

Dubai Investments PJSC and its subsidiaries
Condensed consolidated interim financial statements
For the nine-month period ended 30 September 2021

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Review report on condensed consolidated interim financial statements to the board of directors and shareholders of Dubai Investments PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dubai Investments PJSC (the "Company") and its subsidiaries (together, 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 periods then ended and the condensed consolidated interim statements of cash flows and changes in equity for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"). 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 International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers
3 November 2021

A blue ink handwritten signature, appearing to read 'Murad Alnsour', is written over a horizontal blue line.

Murad Alnsour
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Dubai, United Arab Emirates

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Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss

	Note	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2021	2020	2021	2020
		AED'000	AED'000	AED'000	AED'000
Sale of goods and provision of services		450,242	423,207	1,190,876	1,022,603
Rental income		200,857	211,971	613,795	643,941
Contract revenue		47,225	51,537	148,551	140,945
Sale of properties		115,006	12,183	471,976	37,426
Gain/(loss) on fair valuation of investments		2,502	41,579	58,260	(24,259)
Gain on sale of investments	19	10,083	14,949	30,991	16,180
Gain on fair valuation of investment properties	10	-	-	31,000	59,737
Gain on sale of investment properties		-	15,946	-	15,946
Dividend income		13,210	5,005	25,906	14,376
Share of loss from equity accounted investees		2,742	(8,039)	(10,212)	(21,403)
Bargain purchase gain	20	3,150	-	6,900	-
Total income		845,017	768,338	2,568,043	1,905,492
Cost of sales	6	(574,090)	(457,261)	(1,726,933)	(1,095,712)
Administrative expenses	7	(103,841)	(100,573)	(317,638)	(315,974)
Finance costs		(47,994)	(92,158)	(162,484)	(237,832)
Net impairment losses on financial and contract assets		(2,341)	(1,981)	(35,361)	(10,493)
Finance income		14,865	9,268	74,560	25,701
Other income	8	18,406	79,253	45,491	120,457
Profit for the period		150,022	204,886	445,678	391,639
Profit attributable to:					
Owners of the Company		153,534	213,067	455,602	418,069
Non-controlling interests		(3,512)	(8,181)	(9,924)	(26,430)
Profit for the period		150,022	204,886	445,678	391,639
Earnings per share					
Basic and diluted earnings per share (AED)	15	0.04	0.05	0.11	0.10

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of comprehensive income

	Three-month period ended		Nine-month period ended	
	30 September		30 September	
	2021	2020	2021	2020
	AED'000	AED'000	AED'000	AED'000
Profit for the period	150,022	204,886	445,678	391,639
Other comprehensive income ('OCI'):				
<i>Items that will not be reclassified to profit or loss</i>				
Net change in fair value of investments at fair value through OCI	(65)	(37,902)	(12,462)	(41,751)
Total other comprehensive loss for the period	(65)	(37,902)	(12,462)	(41,751)
Total comprehensive income for the period	149,957	166,984	433,216	349,888
Attributable to:				
Owners of the Company	153,469	178,641	444,625	381,331
Non-controlling interests	(3,512)	(11,657)	(11,409)	(31,443)
Total comprehensive income for the period	149,957	166,984	433,216	349,888

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

		30 September 2021 AED'000	31 December 2020 AED'000	30 September 2020 AED'000
	<i>Note</i>			
Non-current assets				
Property, plant and equipment	9	3,910,383	3,959,621	3,746,581
Right-of-use-assets		420,388	467,806	482,393
Goodwill and intangible assets		489,171	501,445	506,406
Investment properties	10	8,592,479	8,489,201	8,808,165
Investments at fair value through other comprehensive income	11	62,768	78,904	78,902
Other financial assets at fair value through profit or loss		49,932	56,638	57,284
Investments in equity accounted investees	20	314,340	98,536	110,094
Rent receivable		54,838	53,262	61,395
Finance lease receivable		-	-	817
Inventories	12	237,844	251,719	273,424
Trade receivables		456,555	330,042	77,797
Other receivables		15,244	22,296	47,102
Total non-current assets		14,603,942	14,309,470	14,250,360
Current assets				
Inventories	12	2,109,418	2,494,439	2,738,252
Investments at fair value through profit or loss	11	1,555,611	1,520,033	1,360,100
Trade receivables		1,812,844	1,717,554	1,577,391
Due from related parties and other receivables		706,104	625,521	665,054
Short-term deposits with banks	14	113,301	207,658	139,559
Cash and cash equivalents	14	981,803	886,872	771,525
Total current assets		7,279,081	7,452,077	7,251,881
Total assets		21,883,023	21,761,547	21,502,241
Equity				
Share capital		4,252,018	4,252,018	4,252,018
Share premium		46	46	46
Capital reserve		25,502	25,502	25,502
Legal reserve		1,210,472	1,210,472	1,176,846
General reserve		1,442,729	1,442,729	1,435,654
Fair value reserve		(191,882)	(180,905)	(180,908)
Proposed dividend	17	-	340,161	-
Proposed directors' fee	17	-	10,500	-
Retained earnings		5,169,554	4,713,935	5,215,480
Equity attributable to owners of the Company		11,908,439	11,814,458	11,924,638
Non-controlling interests		222,130	234,128	203,164
Net equity		12,130,569	12,048,586	12,127,802
Liabilities				
Non-current liabilities				
Bank borrowings	16	4,164,779	4,944,051	5,071,904
Lease liabilities		390,636	435,842	454,513
Other payables		332,560	304,165	213,670
Total non-current liabilities		4,887,975	5,684,058	5,740,087
Current liabilities				
Bank borrowings	16	2,845,266	2,009,951	1,679,021
Lease liabilities		43,571	44,596	44,689
Trade and other payables		1,975,642	1,974,356	1,910,642
Total current liabilities		4,864,479	4,028,903	3,634,352
Total liabilities		9,752,454	9,712,961	9,374,439
Total equity and liabilities		21,883,023	21,761,547	21,502,241

To the best of our knowledge, the condensed consolidated interim financial statements are prepared in all material respects, in accordance with IAS 34. These condensed consolidated interim financial statements were approved by the Board of Directors on 3 November 2021 and were signed on its behalf by:



Khalid Jassim Kalban
Vice – Chairman and Chief Executive Officer



Mushtaq Masood
Group Chief Financial Officer

Dubai Investments PJSC and its subsidiaries

Condensed consolidated interim statement of cash flows

	Nine-month period ended	
	30 September	
	2021	2020
Note	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	445,678	391,639
<i>Adjustments for:</i>		
Depreciation	162,874	170,654
Amortisation of intangible assets	14,967	15,354
(Gain)/loss on disposal of property, plant and equipment	(321)	49
Gain on fair valuation of investment properties	(31,000)	(59,737)
Gain on sale of investment properties	-	(15,946)
Gain on sale of investments	(21,623)	(16,180)
Gain on disposal of a subsidiary	(9,368)	-
Share of loss from equity accounted investees	10,212	21,403
(Gain)/loss on fair valuation of investments	(58,260)	24,259
Net impairment losses on financial and contract assets	35,361	10,493
Bargain purchase gain	(6,900)	-
Finance income	(40,145)	(25,701)
Finance costs	162,484	237,832
Operating profit before changes in working capital	663,959	754,119
<i>Changes in:</i>		
- investment at fair value through profit or loss	8,390	57,757
- trade receivables, due from related parties and other receivables, net of impairment losses	(325,570)	(175,007)
- inventories	398,896	(71,250)
- trade and other payables	29,681	(126,751)
- directors' fee paid	(10,500)	(10,500)
Net cash generated from operating activities	764,856	428,368
Cash flows from investing activities		
Consideration paid for acquisition of non-controlling interest	(267)	(5,145)
Net cash received on disposal of a subsidiary	65,000	1,002
Additions to investment properties	(72,278)	(135,281)
Proceeds from disposal of investment properties	-	39,731
Acquisition of property, plant and equipment	(137,692)	(127,487)
Proceeds from disposal of property, plant and equipment	662	1,056
Additions to intangible assets	(2,693)	(1,330)
Finance income received	40,145	25,701
Net movement in equity accounted investees	(179,527)	(2,061)
Net cash used in investing activities	(286,650)	(203,814)
Cash flows from financing activities		
Proceeds from bank borrowings	1,368,078	1,384,229
Repayment of bank borrowings	(1,240,596)	(712,645)
Principal elements of lease payments	(30,727)	(24,984)
Net movement in non-controlling interests	(305)	-
Dividend paid	(340,161)	(425,202)
Net movement in short term deposits	94,357	(48,635)
Finance costs	(162,484)	(237,832)
Net cash used in financing activities	(311,838)	(65,069)
Net increase in cash and cash equivalents	166,368	159,485
Cash and cash equivalents at 1 January	566,336	245,291
Cash and cash equivalents at 30 September	732,704	404,776
<i>Cash and cash equivalents comprise following:</i>		
Cash in hand, current and call accounts with banks	14 532,165	637,010
Short term deposits with banks (excluding those under lien)	14 449,638	134,515
Bank overdrafts, trust receipt loans and bills discounted	(249,099)	(366,749)
	732,704	404,776

Dubai Investments PJSC and its subsidiaries
Condensed consolidated interim statement of changes in equity
For the nine-month period ended 30 September 2021

	-----Equity attributable to owners of the Company-----										Non- controlling interests	Total
	Share capital AED'000	Share premium AED'000	Capital reserve AED'000	Legal reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Proposed dividend AED'000	Proposed directors' fee AED'000	Retained earnings AED'000	Sub total AED'000		
Balance at 1 January 2020	4,252,018	46	25,502	1,176,846	1,435,654	(144,170)	425,202	10,500	4,794,534	11,976,132	229,973	12,206,105
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	418,069	418,069	(26,430)	391,639
Other comprehensive income												
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	(36,738)	-	-	-	(36,738)	(5,013)	(41,751)
Total other comprehensive income for the period	-	-	-	-	-	(36,738)	-	-	-	(36,738)	(5,013)	(41,751)
Total comprehensive income for the period	-	-	-	-	-	(36,738)	-	-	418,069	381,331	(31,443)	349,888
Transactions with owners, in their capacity as owners												
<i>Contributions by and distributions to owners</i>												
Dividend paid	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Total contributions by and distribution to owners	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
<i>Changes in ownership interests</i>												
Acquisition of non- controlling interest (refer note 19 (i))	-	-	-	-	-	-	-	-	2,877	2,877	(8,022)	(5,145)
Dilution of stake in subsidiary (refer note 20)	-	-	-	-	-	-	-	-	-	-	12,656	12,656
Total transactions with owners, in their capacity as owners	-	-	-	-	-	-	(425,202)	-	2,877	(422,325)	4,634	(417,691)
Other movements												
Directors' fee paid	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Total other movements	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Balance at 30 September 2020	4,252,018	46	25,502	1,176,846	1,435,654	(180,908)	-	-	5,215,480	11,924,638	203,164	12,127,802

Dubai Investments PJSC and its subsidiaries
Condensed consolidated interim statement of changes in equity
For the nine-month period ended 30 September 2021(continued)

	-----Equity attributable to owners of the Company-----										Non- controlling interests	Total
	Share capital AED'000	Share premium AED'000	Capital reserve AED'000	Legal reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Proposed dividend AED'000	Proposed directors' fee AED'000	Retained earnings AED'000	Sub total AED'000		
Balance at 1 January 2021	4,252,018	46	25,502	1,210,472	1,442,729	(180,905)	340,161	10,500	4,713,935	11,814,458	234,128	12,048,586
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	455,602	455,602	(9,924)	445,678
Other comprehensive income												
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	(10,977)	-	-	-	(10,977)	(1,485)	(12,462)
Total other comprehensive income for the period	-	-	-	-	-	(10,977)	-	-	-	(10,977)	(1,485)	(12,462)
Total comprehensive income for the period	-	-	-	-	-	(10,977)	-	-	455,602	444,625	(11,409)	433,216
Transactions with owners, in their capacity as owners												
<i>Contributions by and distributions to owners</i>												
Dividend paid	-	-	-	-	-	-	(340,161)	-	-	(340,161)	-	(340,161)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	(305)	(305)
Total contributions by and distribution to owners	-	-	-	-	-	-	(340,161)	-	-	(340,161)	(305)	(340,466)
<i>Changes in ownership interests</i>												
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	17	17	(284)	(267)
Total transactions with owners, in their capacity as owners	-	-	-	-	-	-	(340,161)	-	17	(340,144)	(589)	(340,733)
Other movements												
Directors' fee paid	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Total other movements	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Balance at 30 September 2021	4,252,018	46	25,502	1,210,472	1,442,729	(191,882)	-	-	5,169,554	11,908,439	222,130	12,130,569

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021

1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16 July 1995. These condensed consolidated interim financial statements as at and for the nine-month period ended 30 September 2021 (“the current period”) comprise the financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and joint arrangements.

The Group is primarily involved in the development of real estate for sale and leasing, contracting activities, manufacturing and trading of products in various sectors, district cooling, investment banking, asset management, financial investments, healthcare and education.

The registered address of the Company is P.O. Box 28171, Dubai, United Arab Emirates (“UAE”).

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, Interim Financial Reporting issued by International Accounting Standard Board (“IASB”) and comply with the provisions of the UAE Companies law. The condensed consolidated interim financial statements does not include all of the information required for the annual audited consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group 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.

3. Significant accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its recent annual audited consolidated financial statements as at and for the year ended 31 December 2020 except for the adoption of new standard effective as of 1 January 2021 as follows:

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments complement those issued in September 2019 and focus on the effects on financial statements when a Company replaces a previous interest rate benchmark with an alternative benchmark rate as a result of Interbank Offered Rates (“IBOR”) reform.

The Phase 2 amendments are effective for the Group's fiscal year commencing 1 January 2021 and were adopted as of that date. As of 30 September 2021, applicable interest rate benchmarks in the Group’s agreements have not been replaced. As a result, the adoption of the Phase 2 amendments had no impact on the condensed consolidated interim financial information for the nine-month period ended 30 September 2021. Management will continue to monitor relevant developments and will evaluate the impact of the Phase 2 amendments on the condensed consolidated interim financial information as IBOR reform progresses.

Several other amendments apply for the first time effective 1 January 2021, but do not have an impact on the condensed consolidated interim financial statements of the Group.

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the current reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

4. Use of estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the audited consolidated financial statements of the Group as at and for the year ended 31 December 2020.

The Group has determined that significant changes are not required as of 30 September 2021 in the key judgements and estimates from those applied as of 31 December 2020 and 30 June 2021 for determining fair value of investment properties mainly due to the long term nature of some of the leasing contracts and available evidence from the Group's recently concluded sales transactions which demonstrate largely unchanged market conditions. Refer note 10.

The nature of information available to management to estimate fair values vary widely especially given the continued impact of COVID-19 and thereby affect the degree of estimation uncertainty associated with fair value estimates.

5. Financial instruments

– Financial risk management

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

– Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

5. Financial instruments (continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

<i>30 September 2021</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	217,808	890,732	447,071	1,555,611
Financial assets at fair value through other comprehensive income	523	-	62,245	62,768
	218,331	890,732	509,316	1,618,379
<i>31 December 2020</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through profit or loss	243,038	916,689	360,306	1,520,033
Financial assets at fair value through other comprehensive income	609	-	78,295	78,904
	243,647	916,689	438,601	1,598,937

– Reconciliation of Level 3 fair value measurements of financial assets

	2021 AED'000	2020 AED'000
As at 1 January	438,601	523,617
Purchased during the period	91,514	36,052
Redeemed/sold during the period	(20,648)	(40,326)
Loss included in OCI		
- Net change in fair value (unrealised)	(12,375)	(41,751)
Gain/(loss) recorded in profit and loss		
- Net change in fair value (unrealised)	12,224	(10,713)
As at 30 September	509,316	466,879

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

– Valuation techniques

The fair values of Level 3 financial instruments have been determined on the same basis and assumptions as for the year ended 31 December 2020.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

6. Cost of sales

	Three-month period ended		Nine-month period ended	
	30 September		30 September	
	2021	2020	2021	2020
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Materials consumed	268,448	282,336	699,368	599,386
Cost of properties sold	113,826	11,361	472,150	34,858
Depreciation and amortisation	52,000	56,184	151,517	152,198
Staff costs	32,232	33,546	94,590	101,722
Share of Government of Dubai in the realised profits of a subsidiary	28,295	26,688	84,967	82,266
Infrastructure and development works cost sharing with Road and Transport Authority ("RTA")	7,270	7,270	21,810	21,810

7. Administrative expenses

	Three-month period ended		Nine-month period ended	
	30 September		30 September	
	2021	2020	2021	2020
	AED'000	AED'000	AED'000	AED'000
<i>These mainly include:</i>				
Staff costs	60,256	59,783	181,114	181,323
Selling and marketing expenses	3,576	7,916	33,314	28,400
Depreciation and amortisation	5,898	10,096	26,324	33,810

8. Other income

Other income mainly includes management fees, advertisement income, miscellaneous income from leased operations and write back of provisions no longer required.

9. Property, plant and equipment

During the nine-month period ended 30 September 2021, the Group's additions to property, plant and equipment amounted to AED 137.69 million (year ended 31 December 2020: AED 198.44 million).

Further, property, plant and equipment amounting to AED 55.63 million were disposed on account of sale of a subsidiary (Note 19).

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

10. Investment properties

Investment properties comprises of the following:

	30 September 2021 AED'000	31 December 2020 AED'000	30 September 2020 AED'000
- Infrastructure and ancillary facilities	5,215,142	5,158,514	5,087,079
- Plots of land for future development	1,416,552	1,406,416	1,236,174
- Residential facilities	691,035	691,167	948,817
- Retail and commercial facilities	695,820	660,604	906,743
- Labor camps and warehouses	573,930	572,500	629,352
	8,592,479	8,489,201	8,808,165

- i) The valuation basis and assumptions used for valuation of investments properties remains largely consistent with the methodology adopted as at 31 December 2020.
- ii) During the period, the Group has obtained fair values of infrastructure and ancillary facilities leased to third parties built on the land (number 598-0100 and 597-0100 located in Jebel Ali Industrial Area). The valuation was carried out by an independent registered valuer (“the Valuer”) in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors (“RICS”) using an income approach. The fair valuation gain of AED 31 million (nine-month period ended 30 September 2020: fair valuation gain of AED 100 million) has been recorded which has arisen due to significant change in the contractual and expected net cash flows based on the terms of lease contracts with tenants.
- iii) For the remaining investment properties, given that the key assumptions used for valuation of investments properties remains largely consistent with those adopted as at 31 December 2020, accordingly the fair value of the investment properties have not changed significantly during the nine-month period ended 30 September 2021 and consequently, no fair valuation gain / loss has been recorded for the nine-month period ended 30 September 2021 (nine-month period ended 30 September 2020: fair valuation loss of AED 41 million).
- iv) During the nine-month period ended 30 September 2021, additions to investment properties amounted to AED 72.28 million (year ended 31 December 2020: AED 372.61 million) and the Group acquired the right of use assets for two vacant plots of land of 1,000 hectares each in the Republic of Angola for a period of 60 years. This lease interest has been classified as an investment property as the Group intends to develop infrastructure to be leased to third parties. The Group is currently in the process of conducting feasibility studies and developing a master plan for these plots of land which will assist in assessing the fair value of the leased interest. Furthermore, there was no disposal of investment properties during the period ended 30 September 2021 (year ended 31 December 2020: AED 289.98 million).
- v) Key assumptions and the significant unobservable inputs used in the fair value measurement of investment properties are as follows:

Type of property	Key assumptions
Infrastructure and ancillary facilities	Future market rental cash inflows, outgoing expenses and discount rates.
Plots of land for future development	Market sales rates
Residential, retail and commercial facilities	Future market rental cash inflows, capitalisation yield rates, market sales rates and discount rates
Labor camps and warehouses	Future market rental cash inflows, capitalisation yield rates and outgoing expenses.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

10. Investment properties (continued)

- vi) As disclosed in the audited consolidated financial statements for the year ended 31 December 2020, the external valuation reports for certain retail and commercial facilities, labour camps and vacant plots of land included a material valuation uncertainty statement. Consequently, management conducted a sensitivity analysis on the significant unobservable inputs used in the fair valuation of those investment properties as summarised below (keeping all other variables constant):

Plots of land for future development

Market sales rates	based on the estimated selling price of comparable properties and taking into account the market data at the date of valuation. If the market sales rate were 10% higher/lower the valuation would have been AED 81 million higher/lower.
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Residential, retail and commercial facilities

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing leases, such as market rental growth and rent-free periods. If rental rates were 10% higher/lower, the valuation would have been AED 51 million higher/AED 50 million lower respectively, with all other variables remaining constant.
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Capitalisation yield rates	based on the actual location, size and quality of the properties and taking into account market data at the valuation date. If capitalisation yield rates were 1% higher/lower, the valuation would have been AED 47 million lower/AED 61 million higher respectively, with all other variables remaining constant.
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Discount rates	reflecting current market assessments of the uncertainty in the amount and timing of cash flows. If discount rates were 1% higher/lower, the valuation would have been AED 4 million lower/AED 7 million higher respectively, with all other variables remaining constant.
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Outgoing expenses	including necessary maintenance and other expenses to maintain functionality of the properties for their expected useful life. If maintenance and operating costs were 10% higher/lower, the valuation would have been AED 12 million lower/AED 13 million higher respectively, with all other variables remaining constant.
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Void rates	reflecting the rate of void or vacancy during the reversionary period. If void rates were 10% higher/lower, the valuation would have been AED 10 million lower/AED 12 million higher respectively, with all other variables remaining constant.
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Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

10. Investment properties (continued)

Labor camps and warehouses

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing leases, such as market rental growth and rent-free periods. If rental rates were 10% higher/lower, the valuation would have been AED 55 million higher/lower respectively, with all other variables remaining constant.
Capitalisation yield rates	based on the actual location, size and quality of the properties and taking into account market data at the valuation date. If capitalisation yield rates were 1% higher/lower, the valuation would have been AED 27 million lower/AED 32 million higher respectively, with all other variables remaining constant.
Outgoing expenses	including necessary maintenance and other expenses to maintain functionality of the properties for their expected useful life. If maintenance and operating costs were 10% higher/lower, the valuation would have been AED 13 million lower/AED 12 million higher respectively, with all other variables remaining constant.

11. Financial investments

	30 September 2021 AED'000	31 December 2020 AED'000	30 September 2020 AED'000
<i>Investments at fair value through other comprehensive income</i>			
- Equity securities (i)	62,768	78,904	78,902
<i>Investments at fair value through profit or loss</i>			
- Held for trading quoted equity securities	222,840	271,559	204,654
- Funds, bonds, sukuk and Unquoted equity securities (ii)	1,332,771	1,248,474	1,155,446
	1,555,611	1,520,033	1,360,100
<i>Geographical distribution of investments</i>			
UAE	605,922	697,348	622,672
Other GCC countries	296,319	216,198	313,330
Other countries	716,138	685,391	503,000
(i)+(ii)	1,618,379	1,598,937	1,439,002

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

12. Inventories

Inventories at 30 September 2021 include properties held for development and sale in the ordinary course of business amounting to AED 2,065.25 million (31 December 2020: AED 2,497.26 million) and represent costs of land and expenditure incurred towards the development of properties for subsequent sale. The Group intends to develop/has developed these properties for sale and has classified these properties as long term or short term based on completion/future development plans.

Net realisable value (“NRV”) estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. The Group has considered whether there are any indicators, such as comparable market transactions giving rise to lower sales values, to show that the estimated NRV for properties held for development and sale are less than the carrying values. Based on their assessment, management have concluded that no provision for NRV is required to be recorded.

13. Related party transactions

Significant related party transactions during the period were as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Compensation to key management personnel				
Short term benefits	7,045	6,966	21,135	20,898
Post-employment benefits	122	122	364	364

14. Short-term deposits with banks and cash and cash equivalents

	30 September 2021 AED'000	31 December 2020 AED'000	30 September 2020 AED'000
Short term deposits with banks			
Short term deposits with banks having maturity of more than 3 months	30,112	50,472	27,136
Short term deposits within UAE under lien with banks	83,189	157,186	112,423
	113,301	207,658	139,559
Cash and cash equivalents			
Cash in hand	9,838	1,489	4,796
Cash at bank within UAE (current accounts)	489,523	846,716	605,172
Cash at bank outside UAE – GCC Countries (current accounts)	15,745	2,662	4,587
Cash at bank outside UAE – Other countries (current accounts)	17,059	11,373	22,455
Short term deposits within UAE having maturity of less than 3 months	449,638	24,632	134,515
	981,803	886,872	771,525

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Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

15. Basic and diluted earnings per share

	Three-month period ended		Nine-month period ended	
	30 September	2020	30 September	2020
	2021		2021	
Profit attributable to Owners of the Company (AED'000)	153,534	213,067	455,602	418,069
Weighted average number of shares outstanding ('000s)	4,252,018	4,252,018	4,252,018	4,252,018
Basic and diluted earnings per share (AED)	0.04	0.05	0.11	0.10

16. Bank borrowings

The terms of the bank borrowings vary from three to ten years. These are secured by a combination of the Company's corporate guarantee, mortgages over certain investment properties, inventories, trade receivables, property, plant and equipment, assignment of receivables and insurance policies over assets of the Group and lien on bank deposits. The interest rate of majority of the bank borrowings range between 0.45% to 3.5% over relevant EIBOR/LIBOR p.a. Where there is a corporate guarantee, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.

17. Proposed dividend and directors' fee

- (i) At the Annual General Meeting held on 11 April 2021, the shareholders approved 8% cash dividend proposed by the Board of Directors. The dividend amounting to AED 340.16 million was paid during the current period.
- (ii) At the Annual General Meeting held on 11 April 2021, the shareholders approved the proposed Directors' fee amounting to AED 10.50 million for the year ended 31 December 2020 which was paid during the current period.

18. Capital commitments

	30 September	31 December
	2021	2020
	AED'000	AED'000
Capital commitments – contracted and committed	475,076	678,214

Commitments mainly include the following:

- Value of construction contracts awarded to contractors for real estate projects under development.
- DIPDC has signed an agreement with RTA to share in the cost of infrastructure and development works of the adjoining areas. Total outstanding commitment as at 30 September 2021 amounts to AED 233 million (31 December 2020: AED 247.5 million) which will be invoiced and paid until 2029.

19. Disposal of a subsidiary

During the current period, the Group disposed of its entire interest in an existing subsidiary. This transaction has resulted in a net gain of AED 9.37 million which is included under the gain on sale of investments.

Dubai Investments PJSC and its subsidiaries

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2021 (continued)

20. Acquisition of additional equity interest

On 22 April 2021, the Group acquired an additional 21.53% interest in National General Insurance PJSC (“NGI”) in addition to its existing shareholding of 8.46%. Furthermore, on 14 July 2021, the Group acquired an additional 15.19% equity interest in NGI. Upon acquisition of these additional interests, the Group’s interest in NGI has increased to 45.18% making it the largest shareholder of NGI. Accordingly, investment in NGI has been accounted as an associate of the Group under ‘investments in equity accounted investees’.

NGI is listed on the Dubai Financial Market and underwrites all classes of life and general insurance business as well as certain reinsurance business.

The following table summarises the amounts recognised as part of these transactions:

	AED’000
Fair value of identifiable net assets – (A)	<u>221,097</u>
Purchase consideration	171,798
Fair value of previously held interest	<u>39,589</u>
Total consideration	211,387
Add: Transaction costs	2,810
Total consideration including transaction costs – (B)	<u>214,197</u>
Bargain purchase gain – (A) - (B)	<u>6,900</u>
Gain on fair valuation of previously held interest in NGI	
Fair value of existing interest in NGI	39,589
Less: carrying amount of interest in NGI	<u>(27,281)</u>
Gain on fair valuation of existing interest prior to acquisition of an additional stake included under gain on fair valuation of investments	<u>12,308</u>

The fair value of the above identifiable net assets was determined provisionally.

21. Segment reporting

The Group has broadly three reportable segments as discussed below, which are the Group’s strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group’s reportable segments:

<i>Property</i>	development of real estate for sale and leasing
<i>Manufacturing, contracting and services</i>	manufacture and sale of materials used in construction projects, executing construction contracts, production of raw and architectural glass, cooling services, production, aluminum extruded products, laboratory furniture, healthcare and education
<i>Investments</i>	strategic minority investments in associates, investment banking, asset management and financial investments

Information regarding the operations of each segment is included hereafter. Performance is measured based on segment revenue and profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are a few transactions between the segments and such transaction are carried out on arm’s length basis and are eliminated on consolidation.

Dubai Investments PJSC and its subsidiaries
Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2021 (continued)

21. Segment reporting (continued)

Information about reportable segments

<i>Business Segments</i>	Property		Manufacturing, contracting and services		Investments		Total	
	Nine-month period ended		Nine-month period ended		Nine-month period ended		Nine-month period ended	
	30 September		30 September		30 September		30 September	
	2021	2020	2021	2020	2021	2020	2021	2020
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Sales of goods and services (at a point of time)								
- at a point in time	17,236	16,938	758,410	631,040	10,528	8,825	786,174	656,803
- over time	-	-	404,702	365,800	-	-	404,702	365,800
Rental income	613,795	643,941	-	-	-	-	613,795	643,941
Contract revenue (over time)	-	-	148,551	140,945	-	-	148,551	140,945
Sale of properties (over time)	471,976	37,426	-	-	-	-	471,976	37,426
Gain/(Loss) on fair valuation of investment	-	-	-	-	58,260	(24,259)	58,260	(24,259)
Gain on sale of investments	-	-	-	-	30,991	16,180	30,991	16,180
Gain on sale investment properties	-	15,946	-	-	-	-	-	15,946
Gain on fair valuation of investment properties	31,000	59,737	-	-	-	-	31,000	59,737
Bargain purchase gain	-	-	-	-	6,900	-	6,900	-
Others	-	-	-	-	15,694	(7,027)	15,694	(7,027)
Total income	1,134,007	773,988	1,311,663	1,137,785	122,373	(6,281)	2,568,043	1,905,492
Cost of sales	(674,355)	(184,016)	(1,052,578)	(911,696)	-	-	(1,726,933)	(1,095,712)
Administrative expenses	(51,197)	(60,611)	(190,556)	(182,369)	(75,885)	(72,994)	(317,638)	(315,974)
Net impairment loss on financial and contract assets	(16,828)	(1,524)	(18,533)	(8,969)	-	-	(35,361)	(10,493)
Finance costs	(83,012)	(110,456)	(60,074)	(108,648)	(19,398)	(18,728)	(162,484)	(237,832)
Finance income and other income	48,970	88,505	55,030	35,251	16,051	22,402	120,051	146,158
Profit/(loss) for the period	357,585	505,886	44,952	(38,646)	43,141	(75,601)	445,678	391,639
Profit/(loss) attributable to:								
Owners of the Company	361,755	510,531	53,398	(21,944)	40,449	(70,518)	455,602	418,069
Non – controlling interests	(4,170)	(4,645)	(8,446)	(16,702)	2,692	(5,083)	(9,924)	(26,430)
Profit/(loss) for the period	357,585	505,886	44,952	(38,646)	43,141	(75,601)	445,678	391,639
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Assets	13,904,297	14,063,227	5,284,024	5,400,710	2,694,702	2,297,610	21,883,023	21,761,547
Liabilities	4,913,966	5,138,510	2,858,161	2,950,734	1,980,327	1,623,717	9,752,454	9,712,961

The Group's revenue is mainly earned from transactions carried out in UAE and other countries.