquisition	(64,108)

* The remaining payable amount of AED 7,126 thousand is payable upon completion of certain conditions as per the agreement.

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2022 (continued)

31.1 Al Shohub Private School LLC (continued)

Acquisition related costs amounted to AED 1,098 thousand were expensed during the period and are included in general and administrative expenses. From the date of acquisition, Al Shohub contributed revenue of AED 7,491 thousand and net loss of AED 387 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 9,056 thousand and net loss would have been higher by AED 3,928 thousand. The net assets recognised in these consolidated financial statements were based on a provisional assessment of their fair values.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Al Shohub with Aldar Education group. Intangible assets acquired as part of business combination in the form of student relationship where the Al Shohub has a moderate retention rate, whereby the existing student body is expected to generate revenues over a prolonged period. As such, student relationship is a key revenue driver and are expected to be of value.

31.2 Twafq Projects Development Property LLC

On 18 April 2022, Aldar Logistics Holding Limited ("ALH" a subsidiary of the Company) signed an agreement for the sale and purchase of 70% share of Twafq Projects Development Property LLC ("Twafq") for a consideration of AED 331,033 thousand. Twafq is incorporated in Abu Dhabi, UAE and is involved in the development, investment and management of industrial real estate. Twafq was acquired as part of the plan of Aldar Investment 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 provisional 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	5,403
Cash and bank balances	31,946
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	(141,871)
Group's share of net assets acquired	340,137
Less: purchase consideration	(331,033)
Bargain purchase gain	<u>9,104</u>

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2022 (continued)

31.2 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>31,946</u>
Net cash outflows on acquisition (included in cash flows from investing activities)	(299,087)
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,807)
Net cash outflow on acquisition	<u>(300,894)</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 period and are included in general and administrative expenses. From the date of acquisition, Twafq contributed revenue of AED 30,447 thousand and net profit of AED 20,907 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.

31.3 Mace Macro Technical Services LLC

On 1 August 2022, Khidmah – Sole Proprietorship LLC (“Khidmah” a subsidiary of the Company) acquired 100% shares of Mace Macro Technical Services LLC (“Mace”) for a consideration of AED 4.4 million. Mace is incorporated in Dubai, UAE and is involved in facilities management services. Mace was acquired as part Khidmah plan to grow the facilities management business. The acquisition has been accounted for effective 1 August 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values. The acquisition has resulted in recognition of Gain on bargain purchase of AED 628 thousand and intangible assets (customer contracts, relationships and exclusivity contracts) of AED 4,343 thousand. As of 30 September 2022, AED 2,390 thousand is paid and the balance is payable. Cash acquired on acquisition amounted to AED 1,132 thousand.

31.4 Pactive Sustainable Solutions LLC

On 1 August 2022, Khidmah acquired 100% shares of Pactive Sustainable Solutions LLC (“Pactive”) for a consideration of AED 10 million. Pactive is incorporated in Abu Dhabi, UAE and specializes in energy management, Energy performance contracts and buildings automation and control systems. Pactive was acquired as part of the Aldar Group plan and vision to work in and expand into the energy management services. The acquisition has been accounted for effective 1 August 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values. The acquisition has resulted in recognition of goodwill amounting to AED 2,345 thousand and intangible assets (customer contracts and licensees) of AED 6,207 thousand. As of 30 September 2022, AED 6,844 thousand is paid and the balance is payable. Cash acquired on acquisition amounted to AED 185 thousand.



ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2022 (continued)

31.5 Spark Security Services

On 1 September 2022, Khidmah acquired 100% shares of Spark Securities Services-Sole Proprietorship LLC, Abu Dhabi and Spark Securities Services-LLC, Dubai (together referred as “Spark”) for a consideration of AED 120 million. Spark provides a comprehensive range of security solutions to both commercial and residential clients in the UAE. Spark was acquired to further strengthen Adar’s property and integrated facilities management platform and complement the existing services providers withing the Aldar’s portfolio. The acquisition has been accounted for effective 1 September 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional 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:

	AED’000
Assets	
Property, plant and equipment	12,756
Intangible assets	27,948
Inventories	485
Trade and other receivables	99,126
Cash and bank balances	17,072
Total assets	157,387
Liabilities	
Lease liabilities	1,426
Employee benefits	36,977
Trade and other payables	35,667
Total liabilities	74,070
Total identifiable net assets at fair value	83,317
Less: purchase consideration	(120,019)
Goodwill	36,702
Analysis of cashflow on acquisition	
	AED’000
Cash paid for the acquisition*	-
Net cash acquired on business combination	17,072
Net cash inflow on acquisition (included in cash flows from investing activities)	17,072
Transaction costs of the acquisition (included in cash flows from operating activities)	(2,459)
Net cash inflow on acquisition	14,613

* Subsequently on 3 October 2022, Khidmah paid AED 104,124 thousands to the seller, the remaining amount of AED 15,895 thousand is retained which is contingent on certain terms and conditions as per the agreement.

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2022 (continued)

31.5 Spark Security Services (continued)

Acquisition related costs amounted to AED 2,459 thousand were expensed during the period and are included in general and administrative expenses. From the date of acquisition, Spark contributed revenue of AED 21,775 thousand and net profit of AED 759 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 172,637 thousand and net profit would have been higher by AED 5,453 thousand. The net assets recognised in these consolidated financial statements were based on a provisional assessment of their fair values.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from the acquisition. Intangible assets acquired as part of business combination in the form of customers contracts and customers relationships, were identified as Spark has entered in certain fixed contracts with customers to provide security solutions for periods that exceed 1 year, in addition to generating revenue from several customers which have a long term relationship and the likelihood of clients to renew the contracts is highly probable as the majority of the client base of Spark are long-standing client relationships

Acquisitions in 2021

31.6 Sixth of October for Development and Investment Company (SODIC)

On 14 March 2021, the Company and Abu Dhabi Development Holding Company PJSC (“ADQ”) entered into a consortium bid agreement (the CBA) and formed a consortium (the “Consortium”). The Company has 70% interest in the consortium whereas the remaining is held by ADQ. The Consortium was formed in connection with the proposed takeover offer bid through launching a mandatory tender offer (“MTO”) in accordance with Chapter XII of the Executive Regulations of the Egyptian Capital Market Law No. 95 of the year 1992 (Chapter XII) for not less than 51% of the issued share capital of Sixth October for Development and Investment Company S.A.E. (SODIC) (the Takeover Offer).

On 16 December 2021, the consortium acquired approximately 85.52% of the outstanding share capital of SODIC following successful MTO. The all-cash mandatory tender offer, at a purchase price of EGP 20.0 per share, valued SODIC at EGP 7.1 billion. Accordingly, the Company acquired approximately 59.86% interest in SODIC by paying consideration amounting to AED 997 million. Shares were transferred to the Consortium on 16 December 2021 after completing all legal and regulatory formalities therefore this date is the date on which the Consortium acquired control over SODIC.

Based on the terms of the Shareholders Agreement between the Company and ADQ for the Consortium, the Company also concluded that it controls the Consortium and accordingly controls SODIC. SODIC is headquartered in Cairo, Egypt and listed on the Egyptian Exchange (EGX). SODIC was acquired as part of the Company’s overall expansion strategy into the Egyptian real estate market. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired, and liabilities assumed, have been recognised at their respective fair values. The initial accounting for acquisition of SODIC (which was assessed as a business acquisition in line with IFRS 3) was incomplete as at 31 December 2021 therefore the Group has recognised identifiable assets acquired and liabilities assumed using amounts.

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:

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2021 (continued)

31.6 Sixth of October for Development and Investment Company (SODIC) (continued)

Provisional fair values recognised on acquisition as at 31 December 2021

	<u>AED'000</u>
Assets	
Property, plant and equipment	224,359
Intangible assets *	31,108
Investment properties	929,801
Development work in progress	3,222,129
Inventories	15,361
Deferred tax assets	47,368
Investment in financial assets	77,475
Trade and other receivables	1,393,988
Cash and bank balances	370,067
Total assets	<u>6,311,656</u>
Liabilities	
Advances from customers	127,532
Contract liabilities	1,530,756
Trade and other payables	2,212,760
Borrowings	596,417
Lease liabilities	14,004
Retentions payable	92,830
Income tax payable	199,416
Total liabilities	<u>4,773,715</u>
Total identifiable net assets at fair value	1,537,941
Non-controlling interest	<u>(626,473)</u>
Group's share of net assets acquired	911,468
Purchase consideration	<u>(996,881)</u>
Goodwill	<u>(85,413)</u>

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2021 (continued)

31.6 Sixth of October for Development and Investment Company (SODIC) (continued)

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the activities of SODIC with those of the Group. The Group recognised a contingent liability of AED 95,992 thousand in the course of the acquisition of SODIC related to various tax exposures which were assessed to be highly probable by the Group.

* Intangible assets mainly represent customer contract backlogs acquired as part of business combination. Customer contract backlogs represent contracted sales of undelivered units and have been valued using multi-period earning method.

The non-controlling interests (40.14% ownership interest in SODIC) recognised at the acquisition date was measured by reference to the proportionate share of net assets acquired and amounted to AED 626,473 thousand.

Analysis of cashflow on acquisition

AED'000

Cash paid for the acquisition	(996,881)
Net cash acquired on business combination	370,067
Net cash outflows on acquisition (included in cash flows from investing activities)	(626,814)
Transaction costs of the acquisition (included in cash flows from operating activities)	(14,108)
Net cash outflow on acquisition	(640,922)

31.7 Aldar Projects LLC

On 25 October 2020, Abu Dhabi Development Holding Company PJSC ("ADQ") and the Company signed a Memorandum of Understanding ("MoU") under which the Company or any of its subsidiary will take over development and management of certain capital projects for and on behalf of the Government of Abu Dhabi by acquiring a subsidiary of Modon Properties PJSC ("Modon"). As part of the MoU, the Company will also have management oversight of the projects carried out by Musanada. The Government of Abu Dhabi will continue to fund the projects and Aldar will earn management fees for project management services.

In January 2021, the Abu Dhabi Executive Council has approved a framework between Abu Dhabi Government and the Company for the development of capital projects as mentioned above in the Emirate of Abu Dhabi. Further on 1 February 2021, the Company signed an agreement with Modon and acquired 100% of its wholly owned subsidiary, Aldar Projects LLC ("Aldar Projects") for a total consideration of AED 7,945 thousand.



ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2021 (continued)

31.7 Aldar Projects LLC (continued)

Aldar Projects is a limited liability company incorporated in the Emirate of Abu Dhabi. Aldar Projects is a project manager mandated by the Government of Abu Dhabi to build vibrant and sustainable communities in the Emirate of Abu Dhabi with principal activities mainly of managing and providing options of housing complex projects, housing design, management and follow-up of housing construction projects. The business acquired qualifies as a business combination under IFRS 3. The acquisition has been accounted for 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 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	
Property, plant and equipment	5,453
Intangible assets *	103,687
Trade and other receivables	537,776
Total assets	<u>646,916</u>
Liabilities	
Employees benefits	1,076
Trade and other payables	538,426
Total liabilities	<u>539,502</u>
Total identifiable net assets at fair value	107,414
Less: purchase consideration	(7,945)
Bargain purchase gain	<u>99,469</u>

*Intangible assets represent customer contracts acquired as part of business combination and have historically contributed to revenue and generating independent cash flows and have been valued using multi-period excess earning method.

Analysis of cashflow on acquisition

	<u>AED'000</u>
Cash paid for the acquisition	(7,945)
Net cash acquired on business combination	<u>-</u>
Net cash outflows on acquisition (included in cash flows from investing activities)	(7,945)
Transaction costs of the acquisition (included in cash flows from operating activities)	(5,666)
Net cash outflow on acquisition	<u>(13,611)</u>

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

31 Business combinations (continued)

Acquisitions in 2021 (continued)

31.8 Asteco Property Management LLC

On 6 January 2021, Provis Real Estate Management - Sole Proprietorship LLC, Dubai Branch ("Provis", a subsidiary of the Company) acquired 100% of Asteco Property Management LLC, a limited liability company ("Asteco") registered in Dubai, United Arab Emirates assuming control of Asteco for a total consideration of AED 66,991 thousand. Asteco is mainly involved in property management and owners' association management services, brokerage and real estate advisory services and manages different types of residential, commercial, retail, hotels and mixed used prestigious properties across UAE. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. Asteco was acquired as part of plan of Provis to expand by acquiring existing entities in the related industry.

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

	AED'000
Assets	
Property, plant and equipment	377
Intangible assets*	43,300
Trade and other receivables	19,734
Cash and bank balances	3,415
Total assets	66,826
Liabilities	
Employees benefits	9,657
Trade and other payables	8,141
Total liabilities	17,798
Total identifiable net assets at fair value	49,028
Less: purchase consideration	(66,991)
Goodwill	(17,963)

* Intangible assets mainly represent brand and customer relationships acquired as part of business combination. Brand represents the name of the company acquired "Asteco" and is valued using relief from royalty method. Customer relationships represent various customer relationships in relation to owners association, property management, valuation advisory and licensing and have been valued using multi-period excess earning method.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Asteco with those of the Provis and assembled work force.

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(57,809)
Net cash acquired on business combination	3,415
Net cash outflows on acquisition (included in cash flows from investing activities)	(54,394)
Transaction costs of the acquisition (included in cash flows from operating activities)	(823)
Net cash outflow on acquisition	(55,217)

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

32 Income tax

Income tax for the period relates to overseas operations of the Group. The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	3 months ended		9 months ended	
	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000	30 September 2022 (unaudited) AED'000	30 September 2021 (unaudited) AED'000
Income taxes				
Current income tax expense	15,479	-	36,836	-
Tax expense on dividend	95	-	95	-
Deferred income tax expense	(3,876)	-	(1,014)	-
Income tax expense recognised in statement of profit or loss	11,698	-	35,917	-

Deferred tax asset

The following are the major deferred tax assets and liabilities recognised by the Group. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Deferred tax assets		
Provisions	20,359	27,895
Carried forward tax losses	23,088	21,355
	43,447	49,250
Deferred tax liabilities		
Foreign exchange translation	(2,343)	(1,383)
Property, plant and equipment	(935)	(254)
Others	(222)	(245)
Net deferred tax assets	39,947	47,368

Unrecognised deferred tax asset

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Deductible temporary differences	25,344	31,522
Tax losses carried forward	3,194	4,508
	28,538	36,030

Deferred tax asset has not been recognised in respect of the above-mentioned items as it is not considered probable that there will be future taxable profits available to justify the recognition of a deferred tax asset.

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

33 Foreign exchange translation reserve

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	-	-
Exchange differences on translating the net assets of foreign operations	330,089	-
Relating to non-controlling interests	(132,498)	-
Balance at the end of the period/year	197,591	-

34 Cash flow hedging reserve

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Balance at the beginning of the period	(422)	(31,054)
Fair value gain on cash flow hedges arising during the period	192,505	27,326
Net gain/(loss) on hedging instruments reclassified to profit or loss	5,171	3,306
Attributable to non-controlling interest	(9,354)	-
Balance at the end of the period	187,900	(422)

35 Non-controlling interests

See below the major transactions during the period affecting the non-controlling interests:

Movement in ownership in subsidiaries

- 35.1 During the period, Aldar Investment Holding Restricted Limited ("AIHR" – a subsidiary of the Group and 100% shareholder of Aldar Investment Properties LLC "AIP") entered into a subscription agreement with Apollo Gretel Investor, L.P. ("Apollo") relating to AIHR, where Apollo subscribed to common equity of USD 100 million and preferred equity of USD 300 million of AIHR. The preferred equity will be mandatory convertible into fixed number of shares at the third anniversary of the closing date and will carry a fixed rate of interest. The above results in Aldar disposing 11.121% of its shareholding in AIHR for a total cash consideration of USD 400 million (1,469 million AED). The above transaction does not result in the Group's loss of control over AIHR and hence is accounted for as an equity transaction. The difference between the amount by which the non-controlling interest is adjusted of AED1,568 million and the fair value of the consideration received of AED1,469 million is recognised in equity. The difference of AED 99 million represents approximately 0.75% ownership in AIHR. The ultimate beneficial owner of this 0.75% will be determined pursuant to terms of a side letter agreed with Apollo and based on the final status of Corporate Income tax in UAE when implemented. Consequently, this has resulted in the recognition of a financial asset and a financial liability which are reported net as the Company has a legally enforceable right to set off and it intends to settle the asset and liability simultaneously.

During the period, AIHR paid an interim preference dividend amounted to AED 7,093 thousand.

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 30 September 2022 (continued)

35 Non-controlling interests (continued)

Movement in ownership in subsidiaries (continued)

35.1 The schedule below shows the effects on the equity attributable to owners that resulted from the transaction:

	AED'000
Carrying amount of the interest disposed	1,568,081
Consideration received	(1,469,000)
Change in equity attributable to owners of the Company	99,081

The Company has no contractual obligation relating to the above subscription and therefore classified as equity and recorded under “non-controlling interests” in the condensed consolidated financial statements in accordance with the requirements of IAS 32 *Financial Instruments: Presentation*.

Transaction is charged against the retained earnings and non-controlling interest.

35.2 During the period, the Company established a 100% owned subsidiary Aldar Hansel SPV Restricted Limited (“Hansel”), a restricted scope company incorporated in Abu Dhabi Global Market, Abu Dhabi, UAE, comprising 51% of class A shares and 49% of class B shares. Subsequent to this, the Company entered into a 20 year Deferred Land Sale and Purchase Agreement (“DLSPA”) with Hansel where the cash flow rights over 2.6 million sqm of land was transferred to Hansel. The Company further disposed of its class B shares in Hansel against consideration of USD 500 million (AED 1,836 million) to AP Hansel SPV LLC, a 100% owned company of Apollo Capital Management L.P (“Apollo Capital”). Apollo Capital's returns will not be predetermined and will be subject to movement in land valuations or gain from sale of land, if any, over the period of the DLSPA.

Transaction related costs incurred for the issuance and disposal of class B shares amounted to AED 36,492 thousand adjusted against retained earnings.

The Company has no contractual obligation attached to class B shares and therefore classified as equity and recorded under “non-controlling interests” in the condensed consolidated financial statements in accordance with the requirements of IAS 32 *Financial Instruments: Presentation*.

36 Events after the reporting period

36.1 Subsequent to the reporting period, during October 2022, Provis Owners Association Management Services LLC (“Provis OA” a subsidiary of the Group) signed an agreement for the sale and purchase of SAGA International Owners Association Management Services LLC and SAGA OA DMCC (“SAGA OAs”), entities incorporated in Dubai, UAE for an initial consideration of AED 37 million subject to adjustments as per the terms of the agreement. SAGA OAs are involved in property management services and was acquired as part of the plan of Provis to complement and expand its Owners Association portfolio. At the date of issuance of these consolidated financial statements, the initial acquisition accounting of this transaction is not complete.

37 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 27 October 2022