



ALDAR PROPERTIES PJSC

Review report and interim financial information

**For the three-months period ended
31 March 2023**



ALDAR PROPERTIES PJSC

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	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 – 40

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 31 March 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
3 May 2023
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2023**

	Note	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Assets			
Non-current assets			
Property, plant and equipment	5	5,555,182	5,606,522
Intangible assets and goodwill	6	389,438	374,944
Investment properties	7	23,891,133	23,933,024
Investment in associates and joint ventures	8	46,769	84,662
Investment in financial assets	9	96,448	98,634
Derivative financial assets	20	182,421	207,045
Trade receivables and other assets	10	523,685	578,732
Total non-current assets		30,685,076	30,883,563
Current assets			
Plots of land held for sale	12	6,923,052	4,822,121
Development work in progress	11	3,712,234	3,835,682
Inventories	13	717,346	855,049
Investment in financial assets	9	171,938	179,744
Contract assets	19	1,133,203	568,563
Trade receivables and other assets	10	9,097,568	7,583,154
Cash and bank balances	14	11,338,882	12,548,108
Total current assets		33,094,223	30,392,421
Total assets		63,779,299	61,275,984

**Condensed consolidated statement of financial position
as at 31 March 2023 (continued)**

	Note	31 March 2023 (unaudited) AED'000	31 December 2022 (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	36	170,021	190,248
Investment revaluation reserve		(13,184)	(2,310)
Assets revaluation reserve		73,623	73,623
Foreign currency translation reserve	35	(533,838)	(385,312)
Retained earnings		16,095,127	16,679,139
Equity attributable to owners of the Company		27,585,694	28,349,333
Hybrid equity instrument	15	1,815,647	1,815,647
Non-controlling interests	37	4,255,989	4,380,218
Total equity		33,657,330	34,545,198
Non-current liabilities			
Non-convertible sukuk	16	3,646,463	3,644,812
Bank borrowings	16	6,438,060	6,005,341
Retentions payable		876,196	676,001
Lease liabilities	27.3	413,357	436,545
Employees benefits		291,533	296,893
Trade and other payables	18	2,441,400	897,810
Total non-current liabilities		14,107,009	11,957,402
Current liabilities			
Non-convertible sukuk	16	33,329	37,104
Bank borrowings	16	88,104	608,301
Retentions payable		1,006,716	1,056,294
Lease liabilities	27.3	48,988	48,988
Advances from customers	17	1,311,806	1,005,467
Contract liabilities	19	1,907,629	2,393,226
Trade and other payables	18	11,618,388	9,624,004
Total current liabilities		16,014,960	14,773,384
Total liabilities		30,121,969	26,730,786
Total equity and liabilities		63,779,299	61,275,984

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.

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Mohamed Al Mubarak
Chairman

DocuSigned by:



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Talal Al Dhiyebi
Group Chief Executive Officer

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Faisal Falaknaz
Acting Group Chief Financial &
Sustainability Officer

**Condensed consolidated statement of profit or loss
for the period ended 31 March 2023**

	Note	3 months period ended	
		31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Revenue and rental income	32.1	3,065,593	2,683,205
Direct costs	32.1	(1,745,148)	(1,564,957)
Gross profit		1,320,445	1,118,248
Selling and marketing expenses		(108,871)	(82,615)
General and administrative expenses			
Staff costs		(155,463)	(130,819)
Depreciation and amortisation	5,6	(100,894)	(70,892)
Provisions, impairments and write downs, net		(15,052)	(31,073)
Others	24	(111,206)	(53,898)
Loss on revaluation of investment properties, net	7	(14,375)	(34,985)
Share of results of associates and joint ventures	8	(1,415)	(1,783)
Gain on disposal of investment properties	7	7,741	6,740
Finance income	21	109,972	38,644
Finance costs	22	(129,490)	(74,958)
Other income	23	40,907	27,100
Profit for the period before tax		842,299	709,709
Income tax expense	34	(6,502)	(21,899)
Profit for the period after tax		835,797	687,810
Attributable to:			
Owners of the Company		725,654	667,910
Non-controlling interests		110,143	19,900
		835,797	687,810
Basic and diluted earnings per share (AED)	25	0.086	0.085

**Condensed consolidated statement of comprehensive income
for the period ended 31 March 2023**

	Note	3 months period ended	
		31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Profit for the period		835,797	687,810
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	35	(248,123)	(233,719)
Fair value movement on cash flow hedges arising during the period	20,36	(24,624)	66,914
Net gains on hedging instruments reclassified to profit or loss	22	1,671	1,672
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value loss on revaluation of financial assets at fair value through other comprehensive income (FVTOCI)	9	(10,874)	-
Other comprehensive loss for the period		(281,950)	(165,133)
Total comprehensive income for the period		553,847	522,677
Attributable to:			
Owners of the Company		546,027	596,592
Non-controlling interests		7,820	(73,915)
		553,847	522,677

Condensed consolidated statement of changes in equity for the period ended 31 March 2023

	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 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	-	-	-	-	-	-	667,910	667,910	-	19,900	687,810
Other comprehensive income/(loss) for the period	-	-	68,586	-	-	(139,904)	-	(71,318)	-	(93,815)	(165,133)
Total comprehensive income/(loss) for the period	-	-	68,586	-	-	(139,904)	667,910	596,592	-	(73,915)	522,677
Issuance of hybrid equity instrument (note 15)	-	-	-	-	-	-	-	-	1,126,639	-	1,126,639
Balance at 31 March 2022 (unaudited)	7,862,630	3,931,315	68,164	9,800	73,623	(139,904)	15,712,534	27,518,162	1,126,639	641,298	29,286,099
Balance at 1 January 2023 (audited)	7,862,630	3,931,315	190,248	(2,310)	73,623	(385,312)	16,679,139	28,349,333	1,815,647	4,380,218	34,545,198
Profit for the period	-	-	-	-	-	-	725,654	725,654	-	110,143	835,797
Other comprehensive loss for the period	-	-	(20,227)	(10,874)	-	(148,526)	-	(179,627)	-	(102,323)	(281,950)
Total comprehensive income/(loss) for the period	-	-	(20,227)	(10,874)	-	(148,526)	725,654	546,027	-	7,820	553,847
Dividends (note 29)	-	-	-	-	-	-	(1,258,021)	(1,258,021)	-	-	(1,258,021)
Coupon paid on hybrid equity instrument (note 15)	-	-	-	-	-	-	(51,645)	(51,645)	-	-	(51,645)
Dividends paid by a subsidiary against preference equity (note 37)	-	-	-	-	-	-	-	-	-	(60,453)	(60,453)
Dividends paid by a subsidiary to a non-controlling interests	-	-	-	-	-	-	-	-	-	(73,676)	(73,676)
Non-controlling interest arising on a business combination (note 33)	-	-	-	-	-	-	-	-	-	2,080	2,080
Balance at 31 March 2023 (unaudited)	7,862,630	3,931,315	170,021	(13,184)	73,623	(533,838)	16,095,127	27,585,694	1,815,647	4,255,989	33,657,330

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

**Condensed consolidated statement of cash flows
for the period ended 31 March 2023**

		3 months period ended	
		31 March 2023 (unaudited) AED '000	31 March 2022 (unaudited) AED '000
Note			
Operating activities			
	Profit for the period before tax	842,299	709,709
	<i>Adjustments for:</i>		
	Depreciation and amortisation	104,533	73,190
	Finance income	(109,972)	(38,644)
	Finance costs	129,490	74,958
	Loss on revaluation investment properties, net	14,375	34,985
	Share of results of associates and joint ventures	1,415	1,783
	Provisions, impairments and write downs, net	15,051	(6,091)
	(Gain)/loss on disposal of property, plant equipment	(41)	21
	Gain on disposal of investment properties	(7,741)	(6,740)
	Gain on revaluation of financial assets	(1,155)	(4,313)
	Provision for employee benefits	8,810	22,689
	Operating cash flows before movements in working capital	997,064	861,547
Movement in working capital:			
	Increase in trade receivable and other assets	(1,688,338)	(613,369)
	(Increase)/decrease in development work in progress, inventories and plots of land held for sale	(2,327,180)	194,003
	(Increase)/decrease in contract assets	(564,640)	85,415
	Increase in retentions payable	160,329	82,413
	Increase/(decrease) in advances from customers	564,940	(36,306)
	Decrease in contract liabilities	(246,385)	(7,886)
	Increase/(decrease) in trade and other payables	2,308,815	(302,938)
	Cash (used in)/generated from operations	(795,395)	262,879
	Employee benefits paid	(14,869)	(4,225)
	Income tax paid	(164)	-
	Net cash (used in)/generated from operating activities	(810,428)	258,654

**Condensed consolidated statement of cash flows
for the period ended 31 March 2023 (continued)**

	Note	3 months period ended	
		31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Net cash (used in)/generated from operating activities		(810,428)	258,654
Cash flows from investing activities			
Payment for purchase of property, plant and equipment	5	(60,059)	(159,717)
Payment for purchase of intangible assets	6	(18,579)	(3,707)
Additions to investment properties	7	(73,596)	(531,969)
Proceeds from disposal of investment properties and property, plant and equipment	5,7	39,620	71,037
Acquisition of subsidiaries, net of cash acquired	33	(23,220)	-
Cash received from associate as reduction in capital	8	38,432	-
Movements in financial assets		(8,582)	-
Movement in term deposits with maturities greater than three months		555,000	(901,755)
Proceeds from maturity of treasury bills		138,620	102,576
Payments for treasury bills		(161,628)	(185,902)
Decrease in restricted bank balances		729,518	363,156
Finance income received		74,200	7,723
Net cash generated from/(used in) investing activities		1,229,726	(1,238,558)
Cash flows from financing activities			
Repayments of bank borrowings	16	(2,018,482)	(1,579,934)
Proceeds from bank borrowings	16	2,027,227	1,220,797
Payment of principal portion of lease liabilities	27.3	(24,552)	(18,464)
Finance costs paid		(125,573)	(60,359)
Dividends paid to non-controlling interest		(99,129)	-
Coupon paid on hybrid equity investment		(51,645)	-
Additional contribution from non-controlling interest		2,000	-
Proceeds from issuance of hybrid equity instrument	15	-	1,126,639
Net cash (used in)/generated from financing activities		(290,154)	688,679
Net increase/(decrease) in cash and cash equivalents		129,144	(291,225)
Cash and cash equivalents at beginning of the period	14	7,020,318	5,383,855
Effect of foreign exchange rate changes		(53,853)	(43,840)
Cash and cash equivalents at end of the period	14	7,095,609	5,048,790

Refer to note 30 for details of non-cash transactions excluded from the condensed consolidated statement of cash flow.



Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

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 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

- **Definition of Accounting Estimates - Amendments to IAS 8**

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group’s interim condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)****2 New standards, interpretations and amendments adopted by the Group (continued)****• *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2***

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

• *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

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 2022. In addition, results for the three-months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 2022, except for the adoption of new standards and interpretations effective 1 January 2023.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**
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 majorly the same as those applied in the Group consolidated financial statements as at and for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective 1 January 2023.

5 Property, plant and equipment

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period/year	5,606,522	3,557,052
Additions during the period/year	60,059	2,109,872
Recognised as part of business combination (note 33)	138	87,309
Transfer to investment properties (note 7)	-	(51,730)
Depreciation charge for the period/year (i)	(88,864)	(315,635)
Disposals during the period/year	(5)	(1,643)
Impairment reversal for the period/year	-	300,323
Exchange differences	(22,668)	(79,026)
Balance at the end of the period/year	5,555,182	5,606,522

Property, plant and equipment includes right-of-use assets mainly with respect to leases of plots of land and buildings having carrying amount of AED 144,083 thousand (31 December 2022: AED 148,420 thousand).

- (i) The depreciation charge for the period includes AED 3,639 thousand allocated to cost of sales (for the period ended 31 March 2021: AED 2,184 thousand). No impairment indications were observed for any items of property, plant and equipment during the period ended 31 March 2023.

6 Intangible assets and goodwill

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period/year	374,944	293,195
Additions during the period/year	18,579	44,015
Recognised as part of business combination (note 33)	24,763	125,444
Amortisation for the period/year	(15,669)	(47,935)
Exchange differences	(13,179)	(39,775)
Balance at the end of the period/year	389,438	374,944

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)



7 Investment properties

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period/year	23,933,024	18,025,935
Additions during the period/year	73,596	5,628,928
Recognised as part of business combination (note 33)	-	697,529
Fair value (loss)/gain, net	(14,375)	442,797
Disposals during the period/year	(31,875)	(232,372)
Transfers (to)/from		
Property, plant and equipment (note 5)	-	51,730
Inventories (note 13)	-	(17,122)
Development work in progress (note 11)	-	(411,757)
Exchange differences	(69,237)	(252,644)
Balance at the end of the period/year	23,891,133	23,933,024

- (i) Investment properties include right-of-use assets mainly with respect to leases of plots amounting to AED 318,768 thousand as at 31 March 2023 (31 December 2022: AED 323,490 thousand).
- (ii) Investment properties represent the Group's interest in land and buildings situated in the United Arab Emirates amounting to AED 23,607,304 thousand as at 31 March 2023 (31 December 2022: 23,579,958 thousand) and Arab Republic of Egypt ("Egypt") amounting to AED 283,829 thousand. (31 December 2022: AED 353,067 thousand).
- (iii) During the period, the Group sold investment properties for AED 39,616 thousand (for the period ended 31 March 2022: AED 67,097 thousand) and realised a net gain of AED 7,741 thousand (for the period ended 31 March 2022: AED 6,740 thousand) which is recorded in condensed consolidated statement of profit or loss under "gain on disposal of investment 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 38,432 thousand and is recognised as a reduction in investment in associate. The other major movement relates to net share of losses amounting to AED 1,415 thousand (for the period ended 31 March 2022: loss of AED 1,783 thousand).

The Group considers that its amount receivable from one of the joint venture is part of the Group'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 1,953 thousand (period ended 31 March 2022: AED 2,006 thousand) was applied to the Group's receivable from the joint venture.

Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)

9 Investment in financial assets

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Financial assets at fair value through other comprehensive income		
Investment in UAE quoted securities (i)	18,920	29,795
Investment in UAE unquoted securities	2	2
	18,922	29,797
Financial assets at fair value through profit or loss		
Investment in international unquoted funds	77,526	68,837
Financial assets at amortised cost		
Investment in treasury bills (ii)	171,938	179,744

(i) The movement during the period represents fair value loss of AED 10,874 thousand.

(ii) This represents investment in treasury bills made by the Egypt subsidiary in Egypt and carried at amortised cost which approximates the fair value

As at 31 March 2023 and 31 December 2022, 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
31 March 2023 (unaudited)				
Investment in UAE quoted securities	18,920	-	2	18,922
Investment in international unquoted funds	-	-	77,526	77,526
Investment in treasury bills	-	-	171,938	171,938
	18,920	-	249,466	268,386
31 December 2022 (audited)				
Investment in UAE quoted securities	29,795	-	2	29,797
Investment in international unquoted funds	-	-	68,837	68,837
Investment in treasury bills	-	-	179,744	179,744
	29,795	-	248,583	278,378

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 31 March 2023 (continued)**

10 Trade receivables and other assets

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Non-current portion		
Trade receivables	281,970	344,187
Due from associates and joint ventures	210,569	210,918
Receivables relating to project finance	140,148	135,262
Deferred tax assets (note 34)	43,096	57,302
Others	64,033	43,726
	739,816	791,395
Less: allowance for expected credit loss	(216,131)	(212,663)
	523,685	578,732
Current portion		
Trade receivables	2,705,284	3,048,929
Advances and prepayments	2,659,105	2,655,499
Refundable deposits	229,975	267,638
Refundable costs*	2,623,545	736,248
VAT recoverable	201,350	229,466
Due from associates and joint ventures	26,348	26,364
Accrued interest	33,230	37,420
Receivables from the Government of Abu Dhabi	5,734	5,734
Receivables relating to project finance	8,863	8,863
Others	828,661	799,394
	9,322,095	7,815,555
Less: allowance for expected credit loss	(224,527)	(232,401)
	9,097,568	7,583,154

During the period, allowance for expected credit loss of AED 8,613 thousand (for the period ended 31 March 2022: AED 3,245 thousand) was made against trade and other receivables. Trade and other receivables amounting to AED 3,511 thousand were written off (period ended 31 March 2022: AED 265 thousand).

Advances and prepayments include AED 350,000 thousand paid during 2022 as part of purchase of Nurai Island 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 31 March 2023 and 31 December 2022, 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.

* Refundable costs mainly comprise of amounts receivable from the Government of Abu Dhabi in relation to ongoing development projects costs incurred which are funded by the Government of Abu Dhabi. Subsequent to the reporting date AED 1.2 billion was received.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (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:

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	3,835,682	4,503,543
Development costs incurred during the period/year	1,080,644	3,201,316
Recognised in direct costs of properties sold	(813,286)	(2,524,431)
Write-off of project costs	(450)	(50,344)
Provision for impairment	(11,510)	(73,333)
Transfers from/(to):		
Inventories (note 13)	26,193	(688,082)
Investment properties (note 7)	-	411,757
Plot of land held for sale (note 12)	31,535	340,552
Exchange differences	(436,574)	(1,285,296)
Balance at the end of the period/year	3,712,234	3,835,682

Development properties are located as:

Within UAE	1,867,708	1,614,611
Outside UAE	1,844,526	2,221,071
	3,712,234	3,835,682

As at 31 March 2023, the Group determined net realisable value of its development work in progress and concluded that carrying value is lower than the net realisable value and recognised a write down of AED 11,510 thousand (31 December 2022: AED 73,333 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 Plots of land held for sale

Movement in plots of land held for sale during the period/year was as follows:

	31 March 2023 AED'000	31 December 2022 AED'000
Balance at beginning of the period/year	4,822,121	5,137,885
Additions during the period/year	2,132,466	232,572
Recognised in costs of properties sold (direct costs)	-	(207,784)
Transfer to development work in progress during the year (note 11)	(31,535)	(340,552)
Balance at the end of the period/year	6,923,052	4,822,121

During the period the Group acquired 3.4 million square meters of plots of land on Al Fahid Island. Total consideration amounts to AED 2.5 billion payable over 5 years. The plot of land is initially recognised at cost which is present value of consideration payable over the period of 5 years discounted using the Group incremental borrowing rate. The discounted value of the land is equal to its fair value on the date of purchase amounting to AED 2.1 billion.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**
13 Inventories

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Completed properties	680,918	823,756
Other operating inventories	36,428	31,293
	717,346	855,049
Inventories are located as:		
Within UAE	569,999	654,835
Outside UAE	147,347	200,214
	717,346	855,049

During the period, properties with a value of AED 26,193 thousand (for the year ended 31 December 2022: AED 688,082 thousand) were transferred from inventories to development work in progress (note 11). An amount of AED 95,914 thousand (for the year ended 31 December 2022: AED 724,235 thousand) was recognised as direct costs during the period/year.

14 Cash and bank balances

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Cash and bank balances	7,825,058	7,373,522
Short term deposits held with banks	3,513,824	5,174,586
Cash and bank balances	11,338,882	12,548,108

Cash and cash equivalents

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Cash and bank balances	11,338,882	12,548,108
Short term deposits with original maturities greater than three months	-	(555,000)
Restricted bank balances	(4,243,273)	(4,972,790)
Cash and cash equivalents	7,095,609	7,020,318
Cash and cash equivalents:		
Within UAE	6,873,163	6,808,589
Outside UAE	222,446	211,729
	7,095,609	7,020,318

As at 31 March 2023, cash at banks amounting to AED 246,109 thousand (31 December 2022: AED 243,456 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 3,068,290 thousand (31 December 2022: AED 2,701,012 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.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

14 Cash and bank balances (continued)

The interest rate on term deposits during the period ranges between 1.5% and 5.13% (for the year ended 31 December 2022: between 0.30% and 5.17%) per annum for UAE and between 4.75% and 14.75 % (for the year ended 31 December 2022: between 1.1% and 13.9%) for Egypt. Bank deposits relating to UAE operations are placed with local banks in the UAE.

Cash and cash equivalents include an amount of AED 953,944 thousand (31 December 2022: AED 1,065,845 thousand) received from one of the customers against the development of certain projects. As of 31 March 2023 these balances are deposited with the local banks in the UAE and are available for the use of the development of those projects at the discretion of the Company.

15 Hybrid equity instrument

During 2022, Aldar Investment Properties LLC (a subsidiary of the Company) issued USD 500 million (AED 1,837,663 thousand) Reset Subordinated Perpetual Notes (the “Notes”) to an investor (the “Noteholder”) in two tranches.

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

Transaction costs amounting to AED 22,016 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 of 5.625% with a reset after 15 years
April 2022	USD 189.5 million (AED 698 million)	Fixed interest rate of 5.625% a reset after 15 years

During the period, the Group paid coupons amounting to AED 51,645 thousand (year ended 31 December 2022: AED 51,645 thousand).

16 Bank borrowings and non-convertible sukuk

	Current < 1 year AED'000	Non-current > 1 year AED'000	Total AED'000
As at 31 March 2023 (unaudited)			
Non-convertible Sukuk	33,329	3,646,463	3,679,792
Bank borrowings	88,104	6,438,060	6,526,164
	121,433	10,084,523	10,205,956
As at 31 December 2022 (audited)			
Non-convertible Sukuk	37,104	3,644,812	3,681,916
Bank borrowings	608,301	6,005,341	6,613,642
	645,405	9,650,153	10,295,558

As at 31 March 2023, the Group had AED 4,412,708 thousand of undrawn, committed term and revolving credit facilities in the form of bilateral agreements (31 December 2022: AED 3,974 million). Bank borrowings drawn during the period amounted to AED 2,027 million (31 March 2022: AED 1,221 million) and repaid during the period amounted to AED 2,018 million (31 March 2022: AED 1,580 million).

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**
16 Bank borrowings and non-convertible sukuk (continued)

During the period ended 31 March 2023, the Group signed an Islamic revolving credit facility of AED 500 million with a repayment period extendable up to a maximum of 6 years which is fully unutilised as of 31 March 2023.

All the loans are priced at market rate.

Certain bank borrowings are secured in the form of mortgage over certain immovable properties; of which the land held for sale is valued at AED 538,280 thousand (2022: AED 538,280 thousand), operating assets under investment properties are valued at AED 2,841,823 thousand (2022: AED 2,841,584 thousand) and under property, plant and equipment are valued at AED 49,822 thousand (2022: AED 49,822 thousand) and carry a net worth covenant.

Certain loans are secured against the following and 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 and buildings and pledge over unsold units.

17 Advances from customers

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

18 Trade and other payables

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Non-current		
Payable to a government authority for purchase of land (note 18.1)	578,928	713,253
Other land acquisition creditors and payable (note 12)	1,862,472	184,557
	2,441,400	897,810
Current		
Trade payables	1,426,944	1,715,099
Accrual for contractors' costs	6,681,242	5,621,893
Deferred income	617,635	586,724
Income tax payable	101,989	127,159
Provisions	149,580	171,703
Advances from the Government of Abu Dhabi (note 26.1)	74,687	131,582
Dividends payable (note 29)	1,375,568	87,841
Payable to a government authority for purchase of land (note 18.1)	42,754	65,216
Due to the Government of Abu Dhabi	241,943	181,703
Provision for onerous contracts	855	14,460
Other land acquisition creditors	4,638	5,170
Other liabilities	900,553	915,454
	11,618,388	9,624,004

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

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

18 Trade and other payables (continued)

18.1 Payable to a government authority for purchase of land

Plot of land I

On 1 September 2021, Egyptian New Urban Communities Authority (“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 147,403 thousand. 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 1,360,852 thousand. 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.

19 Contract assets and liabilities

Contract assets represent 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.

	31 March 2023 AED’000	31 December 2022 AED’000
Contract assets: gross amounts due from customer on contracts for sale of properties	1,133,203	568,563
Contract assets: gross amounts due from customer on contracts to construct assets	-	-
	1,133,203	568,563

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.

	31 March 2023 AED’000	31 December 2022 AED’000
Contract liabilities: gross amount due to customers on contracts for sale of properties	(1,167,838)	(1,488,221)
Contract liabilities: advance received from customers on contracts to construct assets	(739,791)	(905,005)
	(1,907,629)	(2,393,226)

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

20 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 Group also entered into a forward starting interest rate swap contract to manage the potential interest rate risk of a forecasted debt capital markets transaction.

The movement in derivative financial instruments is given below:

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	207,045	20,299
Net fair value changes	(24,624)	186,746
Balance at the end of the period/year	182,421	207,045
Disclosed as:		
Non-current assets	182,421	207,045
	182,421	207,045

21 Finance income

	3 months period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Interest/profit earned on:		
Islamic deposits	26,097	4,093
Bank fixed deposits	23,993	8,484
Call and current accounts	28,381	3,715
Total interest/profit earned	78,471	16,292
Finance income earned on receivables from project finance	6,180	2,152
Other finance income *	25,321	20,200
	109,972	38,644

* Other finance income mainly represents significant financing component implicit in the contracts with customers which provides the customer with a significant benefit of financing the transfer of properties sold.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

22 Finance costs

	3 months period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Finance costs on bank borrowings and non-convertible sukuk	122,599	68,897
Unwinding of finance cost on operating lease liabilities (note 27.2)	4,600	3,771
Others	620	618
	127,819	73,286
Cumulative loss arising on hedging instruments reclassified to profit or loss on maturity	1,671	1,672
	129,490	74,958

23 Other income

	3 months period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Insurance claim*	17,136	-
Forex gain on deposits	11,003	11,079
Gain/(loss) on financial assets at FVTPL	1,155	(2,030)
Income recognised upon handover of infrastructure	-	3,329
Others	11,613	14,722
	40,907	27,100

* This represents insurance claim received during the period mainly related to hospitality and leisure segment impacted by the Covid 19 pandemic.

24 Other general and administrative expenses

	3 months period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Professional fees	22,033	10,281
IT maintenance	14,238	5,394
Board of Directors remuneration	8,529	5,316
Others	66,406	32,907
	111,206	53,898

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

25 Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. 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 based on the following data:

	3 months period ended	
	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Earnings (AED'000)		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	725,654	667,910
Less: distributions to the Noteholder (hybrid equity instrument - note 15)	(51,645)	-
	674,009	667,910
 <i>Weighted average number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	7,862,629,603	7,862,629,603
 Basic and diluted EPS attributable to owners of the Company (AED)	0.086	0.085

26 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. The 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 31 March 2023 (continued)**

26 Transactions and balances with related parties (continued)

26.1 Related party balances:

Significant related party balances (and the consolidated statement of financial position captions within which these are included) are as follows:

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Government of Abu Dhabi		
Trade and other receivables	3,253,892	1,220,246
Trade and other payables	(244,485)	(185,069)
Advances received (note 18)	(74,687)	(131,582)
Contract assets	-	105,087
Contract liabilities	(728,631)	(870,081)
Major shareholder and its affiliates		
Trade and other receivables	43,577	60,835
Trade and other payables	(835)	(835)
Retentions payable	(113,190)	(113,190)
Parent Company and its affiliates		
Trade and other receivables	691,601	711,043
Trade and other payables	(32,110)	(27,675)
Retentions payable	(707,946)	(666,666)
Associates and joint ventures		
Due from joint venture	1,729	1,729

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% (31 December 2022: 9%) per annum and are repayable within 2 to 5 years.

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

26 Transactions and balances with related parties (continued)

26.2 Significant transactions with related parties:

During the period, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	3 months period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Government of Abu Dhabi:		
Revenue	378,411	351,813
Other income	302	3,329
Finance income from project finance	2,104	2,152
Major shareholder I and its affiliates		
Revenue	11,146	7,430
Parent Company and its affiliates		
Revenue	9,516	382
Cost incurred on projects under development (i)	22,559	107,825
Cost incurred on projects under management (ii)	882,651	542,139
Other costs	4,915	224
Associates and joint ventures		
Finance income from joint venture	3,725	1,862
Key management compensation		
Salaries, bonuses and other benefits	9,826	8,295
Post-employment benefits	265	264
Long term incentives	2,408	3,810
	12,499	12,369
Directors		
Directors' remuneration – expense (iii)	8,100	4,000

- (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) Subsequent to the reporting date, the Company paid Directors' remunerations amounting to AED 19,804 thousand (31 March 2022: AED 18,075 thousand).

26.3 Other balances and transactions with related parties:

- (i) Outstanding borrowings as of 31 March 2023 AED 3,986,137 thousand (31 December 2022: AED 2,380,000 thousand) are due to the banks controlled by the Government of Abu Dhabi and the Major Shareholder. Finance cost on these borrowings amounted to AED 43,618 for the period ended 31 March 2023 (period ended 31 March 2022: AED 11,982 thousand).
- (ii) Deposits and bank balances as of 31 March 2023 AED 6,998,463 thousand (31 December 2022: AED 8,887,275 thousand) are kept with banks controlled by the Government of Abu Dhabi and the Major shareholder. Finance income on these deposits amounted to AED 42,662 thousand for the period ended 31 March 2023 (period ended 31 March 2022: AED 3,109 thousand).

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

26 Transactions and balances with related parties (continued)

26.3 Other balances and transactions with related parties:

(iii) Letter of credits and bank guarantees issued through banks controlled by the Government of Abu Dhabi and the Major shareholder amounted to AED 2,431,868 thousand for the year ended 31 March 2023 (31 December 2022: AED 553,050 thousand).

27 Commitments and contingencies

27.1 Capital commitments

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

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Projects under development	7,746,232	5,678,563
Projects under management	19,242,421	15,783,285
Others	114,057	95,633
	27,102,710	21,557,481

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 18,962,756 thousand (31 December 2022: AED 15,518,349 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.

27.2 Operating lease commitments

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

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
The Group as a lessor		
Within one year	1,429,620	1,353,378
One to five years	3,573,410	3,399,640
After five years	2,097,531	2,035,476
	7,100,561	6,788,494

In addition to the above lease commitments, the Group also has lease contracts where it is entitled to receive rent based on turnover of tenants and service charges.

Set out below are the maturity analysis of lease liabilities for the Group acting as lessee:

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
The Group as a lessee		
Within one year	58,355	61,096
One to five years	176,345	209,494
After five years	482,670	493,213
	717,370	763,803

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

27 Commitments and contingencies (continued)

27.2 Operating lease commitments (continued)

The following are the amounts recognised in profit or loss:

	3 months period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
The Group as a lessee		
Depreciation expense of right-of-use assets	4,014	1,868
Unwinding of interest expense on operating lease liabilities (note 22)	4,600	3,771
Expense relating to short-term leases	255	567

The total cash outflow for leases amounted to AED 24,552 thousand (period ended 31 March 2022: AED 18,464 thousand).

27.3 Lease liabilities

The movement for the lease liability is as follows:

	31 March 2023 (unaudited) AED '000	31 December 2022 (audited) AED '000
Balance at the beginning of the period/year	485,533	333,260
Additions	874	74,360
Acquired as part of business combination (note 33)	-	137,422
Disposals	(5,219)	-
Payments	(24,552)	(75,240)
Finance cost	5,904	18,603
Exchange difference	(195)	(2,872)
Balance at the end of the period/year	462,345	485,533

The Group did not have major non-cash additions to right-of-use assets and lease liabilities during the period ended 31 March 2023 and year ended 31 December 2022.

Analysed as:

Non-current	413,357	436,545
Current	48,988	48,988

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

27 Commitments and contingencies (continued)

27.4 Contingencies

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Letters of credit and bank guarantees		
Issued by the Group	2,680,796	861,399
Group's share in contingencies of joint ventures and associates	2	2
	2,680,798	861,401

Bank guarantees and letters of credit include AED 349,816 thousand (31 December 2022: AED 364,019 thousand) pertaining to a construction related subsidiary.

27.5 Legal claim contingency

In January 2022, a previous supplier filed a claim against the Group relating to a contract that was signed in 2007. In 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 2022, 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. In December 2022, the Court of Appeal dismissed the appeal in Aldar's favor. The supplier filed an appeal with the court of cassation which was awarded decided in Aldar's favor in March 2023. There are no further appeals available to the supplier, so the claim is now closed.

28 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.

29 Dividends

At the annual general meeting held on 16 March 2023, the shareholders approved distribution of cash dividends of AED 1,258,021 thousand for the year ended 31 December 2022, being 16 fils per share (for the year 2022: cash dividends of AED 1,179,395 thousand, being 15 fils per share), which was paid subsequent to the period end in April 2023.

30 Non-cash transactions

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

	3 months period ended 31 March	
	2023 (unaudited) AED'000	2022 (unaudited) AED'000
Transfer between investment properties and development work in progress (note 7)	-	4,694
Transfer between investment properties and Property, plant & equipment (note 7)	-	57,850

**Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)**

31 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.

	31 March 2023 (unaudited)		31 December 2022(audited)	
	Gross carrying amount AED'000	Fair value AED'000	Gross carrying amount AED'000	Fair value AED'000
Financial liabilities at amortised cost				
<i>Non-convertible Sukuk</i>				
Sukuk No. 1 (note 15)	1,827,042	1,828,485	1,847,443	1,803,119
Sukuk No. 2 (note 15)	1,852,750	1,738,631	1,834,473	1,683,694
	3,679,792	3,567,116	3,681,916	3,486,813

32 Segment information

32.1 Operating segments

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

The Group has presented 2 segments bifurcated into seven reportable sub-segments for the current and comparative year which are as follows:

Aldar Development

- Property development and sales – develop and sell properties
- Project management services – dedicated project delivery arm and the manager of the Group project management businesses
- Egypt subsidiaries – a real estate development subsidiary operates in Egypt that mainly develop and sell real estate properties

Aldar Investment

- Investment properties – acquires, manages and lease residential, commercial, logistics and retail properties
- Hospitality and leisure – owns, manage and operate hotels and leisure assets
- Education – own, manage and operates schools offering a wide range of curriculum and ancillary services
- Principal investments – includes mainly property and facilities management operations, construction and security services

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)



32 Segment information

32.1 Operating segments

	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		
Three months ended 31 March 2023 (unaudited)									
Revenue and rental income from external customers									
- Over a period of time	1,221,828	266,415	13,379	-	152,702	153,620	292,561	-	2,100,505
- At a point in time	129,312	22,576	162,224	-	130,146	-	-	-	444,258
- Leasing	-	-	1,798	519,032	-	-	-	-	520,830
Inter-segments	99,929	-	-	18,679	-	-	56,631	(175,239)	-
Gross revenue (i)	1,451,069	288,991	177,401	537,711	282,848	153,620	349,192	(175,239)	3,065,593
Cost of revenue excluding service charge	(863,479)	(171,577)	(112,803)	(80,989)	(179,191)	(87,665)	(282,065)	64,005	(1,713,764)
Service charge expenses	-	-	-	(31,384)	-	-	-	-	(31,384)
Gross profit	587,590	117,414	64,598	425,338	103,657	65,955	67,127	(111,234)	1,320,445
Three months ended 31 March 2022 (unaudited)									
Revenue and rental income from external customers									
- Over a period of time	939,122	262,200	39,542	-	61,004	139,118	205,407	-	1,646,393
- At a point in time	295,433	-	237,743	-	68,178	-	-	-	601,354
- Leasing	-	-	3,109	432,349	-	-	-	-	435,458
Inter-segments	-	-	-	9,201	-	-	33,803	(43,004)	-
Gross revenue (i)	1,234,555	262,200	280,394	441,550	129,182	139,118	239,210	(43,004)	2,683,205
Cost of revenue excluding service charge	(817,856)	(135,567)	(173,956)	(60,999)	(105,287)	(79,718)	(193,603)	35,571	(1,531,415)
Service charge expenses	-	-	-	(33,542)	-	-	-	-	(33,542)
Gross profit	416,699	126,633	106,438	347,009	23,895	59,400	45,607	(7,433)	1,118,248

(i) Gross revenue of investment properties includes AED 31,384 thousand (period ended 31 March 2022: AED 33,542 thousand) of revenue from service charges and contingent rent of AED 8,163 thousand (period ended 31 March 2022: 13,513 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 31 March 2023 (continued)



32 Segment information (continued)

32.1 Operating segments (continued)

	Aldar Development			Aldar Investment				Unallocated/ eliminations AED'000	Consolidated AED'000
	Property development and sales	Project managemen t services	Egypt subsidiaries	Investment properties	Hospitality and leisure	Education	Principal investments		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000		
Three months ended 31 March 2023 (unaudited)									
Gross profit	587,590	117,414	64,598	425,338	103,657	65,955	67,127	(111,234)	1,320,445
Selling and marketing expenses	(94,636)	(404)	(4,475)	(4,645)	(265)	(1,226)	(1,513)	(1,707)	(108,871)
General and administrative expenses	(88,496)	(20,905)	(40,801)	(73,982)	(62,370)	(41,154)	(51,394)	(3,513)	(382,615)
Loss on revaluation of investment properties	-	-	-	(14,375)	-	-	-	-	(14,375)
Gain on disposal of investment properties	-	-	-	7,741	-	-	-	-	7,741
Share of results of associates and joint ventures	-	-	-	(1,415)	-	-	-	-	(1,415)
Finance income	56,807	19,829	25,205	7,475	4,219	2,356	2,534	(8,453)	109,972
Finance costs	(1,214)	(150)	(12,987)	(131,017)	(1,923)	(1,155)	(3,369)	22,325	(129,490)
Other income	8,283	1,456	11,001	-	17,136	2,123	317	591	40,907
Income tax expense	-	-	(6,502)	-	-	-	-	-	(6,502)
Profit for the period	468,334	117,240	36,039	215,120	60,454	26,899	13,702	(101,991)	835,797
Three months ended 31 March 2022 (unaudited)									
Gross profit	416,699	126,633	106,438	347,009	23,895	59,400	45,607	(7,433)	1,118,248
Selling and marketing expenses	(60,084)	(147)	(18,845)	(1,253)	-	(868)	(1,138)	(280)	(82,615)
General and administrative expenses	(80,293)	(13,366)	(43,396)	(38,309)	(34,465)	(33,842)	(32,534)	(10,477)	(286,682)
Loss on revaluation of investment properties	-	-	-	(34,985)	-	-	-	-	(34,985)
Gain on disposal of investment properties	-	-	-	6,740	-	-	-	-	6,740
Share of results of associates and joint ventures	-	-	-	(1,783)	-	-	-	-	(1,783)
Finance income	8,495	4	24,569	3,140	144	129	8	2,155	38,644
Finance costs	(4,288)	(197)	(9,942)	(64,452)	-	(1,129)	(80)	5,130	(74,958)
Other income	3,329	-	11,986	13,000	-	-	(22)	(1,193)	27,100
Income tax expense	-	-	(21,899)	-	-	-	-	-	(21,899)
Profit for the period	283,858	112,927	48,911	229,107	(10,426)	23,690	11,841	(12,098)	687,810

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)



32 Segment information (continued)

32.1 Operating segments (continued)

	Aldar Development			Aldar Investment				Unallocated/ Eliminations AED'000	Consolidated AED'000
	Property development and sales	Project management services	Egypt subsidiaries	Investment properties	Hospitality and leisure	Education	Principal investments		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000		
As at 31 March 2023 (unaudited)									
Total assets	17,199,360	6,797,033	3,950,441	26,574,967	4,483,616	925,286	1,262,059	2,586,537	63,779,299
Period ended 31 March 2023 (unaudited)									
Capital expenditures	2,137,220	696	1,021	74	29,626	12,844	7,019	1,224	2,189,724
Project expenditures	955,169	-	125,475	73,596	-	-	-	-	1,154,240
As at 31 December 2022 (audited)									
Total assets	7,592,656	5,744,487	4,627,620	26,490,881	4,306,817	869,854	1,275,340	10,368,329	61,275,984
Period ended 31 March 2022 (unaudited)									
Capital expenditures	3,804	14,197	2,943	60,871	29,129	4,423	1,628	44,360	161,355
Project expenditures	781,674	-	-	531,969	-	-	-	-	1,313,643

*Unallocated total assets mainly pertain to cash and bank balances held under the corporate amounting to AED 1,865,828 thousand (31 December 2022: AED 9,310,238 thousand).

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)



32 Segment information (continued)

32.2 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:

	3 months period ended 31 March 2023			3 months period ended 31 March 2022		
	UAE	International	Total	UAE	International	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Total assets as at 31 March 2023 and 31 December 2022	59,828,858	3,950,441	63,779,299	56,648,364	4,627,620	61,275,984
Condensed consolidated statement of profit or loss:						
Revenue and rental income from external customers						
- Over a period of time	2,087,126	13,379	2,100,505	1,606,851	39,542	1,646,393
- At a point in time	282,034	162,224	444,258	363,610	237,743	601,353
- Leasing	519,032	1,798	520,830	432,350	3,109	435,459
Gross revenue	2,888,192	177,401	3,065,593	2,402,811	280,394	2,683,205
Cost of revenue excluding service charge	(1,600,961)	(112,803)	(1,713,764)	(1,357,459)	(173,956)	(1,531,415)
Service charge expenses	(31,384)	-	(31,384)	(33,542)	-	(33,542)
Gross profit	1,255,847	64,598	1,320,445	1,011,810	106,438	1,118,248
Selling and marketing expenses	(104,396)	(4,475)	(108,871)	(63,770)	(18,845)	(82,615)
General and administrative expenses	(341,814)	(40,801)	(382,615)	(243,287)	(43,395)	(286,682)
Loss on revaluation of investment properties	(14,375)	-	(14,375)	(34,985)	-	(34,985)
Gain on disposal of investment properties	7,741	-	7,741	6,740	-	6,740
Share of results of associates and joint ventures	(1,415)	-	(1,415)	(1,783)	-	(1,783)
Finance income	84,767	25,205	109,972	14,075	24,569	38,644
Finance costs	(116,503)	(12,987)	(129,490)	(65,016)	(9,942)	(74,958)
Other income	29,906	11,001	40,907	15,114	11,986	27,100
Income tax expense	-	(6,502)	(6,502)	-	(21,899)	(21,899)
Profit for the period	799,758	36,039	835,797	638,898	48,912	687,810

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

33 Business combinations

Acquisitions in 2023

33.1 Mustard and Linen

On 27 December 2022, the Group signed an agreement to acquire 75% shares of Mustard & Linen Interior Design Holdings Limited (“M&L”) for a consideration of AED 25,000 thousand. M&L is incorporated in ADGM Abu Dhabi, UAE and is involved in the operation of a premium interior design business services in UAE. M&L was acquired to complement the Aldar model of development, sales, construction, management and associated services for real estate in the region. The acquisition has been accounted for effective 14 February 2023 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 non-controlling interest of AED 80 thousand and goodwill amounting to AED 24,763 thousand which is attributable to robust business model, vertical integration benefits, synergies, and cost optimisation. The non-controlling interest shareholder has also contributed AED 2,000 thousand to the equity of M&L. As of 31 March 2023, the full amount has been paid. Cash acquired on acquisition amounted to AED 1,781 thousand.

33.2 On 2 February 2023, the Group signed a subscription and shareholders’ agreement with DH 3 FZ-LLC and DH Real Estate and Infra LLC for the development and sale of development work on 3 parcels of land in Dubai. At 31 March 2023, certain conditions to complete the transaction were not fulfilled and hence there is no financial impact on the consolidated financial statements for the period ended 31 March 2023. Subsequent to the reporting period, the Group completed the transaction.

Acquisitions in 2022

33.3 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 the 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 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:

	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

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements
for the period ended 31 March 2023 (continued)

33 Business combinations (continued)

Acquisitions in 2022 (continued)

33.3 Al Shohub Private School LLC (continued)

	AED'000
Satisfied by:	
Cash	65,084
Deferred consideration*	7,126
	<u>72,210</u>
Goodwill	<u>9,121</u>
Analysis of cashflow on acquisition	
Cash paid for the acquisition	(65,084)
Net cash acquired on business combination	<u>1,821</u>
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)	(1,098)
Net cash outflow on acquisition	<u><u>(64,361)</u></u>

33.4 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 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:

	AED'000
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>

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

33 Business combinations (continued)

Acquisitions in 2022 (continued)

33.4 Twafq Projects Development Property LLC (continued)

	AED'000
Total identifiable net assets at fair value	482,008
Non-controlling interest	(141,871)
Group's share of net assets acquired	<u>340,137</u>
Less: purchase consideration	(331,033)
Bargain purchase gain	<u><u>9,104</u></u>

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><u>(300,894)</u></u>

33.5 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 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. Cash acquired on acquisition amounted to AED 1,132 thousand.

33.6 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 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 6,206 thousand. Cash acquired on acquisition amounted to AED 185 thousand.

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

33 Business combinations (continued)

Acquisitions in 2022 (continued)

33.7 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 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	12,756
Intangible assets	27,948
Inventories	485
Trade and other receivables	99,126
Cash and bank balances	17,072
Total assets	<u>157,387</u>
Liabilities	
Lease liabilities	1,426
Employee benefits	36,977
Trade and other payables	36,622
Total liabilities	<u>75,025</u>
Total identifiable net assets at fair value	82,362
Less: purchase consideration	<u>(120,019)</u>
Goodwill	<u>37,657</u>

Analysis of cashflow on acquisition

	<u>AED’000</u>
Cash paid for the acquisition	104,132
Net cash acquired on business combination	<u>17,072</u>
Net cash outflow on acquisition (included in cash flows from investing activities)	(87,060)
Transaction costs of the acquisition (included in cash flows from operating activities)	(2,459)
Net cash outflow on acquisition	<u><u>(89,519)</u></u>

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

33 Business combinations (continued)

Acquisitions in 2022 (continued)

33.8 SAGA OA DMCC

On 19 October 2022, Provis Owners Association Management Services LLC (“Provis OA” a subsidiary of the Group) acquired 100% of the issued share capital of SAGA International Owners Association Management Services LLC and SAGA OA DMCC (“SAGA OAs”), entities incorporated in Dubai, UAE for a consideration of AED 37 million. 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. The acquisition has been accounted for effective 19 October 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The acquisition has resulted in recognition of goodwill amounting to AED 4,944 thousand and intangible assets (customer relationship) of AED 31,396 thousand.

34 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 period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (audited) AED'000
Income taxes		
Current tax	3,198	14,834
Deferred tax	3,304	7,065
Income tax expense recognised in statement of profit or loss	6,502	21,899

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.

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

34 Income tax (continued)

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Deferred tax assets		
Provisions	42,318	52,082
Carried forward tax losses	5,978	10,181
	48,296	62,263
Deferred tax liabilities		
Foreign exchange translation	(4,596)	(4,138)
Property, plant and equipment	(469)	(657)
Others	(135)	(166)
Net deferred tax assets	43,096	57,302

Unrecognised deferred tax asset

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Deductible temporary differences	18,056	21,746
Tax losses carried forward	1,740	2,520
	19,796	24,266

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.

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities from the effective date.

35 Foreign exchange translation reserve

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period/year	(385,312)	-
Exchange differences on translating the net assets of foreign operations	(248,123)	(643,689)
Relating to non-controlling interests	99,597	258,377
Balance at the end of the period/year	(533,838)	(385,312)

ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

36 Cash flow hedging reserve

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period	190,248	(422)
Cumulative fair value movement arising on hedging instruments during the year classified under cash flow hedges	(24,624)	193,394
Cumulative net loss arising on hedging instruments reclassified to profit or loss (note 22)	1,671	6,947
Attributable to non-controlling interest	2,726	(9,671)
Balance at the end of the period	170,021	190,248

37 Non-controlling interests

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period/year	4,380,218	715,213
Share of profit for the period	110,143	199,269
Share of other comprehensive loss for the period/year	(102,323)	(248,706)
Dividends paid by a subsidiary against preference equity (note 37.1)	(60,453)	(20,979)
Dividends paid by a subsidiary to a non-controlling interests (note 37.2)	(73,676)	(973)
Non-controlling interest arising on a business combination (note 33)	2,080	334,471
Change in equity attributable to owners of the company due to partial disposal of subsidiary (note 37.1)	-	99,080
Movement from partial disposal of interests in subsidiaries (note 37.1, 37.2)	-	3,302,843
Balance at the end of the period	4,255,989	4,380,218

37.1 During the year 2022, 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 coupon. The above results in Aldar disposing 11.88% 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 declared preference dividend amounted to AED 60,453 thousand.



ALDAR PROPERTIES PJSC

Notes to the condensed consolidated financial statements for the period ended 31 March 2023 (continued)

37 Non-controlling interests (continued)

37.1 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	1,568,080
Consideration received	(1,469,000)
Change in equity attributable to owners of the Company	<u>99,080</u>

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.

37.2 During the year 2022, 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 the establishment of Hansel, the Company entered into a 20 year Deferred Land Sale and Purchase Agreement (“DLSPA”) with Hansel where 2.6 million sqm of land was transferred to Hansel for an amount of AED 2,830 million. The Company further disposed of its class B shares 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.

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*.

During the period, Hansel paid dividend of AED 73,676 thousand to Apollo Capital.

38 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 3 May 2023.