

**DAMAC Real Estate Development Limited, DIFC
Dubai - United Arab Emirates**

**Review report and condensed consolidated
interim financial information
for the nine month period ended
30 September 2021**

DAMAC Real Estate Development Limited, DIFC

**Review report and condensed consolidated interim financial information (Unaudited)
for the nine month period ended 30 September 2021**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
DAMAC Real Estate Development Limited, DIFC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **DAMAC Real Estate Development Limited, DIFC** (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2021 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three month and nine month period then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine month period then ended 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 condensed consolidated 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.

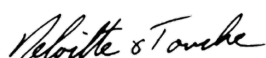
Conclusion

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

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2021. Furthermore, the condensed consolidated interim financial information of the Group for the nine month period ended 30 September 2020 were reviewed by another auditor who expressed an unmodified conclusion on 11 November 2020.

Deloitte & Touche (M.E.)



Akbar Ahmad
11 November 2021
Dubai
United Arab Emirates

**Condensed consolidated interim statement of financial position
as at 30 September 2021**

	Notes	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
ASSETS			
Cash and bank balances	6	918.8	1,154.3
Trade and other receivables	7	1,469.6	1,912.7
Development properties	8	2,210.0	2,117.8
Investment in associates	9	217.9	79.7
Other financial assets	10	112.7	198.3
Financial investments	11	772.9	207.6
Right-of-use assets	12	15.7	16.3
Property and equipment	13	18.0	17.4
Investment properties	14	45.3	47.0
Total assets		5,780.9	5,751.1
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,083.0	1,083.0
Statutory reserve		41.3	41.3
Fair value reserve		76.5	(11.8)
Retained earnings		2,269.1	2,422.2
Total equity		3,469.9	3,534.7
Liabilities			
Trade and other payables	16	780.0	766.6
Advances from customers	17	767.1	562.6
Lease liabilities	12	19.1	17.8
Bank borrowings	18	34.0	34.0
Sukuk certificates	19	710.8	835.4
Total liabilities		2,311.0	2,216.4
Total equity and liabilities		5,780.9	5,751.1

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

The interim financial information was signed on 11 November 2021 by:



Chief Executive Officer



Director

The accompanying notes from page 7 to 30 form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated interim statement of profit or loss (Unaudited)
for the nine month period ended 30 September 2021**

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2021	2020	2021	2020
		US\$ Million (Unaudited)	US\$ Million (Unaudited)	US\$ Million (Unaudited)	US\$ Million (Unaudited)
Revenue	21	276.4	348.1	651.4	993.6
Cost of sales		(182.2)	(276.1)	(458.9)	(768.4)
Gross profit		94.2	72.0	192.5	225.2
Other operating income	22	24.4	2.2	34.2	12.6
General, administrative and selling expenses	23	(106.1)	(50.5)	(295.1)	(147.2)
Amortisation of right-of-use assets	12	(0.2)	(2.2)	(0.6)	(6.7)
Depreciation on property and equipment and investment properties		(1.7)	(2.0)	(4.8)	(6.0)
Provision for impairment on development properties	8	-	(143.9)	-	(263.0)
Loss allowance reversal/(charged) on trade receivables	7	9.8	(13.9)	(6.9)	(61.5)
Operating profit/(loss)		20.4	(138.3)	(80.7)	(246.6)
(Loss)/gain on financial investments carried at FVTPL	11	(68.0)	(0.8)	(20.2)	16.2
Other income - net	24	7.5	4.0	22.9	15.0
Finance income	25	0.9	2.5	2.4	10.6
Finance costs	26	(11.3)	(15.7)	(39.1)	(48.6)
Share of net loss of associates	9	(0.7)	-	(2.2)	-
Loss before tax		(51.2)	(148.3)	(116.9)	(253.4)
Income tax expense	30	-	-	(13.2)	-
Loss for the period		(51.2)	(148.3)	(130.1)	(253.4)
Loss per share					
Basic and diluted (US\$)	29	(0.0473)	(0.1369)	(0.1201)	(0.2340)

The accompanying notes from page 7 to 30 form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated interim statement of comprehensive income (Unaudited)
for the nine month period ended 30 September 2021**

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2021 US\$ Million (Unaudited)	2020 US\$ Million (Unaudited)	2021 US\$ Million (Unaudited)	2020 US\$ Million (Unaudited)
Loss for the period		(51.2)	(148.3)	(130.1)	(253.4)
Other comprehensive income/(loss):					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Fair value (loss)/gain on investment in equity instruments designed at fair value through other comprehensive income (FVTOCI)	11(a)	(0.3)	-	65.3	(11.8)
Total comprehensive loss for the period		(51.5)	(148.3)	(64.8)	(265.2)

The accompanying notes from page 7 to 30 form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated interim statement of changes in equity (Unaudited)
for the nine month period ended 30 September 2021**

	Share capital US\$ Million	Statutory reserve US\$ Million	Fair value reserve US\$ Million	Retained earnings US\$ Million	Total US\$ Million
Balance at 1 January 2020	1,083.0	41.3	-	2,704.7	3,829.0
Loss for the period	-	-	-	(253.4)	(253.4)
Other comprehensive income	-	-	(11.8)	-	(11.8)
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Total comprehensive loss for the period	-	-	(11.8)	(253.4)	(265.2)
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Balance at 30 September 2020	<u>1,083.0</u>	<u>41.3</u>	<u>(11.8)</u>	<u>2,451.3</u>	<u>3,563.8</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2021	1,083.0	41.3	(11.8)	2,422.2	3,534.7
Loss for the period	-	-	-	(130.1)	(130.1)
Other comprehensive income	-	-	65.3	-	65.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	-	-	65.3	(130.1)	(64.8)
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Transfer on derecognition of investment at FVTOCI [Note 11(a)]	-	-	23.0	(23.0)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2021	<u>1,083.0</u>	<u>41.3</u>	<u>76.5</u>	<u>2,269.1</u>	<u>3,469.9</u>

The accompanying notes from page 7 to 30 form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated interim statement of cash flows (Unaudited)
for the nine month period ended 30 September 2021**

	1 January to 30 September	
	2021	2020
	(9 month)	(9 month)
	(Unaudited)	(Unaudited)
	US\$ Million	US\$ Million
Cash flows from operating activities		
Loss for the period before tax	(116.9)	(253.4)
<i>Adjustments for:</i>		
Depreciation on property and equipment and investment properties (Notes 13 and 14)	4.8	6.0
Amortisation on right-of-use assets (note 12)	0.6	6.7
Provision for employees' end-of-service indemnity (note 16)	2.4	2.0
Amortisation of issue costs on sukuk certificates (note 19)	1.0	1.0
Loss on disposal of property and equipment	-	0.1
Provision for impairment on development properties (note 8)	-	263.0
Loss allowance of trade receivables (note 7)	6.9	61.5
Finance costs (note 26)	39.1	48.6
Finance income (note 25)	(2.4)	(10.6)
Loss on fair value of financial investment at FVTPL (note 11)	42.8	0.6
Share of net loss of associates (note 9)	2.2	-
Dividend income (note 24)	(10.3)	-
Loss/(gain) on repurchase of sukuk certificates (note 24)	1.6	(6.0)
Operating cash flows before changes in operating assets and liabilities	(28.2)	119.5
Decrease in trade and other receivables	434.6	139.5
(Increase)/decrease in development properties	(92.2)	28.4
Decrease in trade and other payables	(6.7)	(75.2)
Increase/(decrease) in advances from customers	204.5	(88.2)
Employee end-of-service indemnity paid (note 16)	(1.7)	(3.1)
Net cash generated from operating activities	510.3	120.9
Cash flows from investing activities		
Purchases of property and equipment (note 13)	(3.7)	(1.9)
Acquisition of financial investment at FVTPL and FVTOCI (note 11)	(753.6)	(81.7)
Investment in associates	(78.0)	-
Proceeds from sale of financial investment at FVTPL (note 11)	148.4	74.2
Decrease in other financial assets	85.7	35.6
Decrease/(increase) in deposits with an original maturity of greater than three months	53.6	(246.7)
Dividend income received	10.3	-
Interest received	4.0	11.3
Net cash used in investing activities	(533.3)	(209.2)
Cash flows from financing activities		
Repayment of bank borrowings	-	(75.2)
Redemption and repurchase of sukuk certificates	(127.2)	(48.2)
Repayment for principal portion of lease liabilities	-	(6.3)
Finance costs paid	(31.7)	(34.6)
Net cash used in financing activities	(158.9)	(164.3)
Net decrease in cash and cash equivalents	(181.9)	(252.6)
Cash and cash equivalents at the beginning of the period	900.1	1,124.1
Cash and cash equivalents at the end of the period (note 6)	718.2	871.5

The accompanying notes from page 7 to 30 form an integral part of these condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2021

1. General information

DAMAC Real Estate Development Limited, DIFC was incorporated on 31 October 2013 as a Company Limited by shares (registration number 1476) with the Registrar of Companies of the Dubai International Financial Centre (the “DIFC”) under the DIFC Companies Law. The registered address of the Company is Unit 115, Level 1, Park Towers, Dubai International Financial Centre, P.O. Box 2195, Dubai, United Arab Emirates (U.A.E.).

The Company is 100% owned by Damac Properties Dubai Co. PJSC (the “Parent”) whose Majority Shareholder is Mr. Hussain Ali Habib Sajwani (the “Chief Executive Officer”).

The Parent and its subsidiaries (collectively the “Group”) are involved mainly in the development of properties in the Middle East.

2. Basis of preparation and statement of compliance

2.1 Statement of compliance

The condensed consolidated interim financial information are prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standard Board (IASB).

The condensed consolidated interim financial information of the Group do not include all the information and disclosures required in the full 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 period from 1 January 2021 to 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2.2 Basis of preparation

The condensed consolidated interim financial information of the Group are prepared under the historical cost basis except for certain financial assets carried either at fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The condensed consolidated interim statement of profit or loss and other comprehensive income for the nine month period ended 30 September 2021 and 30 September 2020 is not significantly affected by seasonality of the results.

The condensed consolidated interim financial information of the Group are presented in millions of United States Dollars (“US\$”) which is the Group’s reporting currency. Amounts are rounded to the nearest millions, unless otherwise stated. The individual financial statements of Group entities are prepared in respective local currencies, being the currency in the primary economic environment in which these entities operate (the functional currency).

3. Summary of significant accounting policies

The principal accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2020, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

3. Summary of significant accounting policies (continued)

3.1 New standards, amendments and interpretations

(a) *New and revised IFRS applied with no material effect on the condensed consolidated interim financial information*

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRS has not had any material impact on the amounts reported for the current period and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to phase 2 of interest rate benchmark reforms.
- Amendments of IFRS 16 Leases relating to Covid-19 Related Rent Concessions

(b) *New and revised IFRSs in issue but not yet effective*

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective.

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 16 <i>Property, plant and equipment</i> relating to proceeds before intended use.	1 January 2022
Amendment to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> relating to onerous contracts.	1 January 2022
Amendments to IFRS 3 <i>Business Combinations</i> relating to reference to conceptual framework	1 January 2022
Annual improvements to IFRS standards 2018 – 2020	1 January 2022
Amendments to IAS 8 <i>Accounting policies, Changes in accounting estimates and errors</i>	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to classification of Liabilities as Current or Non-Current	1 January 2023
IFRS 17 <i>Insurance Contracts</i> and Amendment to IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IAS 12 <i>Income Taxes</i> relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 4 <i>Insurance Contracts</i> Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2	1 January 2023
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

3. Summary of significant accounting policies (continued)

3.1 New standards, amendments and interpretations (continued)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated interim financial information for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

3.2 Details of subsidiaries consolidated

The Company consolidated 100% of the operations, assets and liabilities of the subsidiaries listed below which in total are 104 (31 December 2020: 91) Companies (together the "Group"):

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
Damac Crescent Properties Company LLC	U.A.E.	Real estate development	0%	100%
Damac Luxury Real Estate Properties Co LLC	U.A.E.	Real estate development	100%	100%
Damac Heritage Properties Co LLC	U.A.E.	Real estate development	100%	100%
Damac General Trading (L.L.C)	U.A.E.	Holding company	0%	100%
Al Bawader Real Estate L.L.C	U.A.E.	Sales office	100%	100%
Front line Investment Management L.L.C	U.A.E.	Real estate development	100%	100%
Al Aman Investment Management Co. LLC	U.A.E.	Holding company	100%	100%
Business Tower Investment L.L.C	U.A.E.	Real estate development	100%	100%
Damac Enterprises & Management Co. (L.L.C)	U.A.E.	Trade marks	100%	100%
Damac Properties Development Co (LLC)	U.A.E.	Holding company	100%	100%
Damac Properties Co. (L.L.C)	U.A.E.	Holding company	100%	100%
Marina Terrace Co.(L.L.C)	U.A.E.	Real estate development	100%	100%
Damac Gulf Properties (L.L.C)	U.A.E.	Real estate development	100%	100%
Lake Terrace Co. L.L.C	U.A.E.	Real estate development	100%	100%
Royal Crown Properties L.L.C	U.A.E.	Real estate development	100%	100%
Damac Star Properties (L L C)	U.A.E.	Real estate development	100%	100%
Island Oasis Properties	U.A.E.	Real estate development	100%	100%
Damac Crescent Properties	U.A.E.	Real estate development	100%	100%
Damac Development (LLC)	U.A.E.	Real estate development	100%	100%
Luxury Facilities Management L.L.C	U.A.E.	Facilities management	100%	100%
Damac Tuscan Residence LLC	U.A.E.	Real estate development	100%	100%
Damac Lake View Company Limited	U.A.E.	Real estate development	100%	100%
Damac Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Park Towers Company Limited	U.A.E.	Real estate development	100%	100%
Excel Operations Company Limited	U.A.E.	Holding company	100%	100%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

3. Summary of significant accounting policies (continued)

3.2 Details of subsidiaries consolidated (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
Damac Crown Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Investment & Properties (Jordan) LLC	Jordan	Real estate development	100%	100%
Al-Imaratieh Properties LLC	Jordan	Real estate development	100%	100%
Damac Properties Lebanon SAL	Lebanon	Real estate development	100%	100%
Damac Lebanon SAL (Holding)	Lebanon	Holding company	100%	100%
Tilal Development Holding SAL	Lebanon	Holding company	100%	100%
Damac Properties International Limited	Mauritius	Holding company	100%	100%
Damac Enterprises Co. Ltd	Mauritius	Trade marks	100%	100%
Damac Properties Company Limited	Saudi Arabia	Real estate development	100%	100%
The Waves FZ LLC	U.A.E.	Real estate development	100%	100%
Damac Real Estate Developers FZ- LLC	U.A.E.	Real estate development	100%	100%
Damac Properties FZ- LLC	U.A.E.	Real estate development	100%	100%
Damac Real Estate Services Co (L.L.C)	U.A.E.	Holding company	100%	100%
Namaa Properties Development L.L.C	U.A.E.	Real estate development	100%	100%
Damac Homes (L.L.C)	U.A.E.	Group treasury operation	100%	100%
Kings Valley Investment (L.L.C.)	U.A.E.	Holding company	100%	100%
Damac Properties Services Co. Shj LLC	U.A.E.	Sales office	49%	100%
Valencia Development Company WLL	Bahrain	Real estate development	100%	100%
Al Hikmah International Enterprises LLC	Qatar	Real estate development	0%	100%
Damac Properties Qatar WLL	Qatar	Real estate development	0%	100%
Ocean Pearl Real Estate Comp LLC	U.A.E.	Real estate development	100%	100%
Bright Gulf Investments Limited	BVI	Investment company	100%	100%
Luxury Owner Association Management Services Co. L.L.C	U.A.E.	Facilities management	100%	100%
Majara Investments Limited	BVI	Investment company	100%	100%
Arjann Holdings Limited	BVI	Investment company	100%	100%
Priority Holding Limited	Cayman Islands	Trust arrangement	100%	100%
Maksab Holding Limited	BVI	Holding company	100%	100%
Damac Hotels & Resorts Management L.L.C	U.A.E.	Hotels management	100%	100%
Paramount Holiday Homes L.L.C**	U.A.E.	Vacation homes rental	100%	100%
Damac FC Holding Co Ltd	U.A.E.	Holding company	100%	100%
Damac Private Real Estate Management L.L.C	U.A.E.	Investment company	100%	100%
Damac Business Real Estate Co. L.L.C**	U.A.E.	Real estate development	100%	100%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

3. Summary of significant accounting policies (continued)

3.2 Details of subsidiaries consolidated (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
Damac World Real Estate L.L.C	U.A.E.	Real estate development	100%	100%
Helios Venture Holdings Limited	BVI	Holding company	100%	100%
Damac Canal One Property Development L.L.C	U.A.E.	Real estate development	100%	100%
Damac Canal Two Property Development L.L.C	U.A.E.	Real estate development	100%	100%
JA Parks L L C	U.A.E.	Real estate development	100%	100%
Damac Asset Management L.L.C	U.A.E.	Property leasing	100%	100%
Damac International Golf Club L.L.C	U.A.E.	Golf club	100%	100%
Quanta Real Estate L.L.C	U.A.E.	Real estate development	100%	100%
Alpha Star Holding III Limited	Cayman Islands	Trust arrangement	0%	100%
Avitus Investments L.L.C	U.A.E.	Shell Company	100%	100%
Alpha Star Holding V Limited	Cayman Islands	Trust arrangement	0%	100%
Luxury Owners Association Management Services Co. LLC (DMCC Branch)	U.A.E.	Facilities management	100%	100%
Damac Hills Investment LLC**	U.A.E.	Real estate development	100%	100%
M H S Sports Academy Owned by Damac Crescent Properties One Person Company L.L.C	U.A.E.	Sports activities, tennis training	100%	100%
RICA Marketing and Support Service LLP	India	Marketing and public relations	100%	100%
Luxury Owners Association Management Services SAL	Lebanon	Facilities management	100%	100%
Proteus Hotel L.L.C	U.A.E.	Hotels management	100%	100%
Dov Luxury Co L.L.C	U.A.E.	Real estate development	100%	100%
Damac Casa Investment Co. L.L.C	U.A.E.	Investment company	100%	100%
Pathfinder Property Development L.L.C	U.A.E.	Real estate development	100%	100%
Guangzhou Advance Consulting Service Limited.	China	Sales office	0%	100%
Zenica Property Development L.L.C	U.A.E.	Real estate development	100%	100%
Remus Hotel L.L.C	U.A.E.	Hotels management	100%	100%
Vitus Buckingham Gate Development Limited	United Kingdom	Development of Building Projects	100%	100%
Buckingham Gates Estates Limited	United Kingdom	Development of Building Projects	100%	100%
Edgnex Data Centre & Cloud Services L.L.C**	U.A.E.	Cloud Service & Datacenters Providers	100%	100%
Trios Hotel Appartments L L C*	U.A.E.	Hotel apartments rental	100%	100%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

3. Summary of significant accounting policies (continued)

3.2 Details of subsidiaries consolidated (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
Prestige Turkey Gayrimenkul Yatirim Anonim Sirketi*	Turkey	Real estate development	100%	100%
Elite Turkey Gayrimenkul Yatirim Anonim Sirketi*	Turkey	Real estate development	100%	100%
Edgnex Turkey Gayrimenkul Bilisim Teknolojileri Anonim Sirketi*	Turkey	Real estate development	100%	100%
Prive Cafe L.L.C*	U.A.E.	Restaurant/Coffee shop	100%	100%
Globe An Investments LLC*/ **	U.A.E.	Investment company	100%	100%
Edgnex Data Centre & Cloud Services*	Morocco	Real estate development	100%	100%
Clio Development Company Limited*	United Kingdom	Real estate development	100%	100%
Ghalia Investment (Canada) Limited*	Canada	Investment company	100%	100%
BB Plot 1 LLC*	U.A.E.	Real estate development	100%	100%
BB Plot 2 LLC*	U.A.E.	Real estate development	100%	100%
MAEA Investment B.V.*	Netherlands	Investment company	100%	100%
LETA Investment B.V.*	Netherlands	Investment company	100%	100%
Martis Investment Company*	France	Investment company	100%	100%
ABT Landco Limited*	Ireland	Cloud Service & Datacenters Provider	90%	90%
10245 CollinsHoldings INC*	United States of America	Holding company	100%	100%
10245 Collins LLC*	United States of America	Shell Company	100%	100%
Milon Development Company Limited*	United Kingdom	Real estate development	100%	100%
Oceanside Development Company Limited*	United Kingdom	Real estate development	100%	100%
Seascape Investment Company Limited*	United Kingdom	Investment company	100%	100%
Kapok Investments Limited*	United Kingdom	Investment company	100%	100%

* These are newly incorporated entities that became part of the Group during the period.

** The entities has been renamed during the period.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

3. Summary of significant accounting policies (continued)

3.2 Details of subsidiaries consolidated (continued)

During the period, the Group liquidated following subsidiaries:

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
Sound Media and Marketing LLC	U.A.E.	Marketing and public relations	100%	100%
Global Properties Company Limited	U.A.E.	Real estate development	0%	100%
Middle East Properties Company Limited	U.A.E.	Real estate development	0%	100%
Damac Fortune Properties Company Limited	U.A.E.	Real estate development	0%	100%
Global Realtors LLC	U.A.E.	Sales office	100%	100%
Damac Luxury Vacation Club LLC	U.A.E.	Vacation homes rental	100%	100%
Al Bawader Real Estate Brokerage LLC	Kuwait	Sales office	100%	100%
Alpha Star Holding Limited	Cayman Islands	Holding company	0%	100%

There are certain entities included in the table above for which the Group's legal ownership has been less than 100%. These are entities whose shares have been held for and on behalf of the Parent and for each such entity the Parent's economic interest is 100%.

The beneficial ownership of the above entities is with the Group either directly or indirectly through beneficial ownership agreements. All balances and transactions between Group entities consolidated in these condensed consolidated interim financial information have been eliminated upon consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies.

3.3 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

4. Critical accounting judgments and key sources of estimation of uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The critical judgements and estimates used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 except for the changes highlighted below:

Investment in Associates

During the period, Group acquired 25% (Note 9) equity interest in Damac International Limited ("DIL") (a related entity). Accordingly, as at 30 September 2021 Group's shareholding in DIL increased from 20% to 45% which has resulted in reclassification of the investment from investment in financial assets carried at FVTOCI to Investment in Associates. Management has assessed the impact of IAS 28: *Investments in Associates and Joint Ventures* and has concluded that the Group has significant influence over the entity and hence the investment has been accounted for as an 'Associate'.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

5. Segment analysis

The Group currently comprises a single reportable operating segment, being property development. Information reported to the Board of Directors for the purpose of the resource allocation and assessment of performance is primarily determined by the geographical location of these operations.

Revenue, operating results, assets and liabilities presented in the condensed consolidated interim financial information of the Group pertains to property development segment of the Group.

Geographic information for the Group is split between operations in the U.A.E. “Domestic” and operations in other jurisdictions “International”.

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Revenue</i>				
Domestic	262.5	341.8	612.3	978.1
International	13.9	6.3	39.1	15.5
	276.4	348.1	651.4	993.6

	30 September 2021	31 December 2020
	US\$ Million	US\$ Million
	(Unaudited)	(Audited)
<i>Development properties</i>		
Domestic	1,916.6	1,814.4
International	293.4	303.4
	2,210.0	2,117.8

6. Cash and bank balances

	30 September 2021	31 December 2020
	US\$ Million	US\$ Million
	(Unaudited)	(Audited)
Cash on hand	4.6	0.3
Cash held in escrow	467.5	652.8
Bank balances	141.8	165.6
Fixed deposits	304.9	335.6
Cash and bank balances	918.8	1,154.3
Fixed deposits with an original maturity of greater than three months	(200.6)	(254.2)
Cash and cash equivalents	718.2	900.1

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

6. Cash and bank balances (continued)

Cash held in escrow represents cash received from customers which is held with banks authorised by the Real Estate Regularity Authority (“RERA”). Use of this cash is restricted to the specific development properties to which the cash receipts relate and, hence is considered as cash and cash equivalents.

Balances with banks are assessed to have low credit risk of default since these assets are held with banks that are highly regulated by the central banks of the respective countries. Accordingly, the management estimates the loss allowance at the end of the reporting period at an amount equal to 12-month ECL.

Considering the historical default experience and the current credit ratings of the banks, the management have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Fixed deposits are financial assets held by banks with maturity period of less than and more than three months from the date of placement. As at reporting date, the fixed deposits earned interest at rates ranging from 0.5% to 1% (31 December 2020: 1% to 3%) per annum.

At the reporting date, fixed deposits and bank balances of US\$ 160.0 million (31 December 2020: US\$ 113.0 million) are held by banks under lien against credit facilities issued to the Group.

At the reporting date, cash and cash equivalents amounting to US\$ 372.0 million (31 December 2020: US\$ 580.0 million) is held with Islamic banks and the remaining balance is held with conventional banks.

7. Trade and other receivables

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Unbilled receivables (i)	825.5	959.5
Trade receivables (ii)	486.4	838.2
Loss allowance on trade receivables (iii)	(64.6)	(57.6)
	1,247.3	1,740.1
Advances and deposits	116.6	128.0
Other receivables, prepayments and other assets	105.7	44.6
	1,469.6	1,912.7

(i) Unbilled receivables are contract assets which relate to the Group’s right to receive consideration for work completed but not billed at the reporting date. These are transferred to trade receivables when invoiced as per milestones agreed in contracts with the customers.

(ii) Trade receivables represent amounts due from customers. Customers are allowed 30 days from each invoice date to settle outstanding dues.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

7. Trade and other receivables (continued)

(iii) Movement in loss allowance on trade receivables is as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Balance at the beginning of the period/year	(57.7)	(17.8)
Loss allowance during the period/year	(6.9)	(39.8)
Balance at the end of the period/year	<u>(64.6)</u>	<u>(57.6)</u>

8. Development properties

Development properties represent development and construction costs incurred on properties being developed for sale. Movement during the period/year is as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Balance at the beginning of the period/year	2,117.8	2,592.4
Additions	548.8	865.7
Transfer to cost of sales	(456.6)	(979.7)
Provision for impairment	-	(360.6)
Balance at the end of the period/year	<u>2,210.0</u>	<u>2,117.8</u>

During the period ended 30 September 2021, Group have entered into a Sale and Purchase Agreement ("SPA") dated 21 September 2021 with a third party for the purchase of certain land parcels (the "Parcel") amounting to US\$ 408.0 million. As of the reporting date, the Group has a remaining commitment of US\$ 356.0 million relating to this SPA and will be recorded as and when the payment is made, and each Parcel is legally transferred to the Group.

Impairment of development properties

At 30 September 2021, the Group reviewed the carrying value of its land held for future development, properties under development and completed properties by assessing the net realisable value of each project. This review resulted in an impairment provision of US\$ Nil (31 December 2020: US\$ 360.6 million).

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

8. Development properties (continued)

Assets held as development properties

The development properties balance includes land held for future development, properties under development and completed properties held in inventory. The balance is split into the categories as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Land held for future development	767.6	731.6
Properties under development	935.5	842.1
Completed properties	506.9	544.1
	2,210.0	2,117.8

No borrowing costs have been capitalised to development properties. The carrying value of development properties located outside the United Arab Emirates as at 30 September 2021 is US\$ 293.0 million (31 December 2020: US\$ 303.0 million).

9. Investment in associates

The 25% equity interest of Nine Elms S.H Co. Ltd, Jersey (“NESH”) is representative of 25% equity interest in Nine Elms Property Ltd, Jersey (“NEPL”). NEPL is engaged in developing and selling a project - DAMAC Towers Nine Elms London.

During the period ended 30 September 2021, pursuant to the Board Resolution dated 4 March 2021, the Group entered into a share purchase agreement with DICO International Ventures Company Limited to acquire an additional 25% shareholding in DIL for a consideration of US\$ 78.0 million which resulted in overall equity interest in DIL to 45%. The Group reclassified financial investment carried at FVTOCI to investment in associates amounting to US\$ 62.4 million.

The following entities has been included in the condensed consolidated interim financial information of the Group using the equity method:

Name	Country of incorporation principal place of business	Proportion of ownership interest held as at		Investment in associates held as at	
		30 September 2021	31 December 2020	30 September 2021 US\$ Million	31 December 2020 US\$ Million
Nine Elms S.H Co Ltd	Jersey	25%	25%	79.0	79.7
Damac International Limited	Cayman Island	45%	20%	138.9	-
Closing balance				217.9	79.7

During the period 30 September 2021, Group has recorded share of net loss from associates amounting to US\$ 2.2 million (30 September 2020: US\$ Nil).

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

10. Other financial assets

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Escrow retention accounts	109.2	195.6
Margin deposits	3.0	1.9
Other	0.5	0.8
	112.7	198.3

In accordance with applicable laws, the Group holds funds under escrow in Real Estate Regulatory Authority (“RERA”) authorised bank accounts. These funds must be held in these escrow accounts for a fixed period of one year after completion of the relevant development properties, at which point they are released to the Group. These funds earn profit or interest at relevant commercial rates.

Other financial assets are assessed to have low credit risk of default since these assets are held with banks that are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance at the end of the reporting period at an amount equal to 12-month ECL. Considering the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

At 30 September 2021, margin deposits are held by banks under lien against credit facilities issued to the Group and earn profit or interest at relevant commercial rates.

As at the reporting date, an amount of US\$ 50.0 million (31 December 2020: US\$ 103.0 million) is held with Islamic banks and the remaining balance is held with conventional banks.

11. Financial investments

As at the reporting date, the balances of financial investments carried at FVTPL and FVTOCI:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Financial investments at FVTOCI [11 (a)]	242.2	73.6
Financial investments at FVTPL [11 (b)]	530.7	134.0
	772.9	207.6

a) Financial investments at FVTOCI

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Opening balance	73.6	100.6
Additions/(disposals) (i)	165.7	(15.2)
Change in fair value	65.3	(11.8)
Derecognition/reclassified to investment in associates (ii)	(62.4)	-
Closing balance	242.2	73.6

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

11. Financial investments (continued)

a) Financial investments at FVTOCI (continued)

- (i) During the period ended 30 September 2021, Group acquired quoted equity instrument designated at FVTOCI amounting to US\$ 165.7 million (31 December 2020: US\$ Nil). As at 30 September 2021, Group has recognised a fair value gain amounting to US\$ 76.5 million (31 December 2020: US\$ Nil).
- (ii) During the period ended 30 September 2021, Group acquired additional 25% equity interest in DIL which resulted in an overall equity interest of the Group in DIL to 45% which resulted in reclassification from financial investment at FVTOCI to Investment in Associates amounting to US\$ 62.4 million. Further, during the period ended 30 September 2021, the Group has recognised a fair value loss of US\$ 11.2 million based on the valuation carried out by an independent valuer (31 December 2020: US\$ 11.8 million). During the period ended 30 September 2021, accumulated loss of US\$ 23.0 million has been reclassified from investment at FVTOCI to retained earnings.

b) Financial investments at FVTPL

	30 September 2021	31 December 2020
	US\$ Million	US\$ Million
	<i>(Unaudited)</i>	<i>(Audited)</i>
Opening balance	134.0	-
Additions	587.9	249.2
Disposals (i)	(148.4)	(124.4)
Change in fair value through profit or loss (ii)	(42.8)	9.2
Closing balance	530.7	134.0

- (i) During the period ended 30 September 2021, the Group mainly invested in quoted equity securities listed on the London stock exchange and the New York stock exchange. During the period ended 30 September 2021, Group has sold equity investments amounting to US\$ 148.4 million and recognised a gain of US\$ 22.6 million (for the year ended 31 December 2020: US\$ 32.0 million) in the condensed consolidated interim statement of profit or loss.
- (ii) The Group has fair valued the quoted equity investments based on published market prices prevailing as at 30 September 2021 and recognised a loss of US\$ 42.8 million (31 December 2020: Recognized a gain of US\$ 9.2 million) in the condensed consolidated interim statement of profit or loss.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

12. Right-of-use assets and lease liabilities

	Total US\$ Million
<i>Cost</i>	
At 1 January 2020 (Audited)	34.0
At 31 December 2020 (Audited)	34.0
At 30 September 2021 (Unaudited)	34.0
<i>Accumulated amortisation</i>	
At 1 January 2020 (Audited)	8.8
Charge for the year	8.9
At 31 December 2020 (Audited)	17.7
Charge for the period	0.6
At 30 September 2021 (Unaudited)	18.3
<i>Carrying value</i>	
At 30 September 2021 (Unaudited)	15.7
At 31 December 2020 (Audited)	16.3

Amount of lease liabilities outstanding as at period/year end:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Opening balance	17.8	25.3
Interest expense for the period / year (note 26)	1.3	2.2
Lease payment during the period / year	-	(9.7)
Closing balance	19.1	17.8

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

13. Property and equipment

	Buildings	Furniture and fixtures	Tools and Office equipment	Motor vehicles	Total
	US\$ Million	US\$ Million	US\$ Million	US\$ Million	US\$ Million
Cost					
At 1 January 2020	25.1	21.6	32.5	2.1	81.3
Additions	-	0.6	1.4	0.1	2.1
Disposals	-	-	(0.2)	-	(0.2)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020 (Audited)	25.1	22.2	33.7	2.2	83.2
Additions	-	0.8	2.3	0.6	3.7
Disposals	-	(0.8)	(1.3)	(0.2)	(2.3)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021 (Unaudited)	25.1	22.2	34.7	2.6	84.6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment:					
At 1 January 2020	4.1	16.9	24.5	1.0	46.5
Charge for the year	2.3	0.8	2.4	0.3	5.8
Impairment losses	13.6	-	-	-	13.6
Disposals	-	(0.1)	-	-	(0.1)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020 (Audited)	20.0	17.6	26.9	1.3	65.8
Charge for the period	0.7	0.7	1.4	0.3	3.1
Disposals	-	(0.8)	(1.3)	(0.2)	(2.3)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021 (Unaudited)	20.7	17.5	27.0	1.4	66.6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying value					
At 30 September 2021 (Unaudited)	4.4	4.7	7.7	1.2	18.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020 (Audited)	5.1	4.6	6.8	0.9	17.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

14. Investment properties

Investment properties represent completed properties held at cost less accumulated depreciation and any impairment losses under the cost model in accordance with IFRS. Movement during the period/year is as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Cost		
Balance at the beginning of the period/year	55.3	55.3
	<hr/>	<hr/>
Balance at the end of period/year	55.3	55.3
	<hr/>	<hr/>
Accumulated depreciation		
Balance at the beginning of the period/year	8.3	6.1
Charge for the period/ year	1.7	2.2
	<hr/>	<hr/>
Balance at the end of the period/year	10.0	8.3
	<hr/>	<hr/>
Net carrying amount	45.3	47.0
	<hr/>	<hr/>

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

15. Share capital

	30 September 2021	31 December 2020
	US\$ Million (Unaudited)	US\$ Million (Audited)
Authorised, issued, subscribed and fully paid shares of US\$ 1 each	1,083.0	1,083.0

16. Trade and other payables

	30 September 2021	31 December 2020
	US\$ Million (Unaudited)	US\$ Million (Audited)
Trade payables	201.6	187.6
Accruals	215.0	228.8
Retentions payable (i)	259.2	291.3
Other payables	79.3	47.6
Provision for employees' end-of-service indemnity (ii)	12.0	11.3
Provision for taxation	12.9	-
	780.0	766.6

(i) Retentions comprise amounts due to contractors which are held for one year after the completion of a project until the defects liability period has passed and are typically between 5% and 15% of work done.

(ii) Movement in provision for employees' end-of-service indemnity during the period/year is as follows:

	30 September 2021	31 December 2020
	US\$ Million (Unaudited)	US\$ Million (Audited)
Balance at the beginning of the period/year	11.3	14.1
Charge for the period/year	2.4	1.8
Payments during the period/year	(1.7)	(4.6)
Balance at the end of the period/year	12.0	11.3

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

17. Advances from customers

Advances from customers are contract liabilities which represent payments received from customers for sale of properties for which revenue has not yet been recognised.

Movement during the period/year is as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Balance at the beginning of the period/year	562.6	645.2
Amounts collected/advance billing during the period/year	872.3	1,219.5
Amount invoiced/revenue recognised during the period/year	(629.5)	(1,259.8)
Other operating income recognised during the period/year	(38.3)	(42.3)
	<u>767.1</u>	<u>562.6</u>

18. Bank borrowings

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Bank facilities	<u>34.0</u>	<u>34.0</u>

- a) The Group has unsecured interest-bearing term loan facility amounting to US\$ 100.0 million with a commercial bank bearing interest at 3 months LIBOR plus 3.75% per annum, repayable in 2022. US\$ 66.0 million was repaid as at 30 September 2021.
- b) During the period, Group had arranged for a bank overdraft facility amounting to US\$ 82.0 million (31 December 2020: US\$ Nil) of which the entire amount is unutilized as at 30 September 2021.
- c) As at 30 September 2021, the Group had arranged for bank facilities amounting to US\$ 331.0 million (31 December 2020: US\$ 366.0 million) in the form of letters of credit and guarantees out of which US\$ 26.1 million (31 December 2020: US\$ 229.0 million) remained unutilised as at the reporting date.
- d) The non-funded facilities are mainly secured by mortgages over certain properties owned by the Group with a market value of US\$ 101.0 million (31 December 2020: US\$ 100.0 million), corporate guarantees of the Company, pledges over bank accounts and deposits aggregating to US\$ 66.0 million (31 December 2020: US\$ 113.0 million).
- e) Repayment profile of the Group's bank borrowings at the reporting date is as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
On demand or within one year	<u>34.0</u>	<u>34.0</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

19. Sukuk certificates

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Sukuk certificates	712.1	837.7
Unamortised issue costs	(1.3)	(2.3)
	<hr/>	<hr/>
Carrying amount	710.8	835.4
	<hr/> <hr/>	<hr/> <hr/>

Movement in unamortised issue costs is as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Balance at the beginning of the period/year	2.3	3.7
Amortised during the period/year	(1.0)	(1.4)
	<hr/>	<hr/>
Balance at the end of the period/year	1.3	2.3
	<hr/> <hr/>	<hr/> <hr/>

- On 20 April 2017, the Group issued US\$ 500.0 million Sukuk Trust Certificates (the “Certificates”) maturing in 2022. Alpha Star Holding III Limited is the Issuer and Trustee pursuant to Declaration of Trust and the Company is the Guarantor. The Certificates are listed on the Irish Stock Exchange and NASDAQ Dubai. The sukuk is structured on the basis of service agency whereby the service agent for and on behalf of the issuer enters into Ijara (leasing) and Murabaha contracts with the Company. Holders of the Certificates from time to time (the “Certificate holders”) have the right to receive certain payments arising from an undivided ownership interest in the Trust Assets and the Trustee will hold such Trust Assets upon trust absolutely for the Certificate holders pro rata according to the face amount of Certificates held by each Certificate holder in accordance with the Declaration of Trust and the terms and conditions of the Certificates.

The Certificate holders are paid returns at the rate of 6.25% per annum.

During the period ended 30 September 2021, the Group repurchased sukuk certificates carrying face value of US\$ 103.0 million at a premium.

- On 18 April 2018, the Group issued US\$ 400.0 million Sukuk Trust Certificates (the “Certificates”) maturing in 2023. Alpha Star Holding V Limited is the Issuer and Trustee pursuant to Declaration of Trust and Company is the Guarantor. The Certificates are listed on the Irish Stock Exchange and NASDAQ Dubai. The sukuk is structured on the basis of service agency whereby the service agent for and on behalf of the issuer enters into Ijara (leasing) and Murabaha contracts with the Company. Holders of the Certificates from time to time (the “Certificate holders”) have the right to receive certain payments arising from an undivided ownership interest in the Trust Assets and the Trustee will hold such Trust Assets upon trust absolutely for the Certificate holders pro rata according to the face amount of Certificates held by each Certificate holder in accordance with the Declaration of Trust and the terms and conditions of the Certificates.

The Certificate holders are paid returns at the rate of 6.625% per annum.

During the period ended 30 September 2021, the Group repurchased sukuk certificates carrying face value of US\$ 22.6 million at a premium.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

19. Sukuk certificates (continued)

The repayment profile of sukuk certificates is as follows:

	30 September 2021 US\$ Million (Unaudited)	31 December 2020 US\$ Million (Audited)
Amount due for settlement within 12 months	364.8	-
Amount due for settlement after 12 months	346.0	835.4
	710.8	835.4

20. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24: *Related Party Disclosures*. Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges which are substantially the same terms as those prevailing at the same time for comparable transactions with the third parties. Pricing policies and terms of all transactions are approved by the management.

Nature of significant related party transactions and amounts involved are as follows:

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 US\$ Million (Unaudited)	2020 US\$ Million (Unaudited)	2021 US\$ Million (Unaudited)	2020 US\$ Million (Unaudited)
<i>Entities under control of Majority Shareholder</i>				
Investment in Damac International Limited (i) (Note 9)	-	-	77.8	-
Support services fees (ii) (Note 24)	0.3	0.3	1.0	1.0
Loss on fair valuation of financial investment (Note 11)	-	-	11.2	11.8

(i) Acquisition of 25% Stake in DIL

On 4 March 2021, the Group acquired 25% equity interest of Damac International Limited, a company registered in Cayman Island, by way of a share transfer. The cost of the acquisition amounted to US \$ 77.8 million determined based on the valuation carried out by an independent valuer of the Company as at purchase date. The consideration was paid in full and there are no amounts outstanding as at the 30 September 2021.

(ii) Support services fees

During the period, the Group received US\$ 1.0 million (30 September 2020: US\$ 1.0 million) towards support services rendered to Damac International Limited and DICO Investments Co. LLC, both related entities under the control of Majority Shareholder.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

20. Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24: *Related Party Disclosures*.

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	(Unaudited)	<i>(Unaudited)</i>	(Unaudited)	<i>(Unaudited)</i>
Salaries and other short-term employee benefits	0.3	0.5	1.2	1.6
Other long-term benefits	0.1	-	0.1	0.1
	0.4	0.5	1.3	1.7

21. Revenue

Revenue recognised over time and point in time is provided as below:

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	(Unaudited)	<i>(Unaudited)</i>	(Unaudited)	<i>(Unaudited)</i>
Over time	226.1	292.5	526.3	904.9
Point in time	50.3	55.6	125.1	88.7
	276.4	348.1	651.4	993.6

22. Other operating income

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	(Unaudited)	<i>(Unaudited)</i>	(Unaudited)	<i>(Unaudited)</i>
Income from cancellation of units, net	24.4	2.2	34.2	12.6

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

23. General, administrative and selling expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs	26.4	18.2	70.5	62.1
Selling and marketing expenses	55.4	16.3	150.4	41.1
Repairs and maintenance	13.9	8.6	44.3	18.0
Rent and license fees	2.0	1.3	4.9	4.1
Legal and professional	3.8	2.9	10.9	7.5
Travel and communication	1.2	0.1	3.0	2.1
Bank charges	1.4	1.5	3.6	4.3
Insurance	0.6	0.4	1.5	2.0
Social contributions	-	-	0.4	0.4
Other	1.4	1.2	5.6	5.6
	106.1	50.5	295.1	147.2

24. Other income - net

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Property management fees	2.7	1.7	9.4	6.5
Support services fees (note 20)	0.3	0.3	1.0	1.0
Dividend income	4.4	-	10.3	-
(Loss) / gain on repurchase of sukuk certificates	(1.4)	1.7	(1.6)	6.0
Other	1.5	0.3	3.8	1.5
	7.5	4.0	22.9	15.0

25. Finance income

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Islamic banks and financial institutions	0.2	0.4	0.7	5.7
Conventional banks and financial institutions	0.7	2.1	1.7	4.9
	0.9	2.5	2.4	10.6

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

26. Finance costs

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
	US\$ Million	US\$ Million	US\$ Million	US\$ Million
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Islamic banks and financial institutions	10.5	14.2	36.2	42.8
Conventional banks and financial institutions	0.3	1.0	1.6	4.1
Interest on lease liabilities (note 12)	0.5	0.5	1.3	1.7
	11.3	15.7	39.1	48.6

27. Contingent liabilities

	30 September 2021	31 December 2020
	US\$ Million	US\$ Million
	<i>(Unaudited)</i>	<i>(Audited)</i>
Bank guarantees	305.1	165.4

The Group has contingent liabilities in respect of bank guarantees issued in the normal course of business from which it is anticipated that no material liabilities will arise as at 30 September 2021.

There were certain claims submitted by the contractors in lieu of various construction projects in the ordinary course of business. Based on the review of opinion provided by the internal legal team, the management has assessed that no material unprovided liabilities will arise as at reporting date. The Group also has certain claims from the customers and other parties for which the management is of the opinion that no cash outflows are expected to be paid by the Group against these legal cases and claims.

The Group has elected not to present the complete disclosures as required by IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

28. Commitments

Commitments for the acquisition of services for the development and construction of assets classified under developments in progress:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
	US\$ Million	US\$ Million
Contracted for	336.3	459.6

Operating lease commitments - Group as a lessor

The Group has entered into leases on its investment property portfolio whose contracted periods do not exceed one year.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)**

29. Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares in issue during the period. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Loss for the period (US\$ million)	(51.2)	(148.3)	(130.1)	(253.4)
Weighted average number of ordinary shares (million)	1,083.0	1,083.0	1,083.0	1,083.0
Loss per ordinary share – Basic and diluted (US\$)	(0.0473)	(0.1369)	(0.1201)	(0.2340)

30. Income tax expense

During the period ended 30 September 2021, the Group has received Zakat Assessment orders for its subsidiary in Kingdom of Saudi Arabia for the years 2015 to 2018 from General Authority of Zakat and Tax (“GAZT”) and raised demand of zakat amounting to US\$ 13.2 million. The Group has filed an appeal against the decisions to GAZT. At the end of the reporting period, the management considers that the amount of additional zakat, if any, that may become payable on finalisation of the unassessed zakat period would not be material to the Group’s financial position.

31. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between book value under historical cost method and fair value estimates.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated interim financial information approximate their fair values. As at 30 September 2021, financial investments carried at FVTOCI reported in Note 11(a) is classified as Level 1 (31 December 2020: Note 11(a) is classified as Level 3). The financial investments at fair value through profit or loss reported in Note 11(b) is classified as Level 1 (31 December 2020: Note 11(b) is classified as Level 1).

There were no transfers between Level 1, 2 and 3 during the period ended 30 September 2021 and year ended 31 December 2020.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2021 (continued)****32. Comparative figures**

Previous period figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current period. The reclassification does not have any effect on the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows.

33. Impact of COVID-19

The outbreak of novel coronavirus (Covid-19) pandemic in early 2020 has either directly or indirectly impacted all businesses. Measures to prevent transmission of the virus has an immediate impact on businesses, which then affects supply chains and the production of goods throughout the world and lower economic activity is likely to result in reduced demand for many goods and services. Implications of reduced economic activity on financial reporting should be considered by all companies. As the Group is essentially engaged in property development, short term impact has been experienced, however, management continues to have a reasonable expectation that the Group has adequate resources to continue as a going concern in foreseeable future.

During the period ended 30 September 2021, the overall situation regarding new infections improved in the UAE. The vaccination campaigns initiated at the end of 2020 were massively deployed with significant percentage of the eligible population being vaccinated. The vaccination drive around the world has been also gaining momentum and is helping in containing the impact of Covid-19. This resulted in gradual relaxation of travel restrictions with several countries and a start of normalisation of the activity in UAE at the end of the reporting period.

The Group continues monitoring the evolution of the situation and adjust its operations in a dynamic manner to cope with an acceleration or a deceleration of the recovery and keep adjusting its critical judgements and estimates including the inputs used for expected credit loss, macroeconomic factors, valuation of development properties and investment properties, as necessary.

34. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information for the nine month period ended 30 September 2021 was approved by the Board of Directors and authorised for issue on 11 November 2021.