

**Arada Developments LLC and its
subsidiaries**

Condensed consolidated interim financial statements
For the six month period ended 30 June 2024

Arada Developments LLC and its subsidiaries

Condensed consolidated interim financial statements

For the six month period ended 30 June 2024

<i>Contents</i>	<i>Pages</i>
Independent auditors' report on review of condensed consolidated interim financial statements	1 - 2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of financial position	4
Condensed consolidated statement of cash flows	5
Condensed consolidated statement of changes in equity	6
Notes to the condensed consolidated interim financial statements	7-24



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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Arada Developments LLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Arada Developments LLC ("the Company") and its subsidiaries ("the Group") as at 30 June 2024, the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six month period then ended, and notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 statements 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 statements as at 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited – SHJ BR

Adil Abid
Registration No.: 5541
Sharjah, United Arab Emirates

Date: **16 SEP 2024**

Arada Developments LLC and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income

For the six month period ended 30 June 2024

	Note	30 June 2024 AED	30 June 2023 AED
Revenue	6	1,392,515,643	1,228,634,006
Direct cost	7	(804,303,937)	(799,203,095)
Other income		32,448,957	8,643,626
General and administrative expenses		(208,348,047)	(127,915,302)
Sales and marketing expenses		(147,043,332)	(87,878,814)
Gain on remeasurement of properties held for development and sale on transfer to investment properties	10	29,964,513	15,651,059
Change in the fair value of investment properties	11	81,016,348	25,575,932
Share of results from equity accounted investees		(4,077,794)	(5,195,415)
Finance costs	8(a)	(273,603,152)	(228,536,886)
Finance income	8(b)	41,238,895	12,937,966
Profit before tax		139,808,094	42,713,077
Income tax expense	22	(13,998,184)	-
Profit after tax		125,809,910	42,713,077
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(4,640,217)	-
Total comprehensive income for the period		121,169,693	42,713,077
Profit attributable to:			
Owners of the Company		128,011,636	42,816,061
Non-controlling interest		(2,201,726)	(102,984)
		125,809,910	42,713,077
Total comprehensive income attributable to:			
Owners of the Company		124,299,462	42,816,061
Non-controlling interest		(3,129,769)	(102,984)
		121,169,693	42,713,077

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 1 to 2.

Arada Developments LLC and its subsidiaries
Condensed consolidated statement of financial position
As at 30 June 2024

	<i>Note</i>	Jun 24 AED	Dec 23 AED
Assets			
Property, plant and equipment	9	695,042,681	673,050,105
Properties held for development and sale	10	3,985,854,906	3,893,230,761
Investment properties	11	1,512,440,312	1,294,236,370
Right-of-use assets	12	424,094,505	430,219,351
Investment in equity accounted investees	15	32,379,118	36,456,912
Trade, contract and other receivables	13	2,839,258,463	2,641,913,827
Loan to related parties	14(f)	635,486,879	44,255,647
Due from related parties	14(b)	107,097,080	559,171,133
Due from a shareholder	14(d)	-	102,963,014
Cash and bank balances	16	3,168,165,519	1,754,498,965
Deferred tax asset	22(a)	1,117,592	-
Total assets		13,400,937,055	11,429,996,085
Equity and liabilities			
Equity			
Share capital	17(a)	1,600,000,000	1,600,000,000
Legal reserve		31,899,275	31,899,275
Currency translation reserve	17(b)	(3,712,174)	-
Retained earnings		666,382,997	538,371,361
Attributable to owners of the Company		2,294,570,098	2,170,270,636
Non-controlling interest		118,859,747	121,989,516
Total equity		2,413,429,845	2,292,260,152
Liabilities			
Payable to the Government of Sharjah	18	2,061,800,817	2,044,543,605
Borrowings	19	634,750,000	912,500,000
Sukuk	20	3,270,259,326	1,818,118,759
Advance from customers		1,735,375,917	1,228,537,130
Trade and other payables	21	1,489,416,220	1,704,166,862
Current tax payable		15,115,776	-
Lease liabilities		481,217,719	470,119,264
Due to related parties	14(c)	554,699,574	561,647,842
Due to shareholders	14(e)	654,076,761	318,987,547
Loan from a related party	14(g)	32,585,000	33,250,000
Derivative financial instrument	25	36,749,813	29,159,475
Employees' end of service benefits		21,460,287	16,705,449
Total liabilities		10,987,507,210	9,137,735,933
Total equity and liabilities		13,400,937,055	11,429,996,085

These condensed consolidated interim financial statements were authorized by the Board of Directors and signed on their behalf by:



Director



Director

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 1 to 2.



Arada Developments LLC and its subsidiaries

Condensed consolidated statement of cash flows

For the six month period ended 30 June 2024

	Note	30 June 2024 AED	30 June 2023 AED
Operating activities			
Profit before tax for the period		139,808,094	42,713,077
<i>Adjustment for:</i>			
Change in fair value of investment properties		(81,016,348)	(25,575,932)
Gain on remeasurement of development properties on transfer to investment properties		(29,964,513)	(15,651,059)
Depreciation	9 and 12	62,959,211	21,934,719
Provision for employees' end of service benefits		5,345,365	3,930,129
Share of results from equity accounted investees		4,077,794	5,195,415
Finance costs	8(a)	273,603,152	228,536,886
Finance income	8(b)	(41,238,895)	(12,937,966)
<i>Operating profit before working capital changes</i>		<u>333,573,860</u>	<u>248,145,269</u>
Changes in:			
Trade, contract and other receivables		(220,257,416)	(405,848,320)
Due from related parties		(63,564,948)	(30,256,549)
Properties held for development and sale		(165,559,631)	(376,853,130)
Due to related parties		(24,716,869)	(12,693,118)
Trade and other payables		(230,600,486)	154,568,569
Payment to the Government of Sharjah	18	(23,395,606)	(15,617,858)
Advances from customers		506,838,787	607,511,137
Cash generated from operating activities		<u>112,317,691</u>	<u>168,956,000</u>
Payments for employees' end of service benefits		(590,527)	(526,567)
Net cash generated from operating activities		<u>111,727,164</u>	<u>168,429,433</u>
Investing activities			
Acquisition of property, plant and equipment	9	(51,558,509)	(64,798,362)
Proceeds from disposal of property, plant and equipment		76,347	-
Acquisition of investment properties	11	(34,287,595)	(42,061,815)
Due from related parties		-	(204,555,000)
Loan given to related parties	14(f)	(46,816,231)	(19,245,532)
Net movement in fixed deposits with a bank	15	(1,059,010,000)	(455,800,000)
Finance income		16,575,888	11,390,518
Net cash used in investing activities		<u>(1,175,020,100)</u>	<u>(775,070,191)</u>
Financing activities			
Proceeds from issuance of sukuk, net of transaction costs	20	1,455,777,750	177,091,101
Borrowings obtained during the period	19	1,150,000,000	901,000,000
Borrowings repaid during the period	19	(1,425,000,000)	(500,000,000)
Funds obtained from shareholders	14(d) and (e)	1,750,000,000	1,150,000,000
Fund repaid to shareholders	14(d) and (e)	(1,311,947,772)	(848,498,118)
Lease liabilities paid during the period		(31,829,801)	(5,026,579)
Repayment of loan from a related party		(665,000)	-
Finance costs		(160,995,470)	(107,890,524)
Net cash generated from financing activities		<u>1,425,339,707</u>	<u>766,675,880</u>
Net increase in cash and cash equivalents		<u>362,046,771</u>	<u>160,035,122</u>
Cash and cash equivalents at beginning of the period		1,104,408,965	617,602,364
Currency translation differences		(7,390,217)	-
Cash and cash equivalents at end of the period	16	<u>1,459,065,519</u>	<u>777,637,486</u>

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 1 to 2.

Arada Developments LLC and its subsidiaries

Condensed consolidated statement of changes in equity

For the six month period ended 30 June 2024

	Attributable to owners of the Company						
	Share capital AED	Legal reserve AED	Currency translation reserve AED	Retained earnings AED	Total AED	Non- controlling interest AED	Total AED
At 1 January 2023	500,000,000	19,607,801	-	386,898,731	906,506,532	(205,414)	906,301,118
<i>Total comprehensive income for the period</i>	-	-	-	42,816,061	42,816,061	(102,984)	42,713,077
Profit/ (loss) for the period	-	-	-	42,816,061	42,816,061	(102,984)	42,713,077
Total comprehensive income for the period	-	-	-	-	-	-	-
<i>Transactions with non-controlling interest recognised directly in equity</i>	-	-	-	-	-	123,500,000	123,500,000
Issuance of share capital to non-controlling interest	-	-	-	-	-	123,500,000	123,500,000
At 30 June 2023	500,000,000	19,607,801	-	429,714,792	949,322,593	123,191,602	1,072,514,195
At 1 January 2024	1,600,000,000	31,899,275	-	538,371,361	2,170,270,636	121,989,516	2,292,260,152
<i>Total comprehensive income for the period</i>	-	-	-	128,011,636	128,011,636	(2,201,726)	125,809,910
Profit/ (loss) for the period	-	-	-	128,011,636	128,011,636	(2,201,726)	125,809,910
<i>Other comprehensive income for the period</i>	-	-	(3,712,174)	-	(3,712,174)	(928,043)	(4,640,217)
Foreign currency translation differences	-	-	(3,712,174)	-	(3,712,174)	(928,043)	(4,640,217)
Total comprehensive income for the period	-	-	(3,712,174)	128,011,636	124,299,462	(3,129,769)	121,169,693
At 30 June 2024	1,600,000,000	31,899,275	(3,712,174)	666,382,997	2,294,570,098	118,859,747	2,413,429,845

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

Arada Developments LLC and its subsidiaries

Notes

forming part of the condensed consolidated interim financial statements

1 Legal status and principal activities

Arada Developments LLC (“the Company”), a limited liability company registered in Sharjah, United Arab Emirates (“UAE”) in accordance with UAE Federal Decree Law No. (32) of 2021. The registered office of the Company is P.O Box 2680, Sharjah, UAE. The registered shareholding of the Company is as follows:

Name	30 June 2024		31 December 2023	
	No. of shares	Shareholding %	No. of shares	Shareholding %
CORP KBW Investments LLC*	960,000	60	960,000	60
Basma Group LLC **	640,000	40	640,000	40

* CORP KBW Investments LLC is 100% owned by H.R.H. Prince Khalid Bin AlWaleed Bin Talal Bin AbdulAziz Al Saud.

** Basma Group LLC is 100% owned by H.H. Sheikh Sultan Ahmed Sultan AlQasimi.

The principal activities of the Company and its subsidiaries (collectively referred to as “the Group”) are carrying real estate enterprises investment, development, educational institution and management, facilities management and operating and managing fitness club. These condensed consolidated interim financial statements present the financial position, the results of the operations and cashflows of the Company and its subsidiaries for the six month period ended 30 June 2024.

These condensed consolidated interim financial statements were authorised for issue on 16 September 2024.

2 Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements for the six month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and UAE Federal Decree Law No. (32) of 2021. The condensed consolidated interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention basis except for investment properties and derivative financial instruments which are stated at fair values.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirham (“AED”), which is also the Company’s functional currency.

Arada Developments LLC and its subsidiaries

Notes (continued)

2 Basis of preparation (continued)

2.4 Use of estimates and judgements

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Material accounting policies

- 3.1 Except as described below, the accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.2 New standards, amendments and interpretations adopted by the Group

The following new amendments to IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these condensed consolidated interim financial statements:

- Non-current Liabilities with Covenants – Amendments to IAS 1
- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The adoption of above amendments do not have any significant impact on the condensed consolidated interim financial statements of the Group.

3.3 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income (“OCI”).

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Arada Developments LLC and its subsidiaries

Notes (continued)

3. Material accounting policies (continued)

3.3 Income tax (continued)

ii) *Deferred tax (continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group measures segment performance based on the earnings before finance cost/income, impairment, depreciation and provisions ("Adjusted EBITDA"). Although this is a non-IFRS measure, this will provide additional information to the users of the condensed consolidated interim financial statements.

Geographical information

The Group is engaged in property development and property management in the United Arab Emirates and Australia. The carrying amount of the total assets located outside the United Arab Emirates as at 30 June 2024 is AED 660 million (31 December 2023: AED 528 million).

Operating segments

For management purposes, the Group is organised into two operating segments: 'property development' and 'others'. Other operations include the income from educational services, facility management services and gym membership fees. None of these segments met the quantitative thresholds for reportable segments as at the reporting date.

The following tables represent revenue and profit information and assets and liabilities information regarding the Group's operating segments for the six month period ended 30 June 2024 and six month period ended 30 June 2023/year ended 31 December 2023:

Arada Developments LLC and its subsidiaries

Notes (continued)

4 Segment information (continued)

Operating segments (continued)

Six month period ended 30 June 2024	Property development AED	Others AED	Total AED
Revenue:			
Sale to external customers			
- Point in time	65,138,691	9,564,072	74,702,763
- Over a period of time	1,204,219,542	82,386,675	1,286,606,217
Leasing income	31,206,663	-	31,206,663
Total revenue	1,300,564,896	91,950,747	1,392,515,643
Segment results:			
Adjusted EBITDA	314,121,816	14,106,679	328,228,495
Finance costs	(271,446,129)	(2,157,023)	(273,603,152)
Finance income	41,238,895	-	41,238,895
Depreciation	(47,155,034)	(15,804,177)	(62,959,211)
Share of results from equity accounted investees	(4,077,794)	-	(4,077,794)
Change in fair value of investment properties	81,016,348	-	81,016,348
Gain on remeasurement of properties held for development and sale on transfer to investment properties	29,964,513	-	29,964,513
Tax expense/tax benefits	(14,345,091)	346,907	(13,998,184)
Profit/ (loss) for the period	129,317,524	(3,507,614)	125,809,910
As at 30 June 2024			
Segment assets	13,142,379,519	258,557,536	13,400,937,055
Segment liabilities	(10,812,126,685)	(175,380,435)	(10,987,507,210)
Six month period ended 30 June 2023			
Revenue:			
Sale to external customers			
- Point in time	35,164,108	-	35,164,108
- Over a period of time	1,145,900,632	43,252,753	1,189,153,385
Leasing income	4,316,513	-	4,316,513
Total revenue	1,185,381,253	43,252,753	1,228,634,006
Segment results:			
Adjusted EBITDA	246,504,989	(2,289,849)	244,215,140
Finance costs	(225,585,197)	(2,951,689)	(228,536,886)
Finance income	12,937,966	-	12,937,966
Depreciation	(14,097,035)	(7,837,684)	(21,934,719)

Arada Developments LLC and its subsidiaries

Notes (continued)

4 Segment information (continued)

Operating segments (continued)

Six month period ended 30 June 2023	Property development	Others	Total
Segment results:			
Share of results from equity accounted investees	(5,195,415)	-	(5,195,415)
Change in fair value of investment properties	25,575,932	-	25,575,932
Gain on remeasurement of properties held for development and sale on transfer to investment properties	15,651,059	-	15,651,059
Profit/ (loss) for the period	<u>55,792,299</u>	<u>(13,079,222)</u>	<u>42,713,077</u>
As at 31 December 2023			
Segment assets	<u>11,223,557,319</u>	<u>206,438,766</u>	<u>11,429,996,085</u>
Segment liabilities	<u>(8,993,149,798)</u>	<u>(144,586,135)</u>	<u>(9,137,735,933)</u>

5 Financial risk management

Overview

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statement does not include all financial risk management information and disclosures required in the annual consolidated financial statement and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2023.

6 Revenue

	30 June 2024 AED	30 June 2023 AED
Revenue from contracts with customers		
Sale of properties	1,269,358,233	1,181,064,740
Others (refer to note (i) below)	91,950,747	43,252,753
	<u>1,361,308,980</u>	<u>1,224,317,493</u>
Other revenue		
Lease income	31,206,663	4,316,513
	<u>1,392,515,643</u>	<u>1,228,634,006</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

6 Revenue (continued)

- i) This mainly includes revenue from gym membership fees amounting to AED 36.3 million (30 June 2023: AED 20.6 million), educational services amounting to AED 17.3 million (30 June 2023: AED 12.5 million) and facility management services amounting to AED 16.2 million (30 June 2023: AED 4 million).

Timing of revenue recognition

Revenue from contract with customers included above is recognised as follows:

	30 June 2024	30 June 2023
	AED	AED
Over a period of time	1,286,606,217	1,189,153,385
At a point of time	74,702,763	35,164,108
	-----	-----
Revenue from contracts with customers	1,361,308,980	1,224,317,493
Other revenue - over a period of time	31,206,663	4,316,513
	-----	-----
	1,392,515,643	1,228,634,006
	=====	=====

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future from existing contracts related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	1 year	2 to 4 years	Total
	AED	AED	AED
Sale of properties	5,687,713,265	3,060,659,566	8,748,372,831
	=====	=====	=====

7 Direct cost

	30 June 2024	30 June 2023
	AED	AED
Cost of properties sold (refer to note 10)	756,007,107	782,468,321
Other direct expense	48,296,830	16,734,774
	-----	-----
	804,303,937	799,203,095
	=====	=====

Arada Developments LLC and its subsidiaries

Notes (continued)

8 Finance costs and income

a) Finance costs

	30 June 2024 AED	30 June 2023 AED
Finance cost on sukuk	94,212,806	85,995,798
Finance cost on bank borrowings	71,348,711	16,031,256
Amortization of balance payable to the Government of Sharjah (refer to note 18)	40,652,818	49,850,377
Finance cost on factoring of trade receivable and contract assets (refer to note 13(i))	18,799,785	32,329,130
Amortization of non-current balance due to a related party (refer to note 14(c))	17,768,601	16,555,803
Finance expense on lease liabilities	15,583,480	2,613,720
Fair value loss on derivative financial instrument (refer to note 24)	7,590,338	3,014,755
Amortization of non-current balance payable of trade and other payable	6,753,364	-
Guarantee charges	893,249	20,325,201
Bank charges	-	1,820,846
	<u>273,603,152</u>	<u>228,536,886</u>

b) Finance income

Finance income from loan to related parties (refer to note 14(f))	28,776,000	1,547,448
Profit on bank deposits	12,462,895	11,390,518
	<u>41,238,895</u>	<u>12,937,966</u>

9 Property, plant and equipment

During the current period, the Group acquired property, plant and equipment amounting to AED 51.5 million (30 June 2023: AED 64.8 million).

During the period, the Group has recognised a depreciation expense of AED 29.4 million (30 June 2023: AED 15.6 million).

Also refer note 23.

10 Properties held for development and sale

During the period, the Group has incurred cost of AED 877.9 million (30 June 2023: AED 1,123.7 million) on properties held for future development and sale.

During the period, the Group has cancelled the sales purchase agreements with certain customers due to defaults on payment terms and conditions as per the respective sales purchase agreement and reinstated the units amounting to AED 43.5 million (30 June 2023: AED 35.2 million).

During the period, the Group has recognised an amount of AED 756.0 million (30 June 2023: AED 782.5 million) in profit or loss against revenue recognised from the sale of properties.

Arada Developments LLC and its subsidiaries

Notes (continued)

10 Properties held for development and sale (continued)

During the period, plots of land amounting to AED 72.9 million (30 June 2023: AED 21.2 million) were transferred from properties held for development and sale to investment properties based on change in use of the properties. On transfer, a gain on remeasurement amounting to AED 29.9 million (30 June 2023: AED 15.6 million) has been recognised in the profit or loss. Also refer to note 11.

Properties held for development and sale amounting to AED 851.9 million (30 June 2023: AED 702.1 million) are mortgaged to banks against the Islamic credit facilities of the Group (refer to note 19). Also refer to note 23.

11 Investment properties

During the period, the Group acquired investment properties amounting to AED 34.3 million (30 June 2023: AED 42 million).

During the period, plots of land amounting to AED 72.9 million (30 June 2023: AED 21.2 million) were transferred from properties held for development and sale to investment properties based on change in use of the properties. Also refer to note 10.

During the period, the Group has also recorded a fair value gain on its existing investment properties amounting to AED 81.0 million (30 June 2023: AED 25.6 million).

During the period, lease income of AED 31.2 million has been recognised by the Group (30 June 2023: AED 4.3 million).

As at the reporting date, investment properties include property under construction amounting to AED 524 million (30 June 2023: AED 487.3 million). Also refer to note 22.

12 Right-of-use assets

During the period, the Group entered into a new lease agreement for gym and fitness centres for a lease term of 5 years. On the lease commencement date, the Group had recognised right-of-use asset and lease liability amounting to AED 25.5 million (30 June 2023: AED 6.1 million).

During the period, the Group has recognised a depreciation expense of AED 33.5 million (30 June 2023: AED 6.3 million).

13 Trade, contract and other receivables

	30 June 2024 AED	31 December 2023 AED
Trade and unbilled receivables (refer to notes (i) and (ii) below)	1,663,891,425	1,620,688,639
Less: allowance for impairment	(2,034,516)	(2,034,516)
	<u>1,661,856,909</u>	<u>1,618,654,123</u>
Deferred expenses (refer to note (iii) below)	519,512,558	460,697,810
Advances to suppliers	449,120,920	402,283,757
Value added tax receivable	45,877,143	39,526,217
Prepayments	40,262,774	31,842,772
Deposits	17,127,495	17,792,895
Others	105,500,664	71,116,253
	<u><u>2,839,258,463</u></u>	<u><u>2,641,913,827</u></u>

Arada Developments LLC and its subsidiaries

Notes (continued)

13 Trade, contract and other receivables (continued)

i) Transfer of trade receivables and contract assets

The Group has entered into an agreement with a related party under which a related party has agreed to finance the trade receivables and contract assets related to sale of properties on a non-recourse basis. The related party have further signed a facility agreement with one of the commercial banks in UAE to obtain a term loan, wherein these trade receivables and contract assets are assigned in favour of bank against the credit facility.

Pursuant to signing of the agreement, these trade receivables and contract assets have been derecognised from the statement of financial position as the Group has transferred all the risks and rewards relating to these trade receivables and contract assets to the related party. As per the Contracts Rights Purchase and Servicing Agreement, trade receivables and contract assets amounting to AED 961,543,937 were sold for a consideration of AED 927,270,030 (as of 30 June 2023, trade and contract receivables amounting to AED 808,228,252 were sold for a consideration of AED 775,899,122). The Group has received a partial payment of AED 511,000,000 as of the reporting date. The carrying amount of trade receivables amounting to AED 529,799,785 has been derecognised for a consideration of AED 511,000,000, with the difference being recognised as a finance cost in the statement of profit and loss. Also refer to notes 8(a) and 14(a).

ii) Trade receivables and contract assets

	30 June 2024 AED	31 December 2023 AED
Trade receivables		
Amounts receivable within 12 months	656,798,315	521,485,279
Contract assets		
Unbilled receivables within 12 months	776,456,980	1,083,556,387
Unbilled receivables after 12 months	230,636,130	15,646,973
Total trade receivables and contract assets	<u>1,663,891,425</u>	<u>1,620,688,639</u>

Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

	30 June 2024 AED	31 December 2023 AED
Contract assets (included in trade and unbilled receivables)	1,007,093,110	1,099,203,360
Contract liabilities (advances from customers)	<u>1,705,537,954</u>	<u>1,209,698,940</u>

Significant changes in the contract balances during the period are as follows:

	Contract assets AED	Contract liabilities AED
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	235,676,151
Increases due to cash received, excluding amounts recognised as revenue during the period	-	<u>731,515,165</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

13 Trade, contract and other receivables (continued)

ii) Trade receivables and contract assets (continued)

	Contract assets AED	Contract liabilities AED
Transfers from contract assets recognised at the beginning of the period to receivables	716,707,724	-
Increases as a result of changes in the measure of progress	624,597,474	-
	<u>624,597,474</u>	<u>-</u>

iii) This represents sales commission paid to agents and sales staff, which will be recognised over a period of time when benefits relating to the transactions will flow to the Group in proportion to the recognition of revenue.

14 Related party transactions and balances

(a) Related party transactions

The Group enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The transactions between related parties are carried out at mutually agreed terms which are agreed between the management of the Group and the management of the respective related party. The significant transactions entered into by the Group with related parties, other than those disclosed elsewhere in these condensed consolidated interim financial statements, are as follows:

	30 June 2024 AED	30 June 2023 AED
Shareholders		
Funds received from shareholder for working capital - net	550,000,000	390,000,000
Payments made by the Company on behalf of the shareholders - net	111,947,770	88,498,118
Affiliates		
Funds received against factoring of trade receivables and contract assets	511,000,000	754,580,797
Advances given to related parties	46,317,733	209,713,792
Loan given to related parties	49,740,348	19,245,532
Interest income from loan to related parties (refer to note 8(b))	28,776,000	1,547,448
Finance cost on factoring	18,799,785	32,329,130
Amortization of non-current balance of due to related party (refer to note 8(a))	17,768,601	16,555,803
Customer collection received for/ by related parties	8,533,700	-
Expenses incurred by related parties/Group on behalf of the Group/related parties	7,880,334	21,882,554
Design consultancy service fees	4,340,971	6,199,024
Community management charges	1,787,441	9,068,457
Issuance of subsidiaries' share capital to the non-controlling interest	-	123,500,000
Facility management services	6,951,885	4,730,703
	<u>6,951,885</u>	<u>4,730,703</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

14 Related party transactions and balances (continued)

(a) Related party transactions (continued)

Compensation to key management personnel is as follows:

	30 June 2024 AED	30 June 2023 AED
Salaries and other employee benefits	4,173,325	4,631,354
Post-employment benefits	1,030,273	498,670
	<u>5,203,598</u>	<u>5,130,024</u>

(b) Due from related parties

	30 June 2024 AED	31 December 2023 AED
<i>Affiliates</i>		
Wasat Properties LLC	39,268,652	-
Arada Holding Limited	23,958,263	-
Arada Association Administrative Supervision LLC Sole Proprietorship	16,998,168	16,955,303
Klampfer Middle East LLC	12,913,144	12,912,019
Raimondi Group LLC-FZ	6,912,539	6,544,995
EGR Group LLC	6,441,366	-
Wasat Prime Properties LLC (refer to note 14(f)(i))	-	277,536,213
Wasat Land Properties LLC (refer to note 14(f)(i))	-	238,102,788
Others	604,948	90,037
<i>Joint Venture</i>		
Al Heera Beach Developments LLC	-	7,029,778
	<u>107,097,080</u>	<u>559,171,133</u>

(c) Due to related parties

	30 June 2024 AED	31 December 2023 AED
<i>Affiliates</i>		
Tilal Properties LLC (refer to note (i) below)	600,961,747	635,188,410
Fidem 2 Pty Ltd	36,750,000	37,500,000
Al Heera Beach Development LLC	10,971,075	-
Arcadia Middle East LLC	3,489,402	3,761,002
Others	179,544	619,226
	<u>652,351,768</u>	<u>677,068,638</u>
Less: present value impact on long term payable	(97,652,194)	(115,420,796)
	<u>554,699,574</u>	<u>561,647,842</u>
Less: after 12 months	(439,838,293)	(467,646,433)
	<u>114,861,281</u>	<u>94,001,409</u>

- i) This represents the amount payable against the purchase of land amounting to AED 690 million net off payment made as of reporting date. As per the sales purchase agreement entered on 24 January 2021, the amount is payable over a period of 10 years.

Arada Developments LLC and its subsidiaries

Notes (continued)

14 Related party transactions and balances (continued)

(d) Due from a shareholder

	30 June 2024 AED	31 December 2023 AED
Basma Group LLC	-	102,963,014

(e) Due to shareholders

	30 June 2024 AED	31 December 2023 AED
CORP KBW Investments LLC	590,528,109	318,987,547
Basma Group LLC	63,548,652	-
	<u>654,076,761</u>	<u>318,987,547</u>

(f) Loan to related parties

	30 June 2024 AED	31 December 2023 AED
Wasat Prime Properties LLC (refer note (i) below)	314,228,233	-
Wasat Land Properties LLC (refer note (i) below)	269,752,999	-
Nextgen Robopark Investment LLC (refer note (ii) below)	50,869,868	43,619,868
Others (refer note (ii) below)	635,779	635,779
	<u>635,486,879</u>	<u>44,255,647</u>

i) During the year 2023, the Group had given advances to Wasat Prime Properties LLC and Wasat Land Properties LLC, related parties due to common ownership, for the acquisition of plots of land in Dubai International Financial Centre and Dubai Creek Harbour, Dubai, UAE. The advances were non-interest bearing and receivable on demand.

During the current period, the Group entered into agreements with both the related parties, whereby it was agreed to change the repayment terms and conditions of the advances. Pursuant to the signing of agreements with related parties, the amount was reclassified as loan to related parties. These amounts carries profit at the rate of 10% and are receivable over a period of three years.

ii) The loan to a related party is non-current, interest bearing and considered to be fully recoverable by the management. Interest rates on the loan to a related party is at normal commercial terms.

g) Loan from a related party

	30 June 2024 AED	31 December 2023 AED
AA Investments 1 Pty Ltd	32,585,000	33,250,000

Arada Developments LLC and its subsidiaries

Notes (continued)

15 Investment in equity accounted investees

	30 June 2024 AED	31 December 2023 AED
Al Heera Beach Developments LLC	22,258,035	22,660,090
Nextgen Robopark Investments LLC	10,121,083	13,796,822
	<u>32,379,118</u>	<u>36,456,912</u>

16 Cash and bank balances

	30 June 2024 AED	31 December 2023 AED
Cash in hand	13,265,006	5,369,828
Cash at banks (refer to note (i) below)	1,345,800,513	618,239,137
Cash at banks - fixed deposits	1,809,100,000	1,130,890,000
	<u>3,168,165,519</u>	<u>1,754,498,965</u>
Cash and bank balances in the statement of financial position	3,168,165,519	1,754,498,965
Fixed deposits under lien (refer to note (ii) below)	(1,700,000,000)	(650,000,000)
Fixed deposits with original maturity over three months	(9,100,000)	(90,000)
	<u>1,459,065,519</u>	<u>1,104,408,965</u>
Cash and cash equivalents in the statement of cash flows	1,459,065,519	1,104,408,965

- i) Cash at banks includes balance of AED 572.5 million (31 December 2023: AED 409.3 million) held in escrow accounts relating to advance collected from customers which is available for payments relating to the construction of properties held for development and sale.
- ii) Fixed deposits under lien include fixed deposits amounting to AED 650 million (31 December 2023: AED 200 million) with a maturity over three months. These represents amount contributed by the shareholders of the Company, for the purpose of improving liquidity position of the Group.

17 Share capital/ Reserves

17(a) Share capital

	30 June 2024 AED	31 December 2023 AED
<i>Authorised, issued and paid up share capital</i>		
1,600,000 shares of AED 1,000 each (31 December 2023: 1,600,000 shares of AED 1,000 each)	1,600,000,000	1,600,000,000
	<u>1,600,000,000</u>	<u>1,600,000,000</u>

17(b) Currency translation reserve

The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of the foreign operations whose functional currencies are different from the Company's presentation currency.

18 Payable to the Government of Sharjah

During the period, the Group has repaid an amount of AED 23.4 million (30 June 2023: AED 15.6 million) and recorded an amortisation of payable balance amounting to AED 40.6 million (30 June 2023: AED 49.8 million).

Arada Developments LLC and its subsidiaries

Notes (continued)

19 Borrowings

	30 June 2024 AED	31 December 2023 AED
Within 12 months	100,000,000	775,000,000
After 12 months	534,750,000	137,500,000
	<u>634,750,000</u>	<u>912,500,000</u>

Movement in bank borrowings are as follows:

At 1 January	912,500,000	99,000,000
Borrowings obtained during the period/ year	1,150,000,000	2,213,500,000
Borrowings repaid during the period/ year	(1,425,000,000)	(1,400,000,000)
Currency translation difference	(2,750,000)	-
	<u>634,750,000</u>	<u>912,500,000</u>

During the period, the Group recognised a finance cost of AED 71 million (30 June 2023: AED 16 million).

Islamic finance obligations during the period carries market prevailing rate of EIBOR + 2.65% to 4% (30 June 2023: EIBOR + 2.65% and EIBOR + 4%) and unsettled obligation is repayable within 2 years from the reporting date (30 June 2023: six months). The Group also has Islamic finance obligations in Australia which carries a profit rate of 10.75%.

The Group is required to maintain 'loan facility to fair value of mortgage property' ratio at 50%.

One the Islamic finance facilities obtained by the Group, is secured by the following:

- i) Corporate guarantee from M/s Basma Group LLC up to the extent of their ownership covering facility amount of AED 500 million in favour of bank;
- ii) Corporate guarantee from M/s Corp KBW Investments LLC up to the extent of their ownership covering facility amount of AED 500 million in favour of bank; and
- iii) Assignment of cashflows and receivables from sold and unsold units to respective projects Escrow /collection account with Dubai Islamic Bank.

Islamic finance obligations are secured by mortgages over properties classified under properties held for development and sale. Refer to note 10.

20 Sukuk

During prior years, Arada Sukuk Limited ("the issuer"), a limited liability company registered in the Cayman Islands, has issued trust certificates ("the Sukuk") amounting to United States Dollar ("USD") 350 million (equivalent AED 1,286 million) on 8 June 2022.

Subsequent to initial issuance, the issuer has issued additional trust certificates with a face value amounting to USD 100 million on 27 October 2022. These trust certificates were issued at 1% discount. Further to the above, trust certificates with a face value amounting to USD 50 million were issued on 13 February 2023. These trust certificates were issued at 1.309% discount.

Arada Developments LLC and its subsidiaries

Notes (continued)

20 Sukuk (continued)

The Sukuk is listed on London Stock Exchange and Nasdaq Dubai and is due for repayment in June 2027. The Sukuk carries a profit distribution rate of 8.125% per annum to be paid semi-annually.

During current period, Arada Sukuk 2 Limited (“the issuer”), a limited liability company registered in the Cayman Islands, has issued trust certificates (“the Sukuk”) amounting to United States Dollar (“USD”) 400 million (equivalent AED 1,469 million) on 24 June 2024. The Sukuk is listed on the London Stock Exchange and Nasdaq Dubai and is due for repayment in June 2029. The Sukuk carries a profit distribution rate of 8.00% per annum to be paid semi-annually.

During the period, the Group recognised a finance cost of AED 94.2 million on its Sukuk (30 June 2023: AED 85.9 million), out of which AED 10.6 million is payable as at the reporting date.

The following fair values of the Sukuk borrowing are based on quoted market rates and are within Level 1 of the fair value hierarchy:

	Carrying amount		Fair value	
	2024 AED	2023 AED	2024 AED	2023 AED
Sukuk borrowing	<u>3,270,259,326</u>	<u>1,818,118,759</u>	<u>3,362,981,475</u>	<u>1,872,837,700</u>

The Group is required to comply with the following financial covenants:

- i) Consolidated total net indebtedness at the end of the immediately preceding measurement period to total equity at the end of such measurement period does not exceed a ratio of 1.5:1;
- ii) Consolidated adjusted EBITDA for the immediately preceding measurement period to consolidated net finance charges payable for such measurement period is not less than a ratio of 1.5:1; and
- iii) Consolidated total net indebtedness at the end of the immediately preceding measurement period to consolidated EBITDA for such measurement period does not exceed a ratio of 3:1.

21 Trade and other payables

	30 June 2024 AED	31 December 2023 AED
Trade payables	487,298,544	656,776,888
Retention payables	320,875,337	296,452,328
Project cost accruals	398,330,960	419,035,591
Other payables and accrued expenses	282,911,379	331,902,055
	<u>1,489,416,220</u>	<u>1,704,166,862</u>
Less: after 12 months	(32,458,240)	(224,866,282)
Within 12 months	<u>1,456,957,980</u>	<u>1,479,300,580</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

22 Income tax expense

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 is effective for accounting periods beginning on or after 1 June 2023 (i.e., for the Group would be effective from 1 January 2024).

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, has confirmed the threshold of income over which the 9% tax rate would apply. Following a series of Cabinet and ministerial decisions issued in 2023, the Law is considered to be substantively enacted as at the reporting date. 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 and a rate of 0% on qualifying income of free zone entities.

a) Amounts recognised in profit or loss

	30 June 2024 AED	30 June 2023 AED
Current tax expense	15,115,776	-
Deferred tax income	(1,117,592)	-
	<u>-----</u>	<u>-----</u>
Tax expense	<u>13,998,184</u>	<u>-</u>

b) Reconciliation of effective tax rate

	30 June 2024 AED	30 June 2023 AED
Profit before tax	139,808,094	-
Profit exempt from tax	(375,000)	-
	<u>-----</u>	<u>-----</u>
Net taxable profit	139,433,094	-
Tax using the Company's domestic tax rate @ 9%	12,548,978	-
Tax effect of:		
- non-deductible expenses	444,506	-
Others	1,004,700	-
	<u>-----</u>	<u>-----</u>
	<u>13,998,184</u>	<u>-</u>
Effective tax rate	<u>10%</u>	<u>-</u>

23 Capital commitments and contingent liabilities

a) Capital commitments

As at 30 June 2023, the Group has total commitments of AED 3,900.4 million (30 June 2023: AED 2,470.6 million) with respect to under construction properties classified under property, plant and equipment, properties held for development and sale and investment properties. These commitments represent the value of contracts issued as at the reporting date net of invoices received and accruals made at that date. These commitments are expected to be settled within the duration of the projects or as agreed with respective parties.

Arada Developments LLC and its subsidiaries

Notes (continued)

23 Capital commitments and contingent liabilities (continued)

b) Contingent liabilities

As at 30 June 2024, the Group has contingent liabilities in respect of performance guarantees amounting to AED 148.9 million (30 June 2023: AED 50.9 million). However, certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of management, these contingent liabilities are not likely to result in any significant cash outflows for the Group.

24 Fair values

The carrying amount of the Group's financial instruments, except sukuk and loan from a related party, approximate their fair values at the reporting date.

25 Derivative financial instruments

The table below shows the fair value of derivative financial instrument, which is equivalent to the market value, together with the notional amount. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivative is measured. The notional amount indicates the volume of transactions outstanding at the reporting date and are neither indicative of the market nor credit risk.

	30 June 2024		31 December 2023	
	AED		AED	
	Fair value	Notional amount	Fair value	Notional amount
Profit rate swap	<u>(36,749,813)</u>	<u>1,286,086,637</u>	<u>(29,159,475)</u>	<u>1,286,086,637</u>

Derivative financial instrument is carried at fair value under Level 2.