ALDAR PROPERTIES PJSC

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

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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 June 2021 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)

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

Condensed consolidated statement of financial position as at 30 June 2021

	Notes	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,885,005**	2,961,523
Intangible assets and goodwill	6	**188,142**	28,085
Investment properties	7	**16,894,586**	16,462,916
Investment in associates and joint ventures	8	**124,145**	123,889
Investment in financial assets	9	**49,840**	53,905
Trade and other receivables	10	**233,695**	238,321
Total non-current assets		**20,375,413**	19,868,639
Current assets			
Land held for sale		**4,996,579**	4,788,652
Development work in progress	11	**1,866,223**	2,719,770
Inventories	12	**1,028,394**	892,288
Contract assets		**1,537,808**	1,017,866
Trade and other receivables	10	**4,365,631**	5,447,615
Cash and bank balances	13	**6,485,467**	5,497,818
Total current assets		**20,280,102**	20,364,009
TOTAL ASSETS		**40,655,515**	40,232,648

Condensed consolidated statement of financial position as at 30 June 2021 (continued)

	Notes	**30 June 2021 (unaudited) AED'000**	31 December 2020 (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		**(28,118)**	(31,054)
Investment revaluation reserve		**12,541**	18,142
Retained earnings		**13,772,502**	13,849,760
Equity attributable to the owners of the Company		**25,550,870**	25,630,793
Non-controlling interests		**72,755**	70,892
Total equity		**25,623,625**	25,701,685
Non-current liabilities			
Non-convertible sukuk	**14**	**3,637,616**	3,634,684
Bank borrowings	**14**	**3,594,999**	3,764,392
Retentions payable		**434,197**	270,252
Lease liabilities		**286,523**	304,611
Employees benefits		**216,333**	182,665
Derivative financial instruments		**10,494**	13,675
Total non-current liabilities		**8,180,162**	8,170,279
Current liabilities			
Non-convertible sukuk	**14**	**36,665**	36,423
Bank borrowings	**14**	**506,408**	569,662
Retentions payable		**666,056**	609,309
Lease liabilities		**43,146**	35,087
Derivative financial instruments		**-**	1,655
Advances from customers	**15**	**478,835**	375,169
Contract liabilities		**180,356**	250,497
Trade and other payables	**16**	**4,940,262**	4,482,882
Total current liabilities		**6,851,728**	6,360,684
Total liabilities		**15,031,890**	14,530,963
TOTAL EQUITY AND LIABILITIES		**40,655,515**	40,232,648

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 consolidated financial position, financial performance and cash flows of the Group.

DocuSigned by:
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Mohamed Al Mubarak
Chairman

DocuSigned by:
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Talal Al Dhiyebi
Chief Executive Officer

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Greg Fewer
Chief Financial & Sustainability Officer

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

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

	Notes	3 months ended 30 June 2021 (unaudited) AED'000	3 months ended 30 June 2020 (unaudited) AED'000	6 months ended 30 June 2021 (unaudited) AED'000	6 months ended 30 June 2020 (unaudited) AED'000
Revenue and rental income	23.1	**2,191,636**	2,006,831	**4,232,655**	3,763,842
Direct costs	23.1	**(1,367,897)**	(1,291,091)	**(2,632,502)**	(2,349,436)
Gross profit		**823,739**	715,740	**1,600,153**	1,414,406
Selling and marketing expenses		**(32,428)**	(24,752)	**(70,309)**	(42,988)
General and administrative expenses					
Staff costs		**(69,515)**	(58,371)	**(129,763)**	(116,555)
Depreciation and amortisation		**(64,176)**	(65,804)	**(126,112)**	(131,886)
Provisions, impairments and write downs - net		**(11,832)**	(10,206)	**(59,326)**	(43,431)
Others		**(29,616)**	(12,850)	**(74,573)**	(33,988)
Loss on revaluation of investment properties	7	**(35,635)**	(38,190)	**(82,625)**	(173,118)
Gain on transfer from development work in progress to investment properties due to change in use	7	**-**	-	**-**	3,855
Gain on disposal of investment properties		**697**	2,115	**2,071**	2,290
Share of results of associates and joint ventures	8	**(2,657)**	(6,268)	**(4,615)**	(7,171)
Gain on bargain purchase	28.1	**-**	-	**99,469**	-
Fair value loss on revaluation of financial assets at fair value through profit or loss (FVTPL)		**(710)**	-	**(710)**	-
Finance income	17	**11,205**	14,481	**23,475**	36,121
Finance costs	18	**(68,240)**	(81,612)	**(132,584)**	(172,709)
Other income	19	**-**	49,947	**20,136**	51,780
Profit for the period		**520,832**	484,230	**1,064,687**	786,606
Attributable to:					
Owners of the Company		**520,078**	483,363	**1,062,824**	783,464
Non-controlling interests		**754**	867	**1,863**	3,142
		520,832	484,230	**1,064,687**	786,606
Basic and diluted earnings per share (AED)	20	**0.066**	0.061	**0.135**	0.100

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

	3 months ended 30 June		6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000	**2021 (unaudited) AED'000**	2020 (unaudited) AED'000
Profit for the period	**520,832**	484,230	**1,064,687**	786,606
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Fair value gain/(loss) on revaluation of financial assets at fair value through other comprehensive income	**1,102**	(300)	**(5,601)**	(3,807)
Items that may be reclassified subsequently to profit or loss:				
Fair value gain/(loss) arising on hedging instruments during the period classified under cash flow hedges	**2,304**	571	**3,181**	(6,867)
Cumulative gain/(loss) arising on hedging instruments reclassified to profit or loss (note 18)	**1,724**	1,724	**(245)**	3,448
Other comprehensive income/(loss) for the period	**5,130**	1,995	**(2,665)**	(7,226)
Total comprehensive income for the period	**525,962**	486,225	**1,062,022**	779,380
Attributable to:				
Owners of the Company	**525,208**	485,358	**1,060,159**	776,238
Non-controlling interests	**754**	867	**1,863**	3,142
	525,962	486,225	**1,062,022**	779,380

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

	Share capital AED'000	Legal reserve AED'000	Cash flow hedging reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Equity attributable to Owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2020 (audited)	7,862,630	3,931,315	(33,482)	19,439	13,057,604	24,837,506	113,744	24,951,250
Profit for the period	-	-	-	-	783,464	783,464	3,142	786,606
Other comprehensive loss for the period	-	-	(3,419)	(3,807)	-	(7,226)	-	(7,226)
Dividends (note 25)	-	-	-	-	(1,140,082)	(1,140,082)	-	(1,140,082)
Balance at 30 June 2020 (unaudited)	7,862,630	3,931,315	(36,901)	15,632	12,700,986	24,473,662	116,886	24,590,548
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	-	-	-	-	1,062,824	1,062,824	1,863	1,064,687
Other comprehensive income/(loss) for the period	-	-	2,936	(5,601)	-	(2,665)	-	(2,665)
Dividends (note 25)	-	-	-	-	(1,140,082)	(1,140,082)	-	(1,140,082)
Balance at 30 June 2021 (unaudited)	**7,862,630**	**3,931,315**	**(28,118)**	**12,541**	**13,772,502**	**25,550,870**	**72,755**	**25,623,625**

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

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

	Notes	6 months ended 30 June 2021 (unaudited) AED'000	2020 (unaudited) AED'000
Net cash generated from/(used in) operating activities		**2,643,132**	(728,590)
Cash flows from investing activities			
Purchases of property, plant and equipment	5	**(28,859)**	(16,473)
Purchases of intangible assets	6	**(11,363)**	(6,023)
Additions to investment properties	7	**(98,384)**	(32,211)
Acquisition of subsidiaries, net of cash acquired	28	**(62,339)**	-
Proceeds from disposal of investment properties		**29,476**	47,938
Investment in financial assets at FVTPL		**(2,247)**	-
Decrease in term deposits with original maturities greater than three months		**680,800**	153,178
(Increase)/decrease in restricted bank balances		**(234,006)**	1,388,047
Finance income received		**31,513**	45,901
Dividends received		-	4,900
Net cash generated from investing activities		**304,591**	1,585,257
Cash flows from financing activities			
Repayments of bank borrowings		**(1,629,000)**	(531,250)
Proceeds from bank borrowings		**1,418,274**	530,500
Payment of principal portion of lease liabilities		**(14,755)**	(31,076)
Finance costs paid		**(145,312)**	(150,962)
Dividends paid		**(1,140,832)**	(1,140,835)
Cash paid due to the settlement of the derivative financial instrument used to hedge interest rate risk		**(1,655)**	-
Net cash used in financing activities		**(1,513,280)**	(1,323,623)
Net increase/(decrease) in cash and cash equivalents		**1,434,443**	(466,956)
Cash and cash equivalents at beginning of the period	13	**2,586,485**	2,290,112
Cash and cash equivalents at end of the period	13	**4,020,928**	1,823,156

Refer to note 26 for details of non-cash transactions excluded from the condensed consolidated statement of cash flows.

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

1 General information

The establishment of Aldar Properties PJSC (the "Company") 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 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 2021, have been applied in these condensed consolidated financial statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 2020. In addition, results for the three months and six- months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

3.2 Basis of preparation

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

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

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

4 Critical accounting judgments and key sources of estimation uncertainty

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

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

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

5 Property, plant and equipment

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period/year	**2,961,523**	3,504,590
Additions during the period/year	**28,859**	95,877
Acquisition of subsidiaries (note 28)	**5,830**	-
Depreciation charge for the period/year	**(110,274)**	(260,334)
Disposals	**(933)**	(597)
Impairment for the period/year	-	(1,396)
Derecognised on sale of subsidiaries	-	(302,883)
Derecognised on sale of businesses	-	(73,734)
Balance at the end of the period/year	**2,885,005**	2,961,523

Property, plant and equipment includes right-of-use assets mainly with respect to leases of plots of land amounting to AED 87,112 thousand (31 December 2020: AED 86,609 thousand).

No impairment indications were observed for any items of property, plant and equipment during the period ended 30 June 2021.

6 Intangible assets and goodwill

During the period, the Group recognised intangible assets and goodwill amounting to AED 164,950 thousand (30 June 2020: nil) as part of business combinations (Note 28). The remaining movement in the intangible assets and goodwill relates to amortisation for the period amounting to AED 15,838 thousand (30 June 2020: AED 6,876 thousand) and additions amounting to AED 11,363 thousand (30 June 2020: AED 6,023 thousand).

7 Investment properties

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period/year	**16,462,916**	16,782,476
Additions during the period/year	**98,384**	69,010
Transfer from development work in progress* (note 11)	**443,316**	83,396
Fair value loss, net	**(82,625)**	(399,850)
Disposals	**(27,405)**	(72,116)
Balance at the end of the period/year	**16,894,586**	16,462,916

7 Investment properties (continued)

* This represents transfer of a property from development work in progress due to change in use since the Group entered into operating leases with other parties for the property. The Group recorded a fair value gain of nil (for the period ended 30 June 2020: AED 3,855 thousand) on the transfer.

Investment properties include right-of-use assets mainly with respect to leases of plots of and amounting to AED 271,859 thousand as at 30 June 2021 (31 December 2020: AED 290,400 thousand).

The net fair value loss amounting to AED 82,625 thousand (30 June 2020: AED 173,118 thousand) recorded during the year resulted mainly from fair value loss amounting to AED 74,246 thousand (for the period ended 30 June 2020: AED 78,259 thousand) recorded on buildings held on leasehold land. Remaining AED 8,379 thousand fair value loss (for the period ended 30 June 2020: AED 94,859 thousand) relates to net fair value loss recorded on major investment properties based on external valuations performed as of 30 June 2021.

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

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

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

8 Investment in associates and joint ventures

The movement in the investment in associates and joint ventures relates to share of the losses amounting to AED 4,615 thousand (30 June 2020: AED 7,171 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 4,871 thousand (30 June 2020: AED 4,280 thousand) was applied to the Group's receivable from the joint venture.

9 Investment in financial assets

9.1 Financial assets at fair value through other comprehensive income (FVTOCI)

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Investment in UAE quoted securities	**37,650**	37,500
Investment in UAE unquoted securities	**10,654**	16,405
	48,304	53,905

During the period, dividend income of nil was received from financial assets at FVTOCI (30 June 2020: AED 1,400 thousand).

9.2 Financial assets at fair value through profit or loss (FVTPL)

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Investment in international unquoted fund	**1,536**	-

During the period, the Company entered into a subscription agreement to invest in an international real estate technology fund with a total commitment of Euro 5 million (AED 23 million).

As at 30 June 2021 and 31 December 2020, the fair value hierarchy are as follows:

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
30 June 2021 (unaudited)				
Investments in financial assets at FVTOCI				
Equities	**37,650**	-	**10,654**	**48,304**
Investments in financial assets at FVTPL				
Funds	-	-	**1,536**	**1,536**
31 December 2020 (audited)				
Investments in financial assets at FVTOCI				
Equities	37,500	-	16,405	53,905

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 six-months period ended 30 June 2021 (continued)

10 Trade and other receivables

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Non-current portion		
Due from associates and joint ventures	**178,628**	176,476
Receivables relating to project finance	**137,696**	137,226
Others	**79,927**	83,430
	396,251	397,132
Less: allowance for expected credit loss	**(162,556)**	(158,811)
	233,695	238,321
Current portion		
Trade receivables	**2,457,835**	3,059,385
Advances and prepayments	**976,316**	590,251
Refundable costs	**192,196**	248,831
Receivables from the Government of Abu Dhabi	**100,734**	97,408
Due from associates and joint ventures	**26,750**	26,272
Accrued interest	**17,385**	20,232
Receivable related to sale of subsidiaries and businesses	**8,217**	999,560
Receivables relating to project finance	**6,669**	9,099
Others	**735,994**	602,138
	4,522,096	5,653,176
Less: allowance for expected credit loss	**(156,465)**	(205,561)
	4,365,631	5,447,615

During the period, allowance for expected credit loss of AED 10,376 thousand (30 June 2020: AED 41,142 thousand) was made against trade and other receivables. Trade receivables amounting to AED 55,727 thousand were written off against allowance (30 June 2020: AED 16,161 thousand).

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 June 2021 and 31 December 2020, 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.

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 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at beginning of the period/year	**2,719,770**	2,546,972
Development costs incurred during the period/year	**1,034,950**	2,556,156
Recognised in direct costs of properties sold	**(895,903)**	(1,600,469)
Write-off of project costs	**(48,193)**	(101,961)
Transfers to:		
Land held for sale	-	(37,320)
Inventories (note 12)	**(501,085)**	(563,555)
Investment properties (note 7)	**(443,316)**	(80,053)
Balance at the end of the period/year	**1,866,223**	2,719,770

As at 30 June 2021, the Group determined net realisable value of its development work in progress and recorded a write-down of AED 48,193 thousand (30 June 2020: AED 3,563 thousand) relating to projects under planning. 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.

All development work in progress projects are located in the United Arab Emirates.

12 Inventories

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Completed properties	**981,750**	848,716
Other operating inventories	**46,644**	43,572
Balance at the end of the year	**1,028,394**	892,288

During the period/year, properties with a value of AED 501,085 thousand (31 December 2020: AED 563,555 thousand) were transferred to inventories upon completion (note 11).

Completed properties in inventories are located in the United Arab Emirates.

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

13 Cash and cash equivalents

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Cash and bank balances	**3,448,778**	3,819,959
Short term deposits held with banks	**3,036,689**	1,677,859
Cash and bank balances	**6,485,467**	5,497,818
Short term deposits with original maturities greater than three months	**(20,614)**	(701,414)
Restricted bank balances	**(2,443,925)**	(2,209,919)
Cash and cash equivalents	**4,020,928**	2,586,485

Restricted bank balances include balances amounting to AED 1,234,718 thousand (31 December 2020: AED 1,350,791 thousand) which are deposited into escrow accounts representing cash received from customers against sale of development properties.

The interest rate on term deposits during the period/year ranges between 0.015% and 1% (31 December 2020: between 0.0033% and 1.43%) per annum. All bank deposits are placed with local banks in the United Arab Emirates.

14 Bank borrowings and non-convertible sukuk

	Non-convertible Sukuk		Bank borrowings		Total borrowings	
	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Current						
Within one year	**36,665**	36,423	**506,408**	569,662	**543,073**	606,085
Non-current						
More than one year	**3,637,616**	3,634,684	**3,594,999**	3,764,392	**7,232,615**	7,399,076
	3,674,281	3,671,107	**4,101,407**	4,334,054	**7,775,688**	8,005,161

Certain bank borrowings are secured in the form of mortgage over plots of land included in land held for sale (AED 948,736 thousand) and operating assets under investment properties (AED 3,271,324 thousand) and carry a net worth covenant.

14 Bank borrowings and non-convertible sukuk (continued)

During the period, the Group cancelled the outstanding AED 4.79 billion Revolving Credit Facility (RCF) of May 2018 and entered into four new revolving credit facilities totaling AED 5 billion for general corporate purposes with two financial institutions. Two of the facilities with one bank totaling AED 3 billion are unsecured, carrying an interest rate at 1% plus relevant EIBOR for loans outstanding up to 66% of total commitments. An interest rate of 1.30% plus relevant EIBOR applies to both loans once total outstanding exceed 66% of total commitments. These two revolving facilities are repayable at three and five years respectively from agreement dates with an option to extend each of them by a maximum of a further two years. The other two revolving credit facilities totaling AED 2 billion with another financial institution carry interest rate at relevant EIBOR plus a minimum margin of 1.10% based on the value of secured assets provided as collateral. Both of these revolving facilities are repayable at five years from agreement date with an option to extend each of them by a maximum of a further two years.

During the period, the Group also cancelled a RCF of AED 240 million previously signed with a local bank on 30 June 2014 and having a maturity date of 31 March 2023. At the time of cancelation, the facility remained fully undrawn.

In June 2021, the Company signed a 5 year sustainability linked term loan amounting to AED 300,000 thousand with the local arm of an International bank making the Company the first Real Estate entity in the MENA region to enter into this type of financing. The loan aligns with the Company's sustainability commitments by linking the interest margin payable to the achievement of a number of sustainability targets related to water intensity, waste recycling and worker welfare. The loan is priced at 1.30% over relevant EIBOR and this margin is due for review in July 2022 based on sustainability KPI targets achieved in the relevant financial year. The loan is for a period of 5 years and is due for a bullet repayment in June 2026.

As at 30 June 2021, the Group had AED 4,496,226 thousand of undrawn, committed revolving credit facilities in the form of bilateral agreements with two financial institutions having a maturity for AED 839,731 thousand in March 2024 and for AED 3,356,495 thousand in March 2026 and AED 300,000 thousand in June 2026.

15 Advances from customers

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

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

16 Trade and other payables

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Trade payables	**329,775**	387,917
Accrual for contractors' costs	**3,170,184**	2,796,945
Due to the Government of Abu Dhabi	**404,436**	67,028
Deferred income	**196,942**	275,392
Advances from the Government of Abu Dhabi (note 21.1)	**150,770**	178,025
Dividends payable (note 25)	**88,674**	89,059
Provision for onerous contracts	**15,422**	16,430
Other liabilities	**584,059**	672,086
	4,940,262	4,482,882

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

17 Finance income

	3 months ended 30 June		6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000	**2021 (unaudited) AED'000**	2020 (unaudited) AED'000
Interest/profit earned on:				
Islamic deposits	**3,071**	5,150	**6,904**	13,578
Fixed deposits	**667**	1,542	**699**	3,594
Call and current accounts	**1,223**	3,425	**3,076**	8,986
Total interest/profit earned	**4,961**	10,117	**10,679**	26,158
Finance income earned on receivables from project finance	**2,185**	3,032	**5,191**	6,074
Other finance income	**4,059**	1,332	**7,605**	3,889
	11,205	14,481	**23,475**	36,121

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

18 Finance costs

	3 months ended 30 June		6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000	**2021 (unaudited) AED'000**	2020 (unaudited) AED'000
Finance costs on bank borrowings and non-convertible sukuk	**61,804**	75,184	**123,207**	159,853
Unwinding of finance cost on operating lease liabilities (note 22.2)	**3,486**	3,586	**7,111**	7,172
Others	**1,226**	1,118	**2,511**	2,236
Cumulative loss/(gain) arising on hedging instruments reclassified to profit or loss	**1,724**	1,724	**(245)**	3,448
	68,240	81,612	**132,584**	172,709

19 Other income

	3 months ended 30 June		6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000	**2021 (unaudited) AED'000**	2020 (unaudited) AED'000
Release of liability, accruals and provisions (note 19.1)	-	45,576	**447**	45,576
Government grant income recorded upon handover	-	-	**3,323**	-
Others (note 19.2)	-	4,371	**16,366**	6,204
	-	49,947	**20,136**	51,780

19.1 The amount for the period ended 30 June 2020 represent reversal of portion of liabilities which were no longer payable.

19.2 Others include AED 9,203 thousand received from an affiliate of a major shareholder in respect of costs incurred previously by the Company.

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

20 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Parent 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 earnings per share attributable to the owners of the Company is given below:

	3 months ended 30 June		**6 months ended 30 June**	
	2021 (unaudited)	2020 (unaudited)	**2021 (unaudited)**	2020 (unaudited)
Earnings (AED'000)				
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to Owners of the Company)	**520,078**	483,363	**1,062,824**	783,464
Weighted average number of shares (000)				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,862,630**	7,862,630	**7,862,630**	7,862,630
Basic and diluted earnings per share attributable to owners of the Company in AED	**0.066**	0.061	**0.135**	0.100

21 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 major shareholder, 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. Government of Abu Dhabi is an indirect major shareholder of the Company. The balances and transactions disclosed below with reference to Government of Abu Dhabi also include the entities controlled by Government of Abu Dhabi.

21.1 Related party balances:

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
(1) Government of Abu Dhabi:		
Trade and other receivables	**646,011**	604,190
Trade and other payables	**(404,436)**	(67,049)
Contract liabilities	**(85,720)**	(74,466)
Advances (note 16)	**(150,770)**	(178,025)
(2) Major shareholder and its affiliates*:		
Trade and other receivables	**25,103**	1,008,558
Trade and other payables	**(3,808)**	(4,635)
(3) Due from associates and joint ventures		
Trade and other receivables	**26,691**	27,806
(4) Due to joint ventures for project-related work		
Trade and other payables	**(32,692)**	(32,692)

Certain receivables from joint ventures carry interest of 9% per annum and are repayable within 2 to 5 years.

* Major shareholder represent Mubadala Investment Company PJSC and its affiliated entities.

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

21 Transactions and balances with related parties (continued)

21.2 Related party transactions:

Significant transactions with related parties during the period are as follows:

	6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000
(1) Government of Abu Dhabi:		
Revenue	**950,156**	571,530
Other income	**3,323**	2,412
Finance income from project finance	**4,387**	4,453
(2) Major shareholder and its affiliates:		
Revenue	**15,466**	19,523
Other income	**9,203**	-
(3) Finance income from joint ventures	**3,746**	3,746

	6 months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000
(4) Key management compensation:		
Salaries, bonuses and other benefits	**10,334**	7,611
Post-employment benefits	**462**	283
Long term incentives	**3,610**	2,787
	14,406	10,681
(5) Directors' remuneration	**8,000**	3,000

During the period, the Company paid Directors' remunerations amounting to AED 20,700 thousand (30 June 2020: AED 13,950 thousand).

(6) During the period, the Group acquired Aldar Projects LLC from Modon Properties PJSC, a Government of Abu Dhabi owned entity (note 28).

22 Commitments and contingencies

22.1 Capital commitments

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

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Projects under development	**837,808**	1,294,780
Projects management	**9,344,413**	1,146,918
Others	**24,910**	3,861
	10,207,131	2,445,559

Projects management mainly 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 include AED 8,633,321 thousand of commitment of Aldar Projects LLC (note 28.1) which will be funded in advances by the Government of Abu Dhabi. The above commitments are spread over a period of one to five years.

22.2 Operating lease commitments

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

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
The Group as a lessor		
Within one year	**942,494**	871,763
In the second to fifth year	**2,300,750**	1,838,969
After five years	**1,701,312**	1,500,663
	4,944,556	4,211,395

	6 months ended 30 June	
	(unaudited) 2021 AED'000	(unaudited) 2020 AED'000
The Group as a lessee		
Unwinding of interest expense on operating lease liabilities (note 18)	**7,111**	7,172
Cash outflow in respect of leases	**20,173**	31,076

22 Commitments and contingencies (continued)

22.3 Contingencies

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Letters of credit and bank guarantees:		
Issued by the Group	**850,384**	953,119
Group's share in contingencies of joint ventures and associates	**2**	3

Included in the above are bank guarantees and letters of credit amounting to AED 467,918 thousand (31 December 2020: AED 586,564 thousand) pertaining to a construction related subsidiary.

23.1 Operating segments

During the period, the Group adopted a new group operating model. The new model promotes agility and accountability throughout the organisation, identifies key responsibilities of management and internal management reporting, with two core businesses: Property Development and Management (Aldar Development), and Assets Management (Aldar Investment). As a result of the above, the Group realigned its segments reflecting the new operating model. Following the realignment, education and principal investments activities which were grouped under 'Adjacencies' operating segment previously were identified as separate operating segments and development management was rebranded as 'Project management services'. Comparative periods were restated accordingly.

For internal management reporting purposes, the Group's operations are aggregated into segments with similar economic characteristics. Management considers that this is best achieved with Property development and sales, project management services, investment properties, hospitality and leisure, education and principal investments as operating segments.

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

- Property development and sales – develop and sell properties
- Project management services – manage various projects
- Investment properties – acquires, manages and leases residential, commercial and retail properties
- Hospitality and leisure – hotels and leisure activities
- Education – provides education services
- Principal investments – includes mainly construction, property and facilities management operations

In keeping with the requirements of IFRS 8 (management approach), this reorganisation led to a restatement in the segment report for the comparable periods. Based on the information reported to the Group's senior management for the allocation of resources, marketing strategies, management reporting lines and measurement of performance of business, the reportable segments under IFRS 8 were identified according to the structure of investment activities and services to customer groups.

23 Segment information

23.1 Operating segments

Segment information about the Group's operations is presented below:

Six months ended 30 June 2021 (unaudited):

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Eliminations AED'000	Consolidated AED'000
Revenue and rental income from external customers								
- Over a period of time	1,305,279	734,612	-	85,457	262,498	438,336	-	2,826,182
- At a point in time	478,727	15,779	-	81,525	-	-	-	576,031
- Leasing	-	-	830,442	-	-	-	-	830,442
Inter-segments	-	-	3,155	-	4,604	57,951	(65,710)	-
Gross revenue (i)	1,784,006	750,391	833,597	166,982	267,102	496,287	(65,710)	4,232,655
Cost of revenue excluding service charge	(1,168,127)	(552,633)	(126,507)	(158,856)	(178,528)	(449,298)	62,341	(2,571,608)
Service charge expenses	-	-	(60,894)	-	-	-	-	(60,894)
Gross profit	615,879	197,758	646,196	8,126	88,574	46,989	(3,369)	1,600,153

(i) Gross revenue of investment properties include AED 60,894 thousand of revenue from service charges.

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

23 Segment information (continued)

23.1 Operating segments (continued)

Six months ended 30 June 2021 (unaudited):

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Eliminations AED'000	Consolidated AED'000
Gross profit	615,879	197,758	646,196	8,126	88,574	46,989	(3,369)	1,600,153
Depreciation and amortisation	(311)	(9,933)	(5,631)	(70,058)	(21,933)	(12,317)	2,873	(117,310)
Provisions, impairments and write downs-net	(53,224)	-	(2,082)	81	(977)	(2,649)	-	(58,851)
Loss on revaluation of investment properties	-	-	(82,625)	-	-	-	-	(82,625)
Gain on disposal of investment properties	-	-	2,071	-	-	-	-	2,071
Other income	12,525	-	560	-	-	4,501	(4,639)	12,947
Finance cost	-	(216)	-	-	-	(207)	423	-
Selling and marketing expenses	-	-	-	-	-	-	4,604	4,604
Segment profit/(loss)	574,869	187,609	558,489	(61,851)	65,664	36,317	(108)	1,360,989
Share of results of associates and joint ventures								(4,615)
Selling and marketing expenses								(74,913)
Provisions, impairments and write downs-net								(475)
General and administrative expenses								(204,336)
Depreciation and amortization								(8,802)
Fair value loss on revaluation of financial assets at FVTPL								(710)
Gain on bargain purchase								99,469
Finance income								23,475
Finance costs								(132,584)
Other income								7,189
Profit for the period								1,064,687

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

23 Segment information (continued)

23.1 Operating segments (continued)

Six months ended 30 June 2020 (unaudited)-as restated:

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Eliminations AED'000	Consolidated AED'000
Revenue and rental income from external customers								
- Over a period of time	1,116,410	353,749	-	96,827	224,118	485,132	-	2,276,236
- At a point in time	599,455	2,918	-	84,224	-	-	-	686,597
- Leasing	-	-	801,009	-	-	-	-	801,009
Inter-segments	-	-	1,043	145	4,604	28,686	(34,478)	-
Gross revenue (i)	1,715,865	356,667	802,052	181,196	228,722	513,818	(34,478)	3,763,842
Cost of revenue excluding service charge	(1,080,029)	(303,553)	(112,385)	(192,076)	(176,500)	(466,828)	36,843	(2,294,528)
Service charge expenses	-	-	(54,908)	-	-	-	-	(54,908)
Gross profit/(loss)	635,836	53,114	634,759	(10,880)	52,222	46,990	2,365	1,414,406

(i) Gross revenue of investment properties include AED 54,908 thousand of revenue from service charges.

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

23 Segment information (continued)

23.1 Operating segments (continued)

Six months ended 30 June 2020 (unaudited)-as restated (continued):

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Eliminations AED'000	Consolidated AED'000
Gross profit/(loss)	635,836	53,114	634,759	(10,880)	52,222	46,990	2,365	1,414,406
Depreciation and amortisation	-	-	(4,342)	(78,987)	(21,281)	(19,585)	639	(123,556)
Provisions, impairments and write downs-net	(4,634)	-	(27,296)	(5)	(6,367)	(2,006)	-	(40,308)
Loss on revaluation of investment properties	-	-	(173,118)	-	-	-	-	(173,118)
Gain on transfer from development work in progress to investment properties	-	-	3,855	-	-	-	-	3,855
Gain on disposal of property, plant and equipment	-	-	2,236	54	-	-	-	2,290
Other income	2,413	-	45,576	1,394	-	-	(7,861)	41,522
Selling and marketing expenses	-	-	-	-	-	-	4,604	4,604
Segment profit/(loss)	633,615	53,114	481,670	(88,424)	24,574	25,399	(253)	1,129,695
Share of results of associates and joint ventures								(7,171)
Selling and marketing expenses								(47,592)
Provisions, impairments and write downs-net								(3,123)
General and administrative expenses								(150,543)
Depreciation and amortisation								(8,330)
Finance income								36,121
Finance costs								(172,709)
Other income								10,258
Profit for the period								786,606

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

23 Segment information (continued)

23.1 Operating segments (continued)

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

	Aldar Development		Aldar Investment						
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Unallocated AED'000	Elimination AED'000	Consolidated AED'000
As at 30 June 2021 (unaudited)									
Assets	**12,286,420**	**2,463,612**	**17,786,194**	**2,253,646**	**773,932**	**897,756**	**4,214,222**	**(20,267)**	**40,655,515**
Period ended 30 June 2021 (unaudited)									
Capital expenditures	**128**	**5,109**	**2,653**	**7,552**	**13,162**	**4,765**	**1,320**	**-**	**34,689**
Project expenditures	**1,034,950**	**-**	**98,384**	**-**	**-**	**-**	**-**	**-**	**1,133,334**
As at 31 December 2020 (audited) – as restated									
Assets	12,810,329	1,543,970	17,976,940	2,356,833	802,207	902,667	3,838,327	1,375	40,232,648
Period ended 30 June 2020 (unaudited) – as restated									
Capital expenditures	10,396	-	2,596	2,530	5,765	4,396	1,186	-	26,869
Project expenditures	1,311,427	-	32,212	-	-	8,186	-	-	1,351,825

23 Segment information (continued)

23.2 Geographical segments

The Group operate mainly in one geographical segment, i.e., United Arab Emirates.

Segment profit represents the profit or loss earned by each segment without allocation of central administration, selling and marketing costs and directors' salaries, share of results of associates and joint ventures, gain on bargain purchase, other gains and losses, finance income and finance costs. These are not allocated to individual segments as these are managed on an overall group basis. This is the measure reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance.

24 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.

25 Dividends

At the annual general meeting held on 24 March 2021, the shareholders approved distribution of cash dividend of AED 1,140,082 thousand for the year ended 31 December 2020, being 14.5 fils per share (for the year 2019: cash dividend of AED 1,140,082 thousand, being 14.5 fils per share), which was paid during the period.

26 Non-cash transactions

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

	6 months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	AED'000	AED'000
Transfer between investment properties and development work in progress (note 11)	**443,316**	77,341

27 Fair value of financial instruments

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

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

	30 June 2021 (unaudited)		31 December 2020 (audited)	
	Gross carrying amount AED'000	**Fair value AED'000**	Gross carrying amount AED'000	Fair value AED'000
Financial liabilities at amortised cost				
Sukuk No. 1 (note 14)	**1,840,328**	**2,054,111**	1,837,805	2,058,611
Sukuk No. 2 (note 14)	**1,833,953**	**1,985,361**	1,833,302	1,991,974

28 Business combinations

28.1 Aldar Projects LLC

On 25 October 2020, Abu Dhabi Development Holding Company PJSC ("ADQ") and the Company signed a Memorandum of Understating ("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.

Subsequently 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 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 provisional fair values. The condensed consolidated financial statements include the results of Aldar Projects for the five months period from the acquisition date.

28 Business combinations (continued)

28.1 Aldar Projects LLC (continued)

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:

	Provisional fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	5,453
Intangible assets *	103,687
Trade and other receivables	537,776
Total assets	**646,916**
Liabilities	
Employees benefits	1,076
Trade and other payables	538,426
Total liabilities	**539,502**
Total identifiable net assets at provisional fair value	107,414
Less: purchase consideration	(7,945)
Bargain purchase gain	**99,469**

Acquisition related costs amounted to AED 5,666 thousand were expensed during the period and are included in general and administrative expenses. From the date of acquisition, Aldar Projects contributed revenue of AED 122,520 thousand and net profit of AED 82,617 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the period, revenue of the Group would have been higher by AED 7,278 thousand and net profit would have been higher by AED 3,145 thousand. The net assets recognised in these condensed consolidated financial statements were based on a provisional assessment of their fair values.

* 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.

28 Business combinations (continued)

28.1 Aldar Projects LLC (continued)

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	(7,945)
Net cash acquired on business combination	-
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	**(13,611)**

28.2 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.

28 Business combinations (continued)

28.2 Asteco Property Management LLC (continued)

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:

	Fair values recognised on acquisition 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)**

As of 6 January 2021, the fair value of the trade receivables acquired amounts to AED 13,725 thousand. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Acquisition related costs amounted to AED 823 thousand. From the date of acquisition, Asteco contributed revenue of AED 25,386 thousand and net profit of AED 2,626 thousand towards the operations of the Group. The net assets recognised in these condensed consolidated financial statements were based on their fair values. 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.

28 Business combinations (continued)

28.2 Asteco Property Management LLC (continued)

* 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.

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)**

29 Impact of COVID-19 pandemic

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

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

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

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

29 Impact of COVID-19 pandemic (continued)

The Group has a documented business continuity plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations. Until 2020 the Group has announced support programmes for residential communities, schools, retail partners and home buyers totaling AED 190 million in addition to various initiatives and measures to the wider community as part of Abu Dhabi's wider efforts to cushion the blow faced by the global economy due to the COVID-19 and in line with the Group commitment to long term sustainable value creation. The Group is continuously assessing the impact of COVID-19 on its operations particularly the effect on the retail, hospitality and leisure business operations.

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

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

30 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 August 2021.