MAJID AL FUTTAIM HOLDING LLC
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2021

Contents

MAJID AL FUTTAIM

GREAT MOMENTS
FOR **EVERYONE,**
EVERYDAY

Directors' report

The Directors' report and condensed consolidated interim financial statements of Majid Al Futtaim Holding LLC (the Company) and its subsidiaries (collectively referred to as "the Group"), are presented for the six months ended 30 June 2021. The condensed consolidated interim financial statements were prepared by the Management. The Board of Directors took responsibility for fairly presenting them in accordance with the applicable financial reporting framework and gave clearance for issuance of the financial statements on 18 August 2021.

Activities

Majid Al Futtaim is one of the leading shopping mall, communities, retail and leisure pioneers across the Middle East, Africa and Asia. In 2020, the Group operated through three operating companies (OpCos). As of January 2021, the Ventures OpCo was dissolved, and its business vertical consolidated under two new OpCos (Leisure, Entertainment & Cinemas [LEC], and Lifestyle). Additionally, operations of Enova were transferred to the Properties OpCo.

In 2020, Majid Al Futtaim set out a new operating company to act as a shared services hub for key support functions. The new OpCo, Global Solutions (GS), aims to consolidate and standardise processes and support services across the businesses. In doing so, the Group businesses can benefit from enhanced internal servicing, in turn enabling a greater focus on the delivery of strategic priorities.

Majid Al Futtaim Properties	Majid Al Futtaim Retail	Majid Al Futtaim LEC	Majid Al Futtaim Lifestyle
❖ Owns, develops and operates **28**[1] destination shopping malls across the region ❖ Owns **13** hotels operated by international brands ❖ Develops and manages **5** mixed use communities ❖ Operates Enova[2] a facility and energy management company	❖ Operates a portfolio of more than **370** outlets ❖ Geographical footprint covering **17** countries ❖ Exclusive rights to the Carrefour franchise in markets across Middle East, Africa and Asia	❖ Operates nearly **600** VOX Cinema screens and Magic Planet sites ❖ Unique leisure offerings Ski Dubai, Ski Egypt and Dreamscape	❖ World-class fashion and retail brands with more than 100 stores across the MENA region. ❖ Representing international brands including Abercrombie & Fitch, Lululemon, Crate& Barrel and many other
Majid Al Futtaim Global Solutions			
❖ Technology, Finance, Human Capital and Procurement services ❖ Offices in UAE, Egypt and India			

Economic Backdrop and COVID 19 impact

Although now at the midway point of 2021, last year's global pandemic persists in its assault on day-to-day lives. Continuing waves of infection, the surfacing of new variants and the subsequent measures being taken to contain COVID-19, continue to adversely affect the global economy, while the long-term repercussions remain unknown.

[1] The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, City Centre malls and My City Centre neighbourhood centres, and 5 community malls which are in joint venture with the Government of Sharjah.

[2] The Group operates Enova through a joint venture operation with Veolia, a global leader in optimized environment resource management.

The health crisis has been such that governments, authorities, and advisory councils have mandated wide-reaching containment protocols. These measures, while intended to control transmission and protect the safety of our communities, have inadvertently triggered a continued negative impact on the global economy.

While several industries (particularly those in the tech and digital space) have to a certain extent flourished, there has been a strongly adverse effect on discretionary spending and consumer confidence. Between late 2019 and mid-2020, the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD), and the World Bank all revised their forecasts downward, reflecting the rapidly deteriorating state of the global economy and a marked decline in projected rates of growth.

Compounding the strain on economic activity, the first half of 2020 saw oil prices fall to historic lows, although prices have since recovered to surpass their pre-pandemic levels. This recovery is observed in many forecasts, which indicate 2021 GDP growth rates for most countries could outpace pre-pandemic predictions and 2022 could see a return to historical economic growth rates. The OECD's updated forecast (May 2021)[3] projected economic recovery would take place over the coming two years. However, the report cautioned that recovery is expected not to be uniform across countries, potentially leading to lasting changes in the global economy.

The advent of extensive vaccination programmes lends hope to the possibility that we are now entering a new phase of recovery – although it is clear there is no 'return to normal'. Alongside the ongoing challenges of managing the pandemic, COVID-19 has accelerated longer-term trends, including positive technological disruption, acceleration of consumer demand and innovation. It has also exacerbated socio-economic inequality and climate change.

COVID-19 and MENA

Throughout the pandemic, the majority of MENA countries, particularly the GCC, enacted decisive measures to limit the spread of the virus, including mandated closures, curfews and lockdowns. The UAE in particular has been recognised[4] for the alacrity of its response, and its vaccination programme. Today, close to 70 percent of the country's population has been fully vaccinated against COVID-19 (one of the highest rates in the world) and over 16 million doses had been administered by the end of July[5].

Against this backdrop, the **UAE** is well-placed to catch the early tailwinds of normalisation. This holds particularly true when considering the associated increase in demand for services such as travel and tourism, areas central to the country's economic prospects. Aside from the usual flow, it is anticipated the delayed EXPO 2020, which opens in October this year, will drive an influx of tourists. These visitors will play an important role in positively impacting the hospitality sector as well as contributing to the overall economy.

[3] https://www.oecd.org/economic-outlook/

[4] https://wam.ae/en/details/1395302844918

[5] https://ourworldindata.org/coronavirus/country/united-arab-emirates

In addition, changes to naturalisation and citizenship rules as well as improvements in relations with both Israel and Qatar, are already being seen to positively impact both the property and knowledge economy sectors. Overall, the UAE economy is likely to expand by 3.1 percent this year and 2.6 percent in 2022 after a 5.9 percent plunge in 2020, according to the IMF's[6] April forecasts.

Turning to **Saudi Arabia** the country is on a steady path towards economic recovery. Non-oil GDP has already returned to pre-pandemic levels and is set to continue to rebound as restrictions are lifted across the globe and aggressive investment strategies are implemented within the country. The Saudi Government continues driving delivery of its Vision 2030 objectives, focusing its efforts on business and social reforms and implementing business-friendly measures to create a better quality of life and diversified economy with high local content. The Group's investment in Real Estate, Retail and Cinema is expected to continue benefiting from this increased focus on liberalisation, privatisation, foreign investment and greater economic diversification.

Outside the GCC, despite the pandemic and strict lockdown measures, the IMF commended **Egypt's** economic performance in its October 2020 World Economic Outlook[7]. Various structural reforms launched over the past few years mitigated the economic shock of the pandemic to a certain extent and inflation in Egypt has now stabilised at circa 5%. As a result of consumer spending and an increase in rental levels, the Group's valuations on Egypt property portfolio have shown a net positive growth.

COVID-19 impact and Group response

The Group has remained agile and focused on adapting to meet its customers rapidly evolving behaviours, wants and needs throughout the continued disruption. From the pandemic's early stages, through COVID-19's peak and into today's state of recovery, the Group's priority continues to be the health and safety of its people, its customers and stakeholders throughout its extended value chain. The organisation continues to take the necessary steps to safeguard the future of its businesses, undertaking actions to stabilise operations, ensure liquidity and strengthen its balance sheet.

At the start of the pandemic, the Group established a business-wide incident response team to ensure an integrated COVID-19 response plan. The multilateral approach cut across businesses and regions and included health and safety, business continuity, brand protection and financial mitigation activities. Executive oversight and continuous monitoring mechanisms ensured the effectiveness and continuous alignment of each stream.

Operations and supporting frameworks have been adapted and continue evolving to ensure full compliance with guidance provided by respective governments. This has included temporary closures, social distancing measures and enhanced sanitation protocols across the company's assets.

The Group has also expanded its consideration of health & safety measures to include mental well-being. In addition to an inhouse support network launched in 2020 and staffed by employees and leadership teams, a 'Work From Anywhere' policy

[6] https://www.imf.org/en/Publications/WEO/weo-database/2020/April

[7] https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020

has been launched to all non-frontline staff. The policy has been implemented following feedback as to the positive impact of remote working during the lockdown and curfew measures of the previous year.

Guided by the premise that challenge and uncertainty are the new normal, Majid Al Futtaim continues to take strength from its deep foundations and rich history supported by a diverse portfolio, strong capital base and wealth of talent.

Risk management and governance

2021 continues to test the organisation's risk management capability, as well as its ability to maintain effective controls in a rapidly changing environment. It remains fully committed to expanding its risk management discipline as it continues to invest into growing capabilities, education and infusing predictive analytical modeling into its decision framework.

The organisation believes that to be effective, a culture of risk management is integral to day-to-day activities for every team, at every level across the Group. To embed this mindset, Majid Al Futtaim has integrated enterprise-wide risk management capabilities into planning, forecasting and decision-making processes.

This approach ensures scenarios-based views are taken on principal risks (including geo-political and macroeconomic volatility, supply and demand imbalance and changes in laws and regulations) and mitigation strategies (as well as framing trade-offs), are considered and factored in as required. Business continuity management, disaster recovery and crisis management programmes have been linked to the Risk Management Framework to support effective management of disruptive events. Early warning signals in the form of Key Risk Indicators have been introduced to ensure a continuous monitoring of the risk landscape.

The Group has also reinforced its strong governance model with renewed focus on cost efficiency, operational excellence and careful assessment of priorities, emerging threats and returns. The strong asset base enables the Group to manage its liquidity, ensuring it can meet its obligations for the next three years without incurring related financial loss.

The Group's commitment to prudent planning spurred the adaption of its strategy for both the medium and long-term, and facilitated sustainable growth despite the shifting sands. Key to Majid Al Futtaim's success remains active stakeholder engagement, investment in digital assets and an agile business model.

Significant developments

The Group entered 2021 in a strong financial position with the capacity to make progress and execute delivery of its expansion plans across the United Arab Emirates, as well as in Egypt, Saudi Arabia, and Oman.

Majid Al Futtaim Properties successfully opened City Centre Al Zahia in March 2021, stretching across 136,200 sqm of gross leasable space, it is the largest mall in the Northern Emirates and the centerpiece of Majid Al Futtaim's development in Sharjah.

Majid Al Futtaim Properties also continued to make progress with its pipeline development projects. Mall of Oman is expected to open in September 2021. In doing so it becomes Majid Al Futtaim's fifth and largest shopping and entertainment destination in Oman, with an impressive 140,000 sqm of retail space. In addition, the Mall of Saudi development is set to break ground in Q4 this year and underlines Majid Al Futtaim's two-decade strong commitment to the Kingdom and contribution to Vision 2030.

Majid Al Futtaim Retail has also made progress in growing its footprint, opening 24 new hypermarkets and supermarkets across the region in the first six months of this year. In 2020, Majid Al Futtaim established a presence in Uzbekistan, a first not only for the Group but also marks the first entry of an international grocery retailer into the Central Asian country. The total number of hypermarket/supermarkets now exceeds 370 across the region.

Turning towards its digital transformation, spurred on by movement restrictions Majid Al Futtaim Retail accelerated its digital offering, bringing a slew of new platforms online, including Carrefour's Marketplace and Click & Collect. As well as strengthening last mile delivery capabilities with new fulfilment centres and darkstores across the region, the Retail business activated a number of existing stores to fulfil the surge in online sales and represent 4% of Carrefour's total revenue.

Majid Al Futtaim LEC continued its expansion across the region through its diversified portfolio of businesses. **VOX Cinemas** further strengthened its market share, opening 33 new screens in the first half of 2021, including its first hybrid cinema and family entertainment centre in the UAE. While in KSA, the business continues to deliver on its commitment to bring world-class cinema experience to Saudi-based customers. The opening of the country's first-ever 10 screen-multiplex brings total number of screens in the country to 141 across 13 movie theatres in 5 cities, making it the largest exhibitor by screen count, admissions and market share in addition to being the largest independent distributor in the Kingdom. A further two new multiplexes in Jubail and Riyadh are in plan to open later this year.

Majid Al Futtaim Lifestyle remains focused on delivering on the strategic imperative - to become as prominent digitally as it is physically. This has translated to bringing several omnichannel retailing experiences to its customers – including the launch of the Group's first concept store (THAT) earlier this year.

Digital transformation has been the keystone of Majid Al Futtaim's ability to successfully weather the continuing COVID -19 storm. In particular, advancing capabilities in data and analytics, technology and online customer experience. When considering the swift shift COVID-19 enforced on consumer adoption rates, Majid Al Futtaim's early efforts to future-proof the business and enhance its digital capabilities have positioned the Group well to respond to accelerate pace of shifting consumer behaviour.

Majid Al Futtaim will continue to support sustainable economic development in its efforts towards economic recovery, while maintaining a disciplined financial management approach. The Group is fully committed to the markets in which it operates whilst striving to bring the right product to market at the right time to deliver maximum value for customers and tenants.

Financial results and highlights

Despite the macroeconomics challenges, Majid Al Futtaim remains very stable and sustainable for the long term with robust cash flows and a strong balance sheet. The Group started 2021 with a strong performance across all its operating units.

REVENUE	EBITDA[8]	NET PROFIT	OPERATING CASHFLOWS	NET DEBT
AED 15,629 MILLION	AED 1,601 MILLION	AED 662 MILLION	AED 1,499 MILLION	AED 13,575 MILLION
H1 2020: 17,304M	H1 2020: 1,570M	H1 2020: 3,037M loss	H1 2020: 1,183M	YE 2020: 12,391M

Large-scale business disruption, combined with a much more cautious consumer sentiment resulting from the pandemic saw the Group report revenue of **AED 15,629 million,** representing a decline of 10% versus same period last year.

- **Properties** revenue grew by 5% to **AED 1,788 million.** 2020 had lower revenue due to temporary closures and COVID-19 impacted footfall and sales. With the swift roll-out of vaccinations, footfall and sales are picking up.
- **Retail** revenue saw a decline of 12% to **AED 13,213 million** compared to the same period last year. This has been driven mainly by continued headwinds from a challenging macroeconomic environment fueled by panic buying and household overstocking. Other factors included exposure to activism as a result of sub-brand association. The Retail business is a fully owned Emirati company headquartered in Dubai and an integral part of the Majid Al Futtaim portfolio.
- **LEC** revenue grew by 25% to **AED 502 million** due to a low base in 2020 as a result of government-mandated temporary closures. New content releases and the easing of restrictions are contributing to increase revenue and footfall.
- **Lifestyle** reported a revenue of **AED 253 million** versus AED 155 million for the six months ended 30 June. Revenue increased by 63% reflecting government-mandated temporary closures across the region for the same period last year. Additionally, brands such as Lululemon, Crate and Barrel, and THAT Concept store performed well in the first half of 2021.

EBITDA increased by 2% to **AED 1,601 million** compared to AED 1,570 million for the six months ended 30 June 2020.

Net profit for the first six months of 2021 stands at **AED 662 million** compared to a net loss of AED 3,037 million for the same period last year.

---

[8] EBITDA is considered to be a key measure of Group's operating performance and cash generation. It is defined as earnings before interest, tax, non-controlling interests, depreciation, amortization, impairment and other exceptional items or charges or credits that are one-off in nature and significance. To ensure consistency and relevance of EBITDA as a measure of operating performance, EBITDA has been adjusted with the impact of fixed rent expense, which has been derecognized on adoption of IFRS 16 in 2019.

- Fair value gain of AED 284 million was taken on completed properties versus a loss of AED 2,449 million for H1 2020. Last year's valuation loss was primarily driven by the challenging operational markets faced by retail customers during the health crisis. The rapid pace of vaccination programmes in the UAE and other markets has seen consumers return to more 'normal' spending habits, resulting in a strong continuation of footfall and sales growth from Q4 of 2020. Following the lifting of lockdowns and the easing of movement restrictions, market activity has also seen an uptick over H1 2021. This resulted in more certainty in valuation assumptions for the year.
- Impairment loss of AED 174 million (H1 2020: loss of AED 1,209 million) was recognised on properties under construction, and certain store assets and intangibles. The primary reason for last year's higher valuation loss was the challenging economic environment, which is now beginning to improve.

Operating cash flow improved by 27% to **AED 1,499 million**, reflecting a continued focus on cost reduction and operational excellence. Negative working capital movements were driven by cyclicality, a slowdown in retail operations and build-up in trade and other receivables from retail partners. Working capital movements coupled with increase in capital expenditure to fund completion of existing projects and digital capabilities increased the net debt to **AED 13,575M** versus AED 12,391 million at the end of 2020.

Financing

Majid Al Futtaim has a long history of upholding a prudent approach to financial risk management. The Group's balance sheet has allowed it to maintain a strong financial and liquidity position amidst extraordinarily stressed circumstances, with cash reserves to cover its net financing needs for up to 39[9] months, without any interventions to its previous plans. Majid Al Futtaim's debt maturity profile is light over the next three years, with no material debt maturity until September 2024.

Despite weakening macroeconomic conditions, the company's BBB credit rating and 'stable outlook' were reaffirmed by Standard & Poor's in March 2021. This reiterates the Group's strong governance, resilience of its diversified business model, proactive approach to tackling the COVID-19 crisis, healthy liquidity position and continued prudent financial management.

Sustainability

Majid Al Futtaim's investment in sustainable growth opportunities continued through 2020. Its drive to meaningfully contribute to global dialogues and local actions around sustainable business practices has been articulated in its 'Dare Today, Change Tomorrow' strategy. Supported by a comprehensive series of targets, the Group's sustainability strategy ensures all investments and activities are aligned to one overarching vision.

The Group has made significant progress in furthering its sustainability commitments, achieving 97% of its 2020 targets. It continues to build scale to deliver on its 2040 Net Positive goals as well as taking steps to embed climate-related risk management to further enhance business resilience. In support of these efforts, a suite of policies and procedures have been introduced to the organisation. These bring Majid Al Futtaim's efforts in line with global best practice (such as ESG reporting metrics disclosures released by the World Economic Forum and its International Business Council late last year) and support the translation of the strategy into achievable and measurable actions.

[9] This is after extending maturity of a committed credit facility from February 2023 to July 2026, signed on 1 July 2021.

Most recently, Majid Al Futtaim joined more than 60 leading global organisations in signing up to a common reporting process that supports increased transparency on sustainability commitments and efforts. In becoming a signatory, the company joins a growing community of businesses dedicated to providing concise, consistent and comparable sustainability-related metrics and disclosures.

This continued focus puts the Group on track to meet its 2022 Sustainable Business Commitments and subsequently positively impact 10 of the United Nations Sustainable Development Goals.

Majid Al Futtaim's sustainability targets, as well as 2018 and 2019 environmental data for Majid Al Futtaim Green Sukuk portfolio, have been fully assured. Details pertaining to 2020 target performance, assurance reporting and Sustainalytics data can be found at:
www.majidalfuttaim.com/en/who-we-are/sustainability-and-impact/sustainability and https://maf.am/SRTarg.

Dividend
For the first six months, the Company declared a dividend of AED 400 million (2020: nil).

Directors
The following comprise the Board of Directors:

- Sir Michael Rake (Chairman)
- Tariq Al Futtaim
- Alain Bejjani
- Sir Ian Davis
- Alan Keir
- Victor Chu
- Lord Stuart Rose
- Philip Bowman
- Luc Vandevelde

Auditors
A resolution dealing with the reappointment of the auditors shall be proposed at the forthcoming general meeting.
By the order of the Board

DocuSigned by:
402551F85DA44C8...
Alain Bejjani
____

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

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

To the Shareholders of Majid Al Futtaim Holding LLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Majid Al Futtaim Holding LLC and its subsidiaries as at 30 June 2021, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these 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 2021 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Dubai, United Arab Emirates

Date 18 August 2021

Condensed consolidated interim statement of profit or loss and other comprehensive income
For the six month period ended 30 June

(AED in millions)	Note	2021 Unaudited	2020 Unaudited
Revenue	9	15,629	17,304
Cost of sales	10	(10,936)	(12,485)
Operating expenses	11	(3,739)	(3,808)
Finance costs - net	12	(321)	(346)
Other income - net		8	4
Impairment loss on financial assets - net	13	(45)	(147)
Impairment loss on non-financial assets - net	13	(174)	(1,209)
Share of profit/(loss) in equity accounted investees - net of tax	16	43	(4)
Profit/(loss) before valuation loss on land and buildings		**465**	**(691)**
Net valuation gain/(loss) on land and buildings	15.1 & 15.2	284	(2,449)
Profit before tax		**749**	**(3,140)**
Income tax (expense)/benefit - net	14	(87)	103
Profit/(loss) for the period		**662**	**(3,037)**
Profit/(loss) for the period attributable to:			
- Owners of the Company		668	(3,015)
- Non-controlling interests		(6)	(22)
Profit/(loss) for the period		**662**	**(3,037)**
Profit/(loss) for the period		**662**	**(3,037)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net valuation gain/(loss) on land and buildings	15.1	229	(526)
Deferred tax on revaluation of land and buildings		(7)	9
		222	**(517)**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences		(113)	(10)
Net change in fair value of cash flow hedges		41	(110)
		(72)	**(120)**
Total other comprehensive income for the period, net of tax		**150**	**(637)**
Total comprehensive income for the period, net of tax		**812**	**(3,674)**
Total comprehensive income for the period attributable to:			
- Owners of the Company		818	(3,651)
- Non-controlling interests		(6)	(23)
Other comprehensive income for the period, net of tax		**812**	**(3,674)**

The notes on pages 18 to 34 are 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 page 9 to 10.

Condensed consolidated interim statement of financial position

(AED in millions)	Note	As at 30 June 2021 Unaudited	As at 31 December 2020 Audited
Non-current assets			
Property, plant and equipment	15.1	11,394	10,885
Investment property	15.2 & 15.3	32,627	32,576
Right-of-use assets		3,587	3,753
Equity accounted investees	16	829	859
Intangible assets and goodwill	17	1,462	1,469
Deferred tax assets	14	98	103
Due from related parties	18.3	29	-
Other non-current assets		704	675
Total non-current assets		**50,730**	**50,320**
Current assets			
Development property		416	13
Inventories		2,111	2,268
Trade and other receivables		2,327	2,254
Short term loans to related parties	18.1	43	61
Due from related parties	18.3	142	288
Cash in hand and at bank		1,904	3,699
		6,943	**8,583**
Assets held for sale	27	-	194
Total current assets		**6,943**	**8,777**
Total assets		**57,673**	**59,097**
Current liabilities			
Trade and other payables		7,495	8,507
Provisions		226	200
Other liabilities		2,486	1,670
Short term loan from a related party	18.2	309	44
Due to related parties	18.4	159	131
Bank overdraft	19	447	-
Current maturity of long term loans	21	61	41
Current maturity of lease liabilities		556	568
		11,739	**11,161**
Liabilities directly associated with assets held for sale		25	35
Total current liabilities		**11,764**	**11,196**
Non-current liabilities			
Long term loans	21	13,826	15,917
Lease liabilities		3,586	3,668
Deferred tax liabilities		273	226
Provisions		47	48
Post employment benefit obligations		775	812
Other liabilities		55	51
Total non-current liabilities		**18,562**	**20,722**
Total liabilities		**30,326**	**31,918**
Net assets		**27,347**	**27,179**

Condensed consolidated interim statement of financial position (continued)

(AED in millions)	Note	As at 30 June 2021 Unaudited	As at 31 December 2020 Audited
Equity			
Share capital		2,671	2,671
Statutory reserve		2,984	2,984
Revaluation reserve		17,865	17,643
Retained earnings		2,744	2,705
Hedging reserve		(91)	(132)
Currency translation reserve		(2,546)	(2,433)
Total equity attributable to the owners of the Company		**23,627**	**23,438**
Hybrid equity instrument	22	3,292	3,292
Non-controlling interests		428	449
Total equity		**27,347**	**27,179**

These condensed consolidated interim financial statements were approved by the Board of Directors on **18 August 2021** and signed on their behalf by:

DocuSigned by:
402551F85DA44C8...
Alain Bejjani

Majid Al Futtaim Holding LLC
Chief Executive Officer

DocuSigned by:
E591558358F54F0...
Ziad Chalhoub

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 18 to 34 are 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 page 9 to 10.

DS

Condensed consolidated interim statement of cash flows
For the six month period ended 30 June

(AED in millions)	**Note**	**2021 Unaudited**	**2020 Unaudited**
Cash flows from operating activities			
Profit/(loss) for the period after tax		**662**	**(3,037)**
Adjustments:			
Finance costs - net	12	321	346
Net valuation (gain)/loss on land and buildings	15.1 & 15.2	(284)	2,449
Depreciation and amortisation (including amortisation of lease premium)	11	1,052	1,092
Share of (profit)/loss in of equity-accounted investees - net of tax	16	(43)	4
Impairment loss on financial assets - net	13	45	147
Impairment loss on non-financial assets - net	13	174	1,209
Rent concessions received due to COVID-19		-	(65)
Changes to post employement benefit obligations		(38)	32
Income tax expense/(benefit)		87	(103)
		1,976	**2,074**
Changes in:			
Inventories		157	51
Development property		(104)	-
Trade and other receivables		65	(138)
Trade and other payables		(88)	(669)
Restricted cash		(466)	-
Due from/to related parties - net		46	(63)
		(390)	**(819)**
Tax paid		(87)	(72)
Net cash generated from operating activities		**1,499**	**1,183**
Cash flows from investing activities			
Acquisition of property, plant and equipment and investment property		(1,260)	(994)
Proceeds from sale of property, plant and equipment and investment properties		5	-
Movement in fixed deposits - net		-	147
Investment in equity accounted investees	16	(3)	(14)
Payments against intangible assets		(56)	(32)
Dividend received		13	62
Finance income received		12	34
Net cash used in investing activities		**(1,289)**	**(797)**

Condensed consolidated interim statement of cash flows (continued)
For the six month period ended 30 June

(AED in millions)	Note	2021 Unaudited	2020 Unaudited
Cash flows from financing activities			
Short term loan received from a related party	18.2	145	44
Short term loan repaid to a related party	18.2	(573)	(141)
Long term loans received	21	3,295	5,205
Long term loans repaid	21	(5,244)	(2,107)
Short term loans received	20	150	235
Short term loans repaid	20	(150)	(235)
Capital reduction in a subsidiary by non-controlling interest		-	(4)
Payment against lease liabilities		(318)	(348)
Collateral (paid)/received against derivative instruments - net		(135)	77
Realized fair value of derivative instruments - net		-	103
Finance cost paid		(268)	(290)
Coupon paid on hybrid equity instrument	22	(97)	(97)
Dividend paid to non-controlling interest		-	(18)
Net cash (used in)/generated from financing activities		**(3,195)**	**2,424**
Net (decrease)/increase in cash and cash equivalents		**(2,985)**	**2,810**
Cash and cash equivalents at the beginning of the period		3,699	1,251
Effect of movements in exchange rates on cash held		(6)	-
Cash and cash equivalents at the end of the period		**708**	**4,061**
Cash and bank balances			
Cash in hand		184	201
Call deposits and current accounts		971	3,880
		1,155	**4,081**
Restricted cash*		749	-
Cash and bank balances		**1,904**	**4,081**
Cash and cash equivalents comprise:			
Cash and bank balances		1,904	4,081
Less: bank overdraft		(447)	(20)
Less: Restricted cash*		(749)	-
		708	**4,061**

* This represent proceeds received against sale of property by Tilal Al Ghaf Phase A LLC, which is held in escrow accounts in banks and restricted for use on development property expenditures. These deposits/balances are not under lien.

The notes on pages 18 to 34 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity
For the six month period ended 30 June

	Attributable to owners of the Company									
(AED in millions)	**Share capital**	**Statutory reserve**	**Revaluation reserve**	**Retained earnings**	**Hedging reserve**	**Currency translation reserve**	**Total equity**	**Hybrid equity instrument**	**Non-controlling interests**	**Total**
At 1 January 2020 (audited)	**2,671**	**2,984**	**18,148**	**6,194**	**(65)**	**(1,693)**	**28,239**	**3,292**	**543**	**32,074**
Total comprehensive income for the period										
Net loss for the period	-	-	-	(3,015)	-	-	**(3,015)**	-	(22)	**(3,037)**
Other comprehensive income										
Net valuation loss on land and buildings (note 15)	-	-	(526)	-	-	-	**(526)**	-	-	**(526)**
Deferred tax asset arising on revaluation of land and buildings	-	-	9	-	-	-	**9**	-	-	**9**
Net change in fair value of cash flow hedges	-	-	-	-	(110)	-	**(110)**	-	-	**(110)**
Currency translation differences in foreign operations	-	-	-	-	-	(9)	**(9)**	-	(1)	**(10)**
Total comprehensive income for the period	**-**	**-**	**(517)**	**(3,015)**	**(110)**	**(9)**	**(3,651)**	**-**	**(23)**	**(3,674)**
Transactions with owners recorded directly in equity										
Contribution by and distributions to owners and other movement in equity										
Capital reduction in subsidiaries by non-controlling interest	-	-	-	-	-	-	**-**	-	(4)	**(4)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	**-**	-	(18)	**(18)**
Total contribution by and distribution to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22)**	**(22)**
Hybrid prepetual note instruments										
Coupon paid on hybrid equity instrument (note 22)	-	-	-	(97)	-	-	**(97)**	-	-	**(97)**
	-	-	-	**(97)**	-	-	**(97)**	-	-	**(97)**
At 30 June 2020 (unaudited)	**2,671**	**2,984**	**17,631**	**3,082**	**(175)**	**(1,702)**	**24,491**	**3,292**	**498**	**28,281**

The notes on pages 18 to 34 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity (continued)
For the six month period ended 30 June

(AED in millions)	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
	Attributable to owners of the Company									
At 1 January 2021 (audited)	**2,671**	**2,984**	**17,643**	**2,705**	**(132)**	**(2,433)**	**23,438**	**3,292**	**449**	**27,179**
Total comprehensive income for the period										
Profit for the period	-	-	-	668	-	-	**668**	-	(6)	**662**
Other comprehensive income										
Net valuation gain on land and buildings (note 15)	-	-	229	-	-	-	**229**	-	-	**229**
Deferred tax asset arising on revaluation of land and buildings	-	-	(7)	-	-	-	**(7)**	-	-	**(7)**
Net change in fair value of cash flow hedges	-	-	-	-	41	-	**41**	-	-	**41**
Currency translation differences in foreign operations	-	-	-	-	-	(113)	**(113)**	-	-	**(113)**
Total comprehensive income for the period	**-**	**-**	**222**	**668**	**41**	**(113)**	**818**	**-**	**(6)**	**812**
Transactions with owners recorded directly in equity										
Contributions and distributions										
Dividend declared and settled	-	-	-	(400)	-	-	**(400)**	-	(18)	**(418)**
Reclassification	-	-	-	(3)	-	-	**(3)**	-	3	**-**
Acquisition of a subsidiary under common control transaction (note 28)	-	-	-	(129)	-	-	**(129)**	-	-	**(129)**
Total contribution by and distribution to owners	**-**	**-**	**-**	**(532)**	**-**	**-**	**(532)**	**-**	**(15)**	**(547)**
Hybrid prepetual note instruments										
Coupon paid on hybrid equity instrument (note 22)	-	-	-	(97)	-	-	**(97)**	-	-	**(97)**
At 30 June 2021 (unaudited)	**2,671**	**2,984**	**17,865**	**2,744**	**(91)**	**(2,546)**	**23,627**	**3,292**	**428**	**27,347**

The notes on pages 18 to 34 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

Majid Al Futtaim Holding LLC ("the Company") is registered as a limited liability company in the Emirate of Dubai under the UAE Federal Law No. 2 of 2015 as applicable to commercial companies.

The condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as "the Group"), and the Group's interest in jointly controlled entities and associates. The activities of its subsidiaries include establishment and management of shopping malls, hotels, residential projects, hypermarkets, supermarkets, fashion retailing, leisure and entertainment, cinemas and investment activities. The Company is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company").

The registered address of the Group and its Parent Company is P.O. Box 91100, Dubai, United Arab Emirates.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the financial position and performance of the Group since the last annual audited consolidated financial statements as at and for the year ended 31 December 2020. These condensed consolidated interim financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2020.

3. COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. COVID-19 was an unprecedented, fast moving crisis which continues to have a far reaching global impact and it is likely to lead to long-term or permanent change in behaviours which will impact the businesses and society more broadly.

The progress in producing and administering vaccines through the first half of 2021 has raised prospects that social distancing rules could be relaxed or removed, which could improve economic activity. However, the economic situation remains highly fluid globally and will be determined by factors that continue to evolve, such as availability of vaccine, resurgence of variants, success of support measures introduced by governments, the ability of businesses to manage their operations during these times and the effectiveness of public policies intended to contain the spread.

Due to the adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries have progressed towards easing the lockdown restrictions since the second half of 2020.

The Group's businesses in shopping malls, hospitality, cinemas and leisure and entertainment have been impacted by the measures taken by governments and authorities to contain the spread of the COVID-19 pandemic. During the period, Group's businesses across were closed as follows:

- Shopping malls in Bahrain and Oman were temporarily closed for various periods mainly between May 2021 and June 2021 while a shopping mall in Lebanon was temporarily closed from January 2021 to February 2021. In addition, shopping malls across all geographies were mandated to operate at reduced capacity / reduced hours for various periods between January 2021 and June 2021. In prior period, the Group's shopping malls across all geographies where the Group operates were closed for various periods mainly between March 2020 and June 2020.
- Hotels in UAE and Bahrain operated at reduced capacity for various lengths during the period and a hotel in Bahrain was temporarily closed during the summer months. In prior period, Group's hotel operations in UAE and Bahrain were temporarily suspended for longer periods.
- Cinemas and leisure and entertainment sites have experienced extended closure periods in Kuwait, Bahrain, Lebanon, Abu Dhabi and Qatar and the sites currently open are operating at limited capacities. In prior period, Group's Cinemas and leisure and entertainment sites were closed across all territories for various periods.

Despite the macroeconomic challenges, as lockdown and travel restrictions started to ease gradually, the Group is witnessing increased footfall in its shopping malls, improved occupancy in hotels and increase in admissions to its leisure, entertainment and cinema businesses resulting in increase in revenue and net valuation gain as compared to prior period results, which was during the onset of the pandemic. Even after certain restrictions have been lifted and reduced, the willingness of customers to visit public places is likely to be reduced and Group's tenants' businesses are likely to be affected by the uncertainties concerning the length and depth of the health crisis-related economic impact and the effectiveness of inoculation at a global scale. Further, demand could remain subdued due to heightened sensitivity to risks associated with the transmission of COVID-19 or other associated diseases.

As the effect of COVID-19 on businesses continues to evolve, there are potential risks and uncertainties impacting the business. To ensure continued resilience, the Group continues to update its plans and liquidity optimization processes, taking into account alternative scenarios for the duration of the pandemic and pattern of economic recovery. Business continuity management, disaster recovery and crisis management programmes are linked to the risk management framework to support effective management of disruptive events. At the same time, the Group is adapting its strategy over medium and long term to enable and continue sustainable growth in the changing landscape through investments in digital assets, omni-channel, agile business model and operational excellence programs.

The Group has assessed the impact of COVID-19 to the condensed consolidated interim financial statements as set out in the following notes:

• Revenue and tenant incentives	Note 9.1 & 9.2
• Impairment of non-financial assets	Note 13
• Impairment of financial assets	Note 13
• Valuation of properties	Note 15.3
• Funding and liquidity management	Note 26

4. USE OF JUDGEMENTS AND ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation and uncertainty were the same as those applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2020.

5. SEASONALITY AND CYCLICALITY

There is no material seasonality or cyclicality impacting interim financial reporting. However, 2021 annual results may significantly differ from annualized half year results due to asset closures during the period as a result of the COVID-19 pandemic.

6. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

The Group has initially adopted *Interest Rate Benchmark Reform Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (the Phase 2 amendments)* - from 1 January 2021. The adoption of these amendments did not have any material impact on the Group's accounting policies and did not require retrospective adjustments. The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2021.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s Financial Risk Management objectives, policies and procedures are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended 31 December 2020.

8. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. The operating results of all operating segments are reviewed regularly by senior management and the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Group has six segments, consistent with internal reporting and are considered the Group’s strategic business units. The strategic businesses units offer different services and are managed separately because they have different strategic requirements. Inter-segment pricing is determined on an arm’s length basis.

The following summary describes the operations in each of the Group’s reportable segments:

Properties: The principal activities include investing in and operating and managing commercial projects including shopping malls, hotels, residential projects, leisure and entertainment, acting as a holding company to various subsidiaries and investing in joint ventures and associates.

Retail: The principal activities include establishment and management of hypermarkets, and supermarkets in accordance with the franchise agreement with Carrefour Partenariat International, a Carrefour SA affiliate.

Leisure, Entertainment and Cinemas (LEC): The principal activities include establishing, through subsidiaries, establishment and management of cinemas, family entertainment centers, leisure and entertainment activities and food and beverage.

Lifestyle: The principal activities include establishing, investing in and operating retail fashion and lifestyle stores through its subsidiaries.

Global Solutions: The principal activities include providing finance, human capital, technology and procurement services across the Group.

Head Office: The principal activities include acting as the holding company of the Group's subsidiaries, arranging the Group's financing requirements and providing certain support services to the Group companies.

As of January 2021, the Ventures OpCo was dissolved, and its business vertical consolidated under two new operating segments, LEC and Lifestyle. Additionally, the Group's 51% investment in Enova Facilities Management Services LLC, an equity accounted investee, was transferred from Ventures to Properties as a common control transaction.

8.1 By business

The segment information provided to the Board of Directors for the reportable segments for the six month period ended 30 June 2021 are as follows:

8.1.1 Disaggregation of revenue by business

In the following table, revenue from contracts with customers is disaggregated by major business and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

(AED in millions)	Properties	Retail	LEC	Lifestyle	Total
For the period ended 30 June 2021 (unaudited):					
Gross revenue	1,788	13,213	542	253	**15,796**
Eliminations and adjustments	(167)	-	-	-	**(167)**
Revenue from external customers	**1,621**	**13,213**	**542**	**253**	**15,629**
External revenue from major service/product lines					
Sale of goods	-	12,022	-	253	**12,275**
Listing fees, gondola fees and commissions	-	1,138	-	-	**1,138**
Leisure and entertainment	53	-	502	-	**555**
Hospitality revenue	147	-	-	-	**147**
Others	21	36	-	-	**57**
	221	**13,196**	**502**	**253**	**14,172**
Rental income (note 9.1)	1,400	17	-	-	**1,417**
Financial services revenue	-	-	40	-	**40**
	1,621	**13,213**	**542**	**253**	**15,629**
For the period ended 30 June 2020 (unaudited):					
Gross revenue	1,700	15,085	535	155	**17,475**
Eliminations and adjustments	(171)	-	-	-	**(171)**
Revenue from external customers	**1,529**	**15,085**	**535**	**155**	**17,304**
External revenue from major service/product lines					
Sale of goods	-	13,875	-	155	**14,030**
Listing fees, gondola fees and commissions	-	1,159	-	-	**1,159**
Leisure and entertainment	39	-	402	-	**441**
Hospitality revenue	147	-	-	-	**147**
Others	19	36	4	-	**59**
	205	**15,070**	**406**	**155**	**15,836**
Rental income	1,324	15	-	-	**1,339**
Financial services revenue	-	-	129	-	**129**
	1,529	**15,085**	**535**	**155**	**17,304**

8.1.2 Disaggregation of results from operations by business

(AED in millions)	Properties	Retail	LEC	Lifestyle	Global Solutions	Head office	Total
For the period ended 30 June 2021 (unaudited):							
EBITDA	1,126	905	39	9	(29)	(77)	1,973
Eliminations and adjustments	(3)	(282)	(71)	(16)	-	-	(372)
Adjusted EBITDA*	**1,123**	**623**	**(32)**	**(7)**	**(29)**	**(77)**	**1,601**
Depreciation and amortization expense	(187)	(560)	(269)	(47)	(2)	(20)	(1,085)
Eliminations and adjustments							33
							(1,052)
Valuation gain on land and buildings - net	364	-	-	-	-	-	364
Eliminations and adjustments							(80)
							284
Net finance cost	(169)	(107)	(78)	(16)	-	(112)	(482)
Eliminations and adjustments							161
							(321)
Net profit/(loss) after tax	973	288	(280)	(37)	(32)	(212)	700
Eliminations and adjustments							(38)
							662

(AED in millions)	Properties	Retail	LEC	Lifestyle	Global Solutions	Head office	Total
For the period ended 30 June 2020 (unaudited):							
EBITDA	1,069	992	(15)	(21)	-	(67)	1,958
Eliminations and adjustments	(5)	(283)	(73)	(27)	-	-	(388)
Adjusted EBITDA*	**1,064**	**709**	**(88)**	**(48)**	**-**	**(67)**	**1,570**
Depreciation and amortization expense	(223)	(580)	(276)	(53)	-	(14)	(1,146)
Eliminations and adjustments							54
							(1,092)
Valuation loss on land and buildings - net	(2,658)	(3)	-	-	-	-	(2,661)
Eliminations and adjustments							212
							(2,449)
Net finance (cost)/income	(178)	(114)	(122)	(18)	-	489	57
Adjustments							(403)
							(346)
Net (loss)/profit after tax	(2,958)	354	(475)	(78)	-	417	(2,740)
Eliminations and adjustments							(297)
							(3,037)

* To ensure consistency and relevance of EBITDA as a measure of operating performance, EBITDA has been adjusted with the impact of fixed rent expense, which has been derecognized on adoption of IFRS 16 in 2019.

8.1.3 Disaggregation of capital expenditure by business

(AED in millions)	**Properties**	**Retail**	**LEC**	**Lifestyle**	**Global Solutions**	**Head office**	**Total**
For the period ended 30 June 2021 (unaudited):							
Capital expenditure	885	89	282	28	2	33	**1,319**
For the period ended 30 June 2020 (unaudited):							
Capital expenditure	774	98	132	9	-	27	**1,040**

8.1.4 Disaggregation of total assets by business

(AED in millions)	**Properties**	**Retail**	**LEC**	**Lifestyle**	**Global Solutions**	**Head office**	**Total**
At 30 June 2021 (unaudited)							
Total assets	44,188	11,031	3,974	764	14	754	60,725
Eliminations and adjustments							(3,052)
							57,673
At 31 December 2020 (audited)							
Total assets	42,174	12,118	3,933	614	-	2,991	61,830
Eliminations and adjustments							(2,733)
							59,097

9. REVENUE

(AED in millions)	**Six month period ended 30 June** **2021 Unaudited**	**2020 Unaudited**
Revenue from contract with customers	14,172	15,836
Other revenue		
- Rental income (note 9.1)	1,417	1,339
- Financial services revenue	40	129
	15,629	**17,304**

9.1 During the current period, the impact of the COVID-19 pandemic continued to evolve and governments and other authorities in geographies where the Group operates imposed measures that resulted in temporary closure of the Group's assets. Shopping malls in Bahrain and Oman were temporarily closed for various periods mainly between May 2021 and June 2021, while a shopping mall in Lebanon was temporarily closed from January 2021 to February 2021. The management assessed that under the applicable commercial laws in the jurisdictions of the Group's operations, tenants have a legal entitlement to rent concession during the respective temporary closure period. As a result, rental income of AED 32 million (30 June 2020: AED 334 million) was not recognized during the full closure period. This did not constitute a lease modification. In 2020, the Group's shopping malls across all geographies where the Group operates were closed for various periods mainly between March 2020 and June 2020.

9.2 In 2020, the Group provided a discretionary rent relief program amounting to AED 284 million as part of the Group's commitment to support its tenants subsequent to the re-opening of the Group's shopping malls post lockdown period. The rent relief program was awarded to eligible tenants through modification of lease terms and, hence, amortized over the renewed lease term in accordance with IFRS 16. The associated charge to the consolidated statement of profit or loss for the period ended 30 June 2021 amounted to AED 53 million (30 June 2020: nil). As at reporting date, the unamortized portion of this rent relief is AED 209 million (30 June 2020: nil).

10. COST OF SALES

(AED in millions)	Six month period ended 30 June 2021 Unaudited	2020 Unaudited
Opening inventories	(2,268)	(2,325)
Purchases	(12,147)	(13,451)
Closing inventories	2,111	2,274
Supplier rebates and discounts	1,368	1,017
	(10,936)	**(12,485)**

11. OPERATING EXPENSES

(AED in millions)	Six month period ended 30 June 2021 Unaudited	2020 Unaudited
Staff costs	(1,676)	(1,595)
Depreciation and amortization	(1,052)	(1,092)
Utilities	(246)	(210)
Repair and maintenance	(137)	(120)
Bank charges	(93)	(101)
Legal and consultancy expenses	(103)	(94)
Franchise and management fees	(71)	(72)
Security expenses	(72)	(71)
Advertising, selling and marketing expenses	(97)	(62)
House keeping and cleaning	(54)	(45)
Rent (note 11.1)	(30)	20
Other general and administrative expenses	(108)	(366)
	(3,739)	**(3,808)**

11.1 Rent concessions amounting to AED 41 million (30 June 2020: AED 65 million) were recognized within the operating expenses relating to mandated site closures because of COVID-19.

12. FINANCE COSTS - NET

(AED in millions)	Six month period ended 30 June 2021 Unaudited	2020 Unaudited
Finance costs:		
Arrangement and participation fee	(22)	(20)
Interest charges on bank loans*	(210)	(284)
Interest on lease obligations	(117)	(141)
Finance charges on related party balances	(4)	(7)
Capitalized interest on development expenditure	64	91
	(289)	**(361)**
Cash flow hedges reclassified from hedging reserve	(33)	(24)
Discounting of long term receivable balances from a related party	(11)	-
Bond programme cost	(2)	(1)
	(335)	**(386)**
Finance income:		
Interest income on bank balances	12	34
Unwinding of discount on long term receivable balances	1	2
Interest income from operational financing	-	1
Cash flow hedges reclassified from hedging reserve	1	3
	14	**40**
	(321)	**(346)**

* Included within interest charges on bank loans are fair value loss of AED 79 million (30 June 2020: fair value gain of AED 456 million) in relation to derivatives used in fair value hedge relationship, with an offsetting fair value change of the underlying debt being hedged.

13. IMPAIRMENT LOSS

	Six month period ended 30 June	
(AED in millions)	**2021 Unaudited**	**2020 Unaudited**
Impairment loss on trade and other receivables	(42)	(147)
Impairment loss on assets held for sale (note 27)	(3)	(8)
Impairment reversal of balance receivable from joint ventures	-	8
Impairment loss on financial assets - net	**(45)**	**(147)**
Impairment of investment property under construction (note 13.1)	(159)	(1,098)
Impairment of investment in equity accounted investees	(2)	(16)
Impairment of property, plant and equipment - net	(9)	(79)
Impairment of right-of-use assets	(4)	(14)
Impairment of goodwill	-	(2)
Impairment loss on non-financial assets - net	**(174)**	**(1,209)**

13.1 During the current period, a total impairment loss of AED 159 million (30 June 2020: AED 1,098 million) was recognized for a shopping mall classified as properties under construction, as the carrying amount of the individual asset exceeded its recoverable amount. Following management assessment of the COVID-19 impact and uncertainties in market conditions, the recoverable amount of the property under construction has further reduced. This is primarily driven by increase in the WACC rate used in discounting cash flows by 100 bps (versus prior period) taking into account the heightened risk incorporated in the cash flows and incremental borrowing costs that were recognized and impaired.

The significant unobservable inputs used in the measurement of the recoverable amounts are as follows:

- Forecasted cash flows and growth rates;
- Expected opening dates;
- Forecasted occupancy levels;
- Total development costs; and
- Discount and yield rates

The recoverable amounts of properties under construction as at the reporting date and the key assumptions used in the estimation of the recoverable amount are set out below:

	30 June 2021	**30 June 2020**	
(AED in millions)	**Asset 1**	**Asset 1**	**Asset 2***
Recoverable amount	595	440	1,047
Impairment loss	(159)	(715)	(382)
Discount rate	11.5%	10.5%	9.8%
Yield rate	N/A	N/A	8.0%

* Construction of Asset 2 completed during the current period and the completed property was subject to valuation by an independent external valuers.

The estimated impairment loss would increase/(decrease) if:

- the forecasted cash flows and growth rates are lower/(higher);
- the expected opening dates are deferred/(advanced);
- the occupancy levels decrease/(increase);
- the total development costs increase/(decrease); and
- the discount or yield rates were higher/(lower).

14. INCOME TAX

14.1 As at the reporting date, deferred tax asset of AED 46 million (31 December 2020: AED 51 million) mainly relating to its subsidiaries in Egypt, Oman and Lebanon was recognized. The deferred tax resulted from a temporary difference on the valuation loss on land and buildings and was recognized to the extent of available future taxable profits. Further, as at the reporting date, the Group has unrecognized deferred tax asset of AED 412 million (31 December 2020: AED 432 million) relating to its subsidiaries in Egypt, Oman and Lebanon. Based on the Group's strategic plan and taking into account the local taxation laws and regulations in those countries, the recoverability of deferred tax asset is unlikely since the subsidiaries are not expected to generate sufficient taxable profits in the foreseeable future.

14.2 As at the reporting date, deferred tax liabilities of AED 272 million (31 December 2020: AED 224 million) relate to its subsidiaries in Oman and Egypt mainly arising from taxable temporary differences as a result of valuation gains on investment properties. The tax rates in these countries are 15% and 22.5%, respectively (31 December 2020: 15% and 22.5%, respectively).

15. TANGIBLE FIXED ASSETS

15.1 PROPERTY, PLANT AND EQUIPMENT

The nature of significant movements during the six month period ended 30 June is as follows:

(AED in millions)	2021 Unaudited	2020 Unaudited
Capital expenditure - net	447	237
Depreciation charge for the period	(666)	(681)
Transfer from investment property - net (note 15.1.1)	435	3
Valuation gain/(loss) on land and buildings		
- recognized in other comprehensive income (note 15.3)	229	(526)
- recognized in profit or loss (note 15.3)	61	(170)
	290	**(696)**
Impairment loss - net	(9)	(79)

15.1.1 Following transfers took place between property, plant and equipment and investment properties (note 15.2):

- During the current period, net balance amounting to AED 170 million (30 June 2020: AED 3 million) has been transferred from investment property to property, plant and equipment on account of changes in proportion of properties held for own use by the Group.
- During the current period, the Group completed construction of a shopping mall amounting to AED 1,327 million in UAE. AED 265 million, representing owned use portion of this shopping mall has been transferred to property, plant and equipment.

15.2 INVESTMENT PROPERTY

The nature of significant movements during the six month period ended 30 June is as follows:

(AED in millions)	2021 Unaudited	2020 Unaudited
Capital expenditure - net	462	519
Valuation gain/(loss) recognized in profit or loss (note 15.3)	223	(2,279)
Impairment loss - net (note 13.1)	(159)	(1,098)
Transfer to property, plant and equipment - net (note 15.1.1)	(435)	(3)

15.3 MEASUREMENT OF FAIR VALUES

The fair value measurement for land and buildings, included under property, plant and equipment, of AED 6,962 million (31 December 2020: AED 6,561 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

The fair value measurement for investment property of AED 32,627 million (31 December 2020: AED 32,576 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

For the hotel portfolio, the key drivers to the valuation are the discount rates applied and forecasted EBITDA generated from each asset's operations. During the current period, overall valuation of the Group's hotel portfolio remained broadly flat compared to 31 December 2020 valuation. The stabilization of the fair value vs prior year has been driven by the gradual improvement in performance during the period and expected positive impact due to the Expo 2020.

In the prior year, the independent external valuer have made specific adjustments to exit capitalization rates to reflect the more cautious investor sentiment for hotel assets as a result of the income stream being purely unsecured. A 25 basis point increase in discount rate had been reflected across the board for the hotel portfolio, which was flattened out in the current period due to reduced uncertainty. EBITDA projections reflected in Year 1 were muted as a result of the adverse impact on occupancy levels as a result of COVID-19. Consequently, overall CAGR in the prior year had increased due to ramp up in forecasted EBITDA in the following years. A 50 basis point increase in exit yield would have resulted in a fair value decrease by approximately -4% and 50 basis point decrease in exit yield results in a fair value increase by approximately +3%.

During the period, the overall valuation of the Group's shopping malls portfolio recorded a marginal gain compared to 31 December 2020 valuation. This is primarily driven by the following:

- Long term renewals secured and minimal changes on the rental assumptions forecast in the prior period
- COVID-19 related vacancy assumptions have been reduced for a number of shopping malls
- Positive sales growth in Egypt malls and improving retail market

In the prior year, the independent external valuer made specific adjustments to the Shopping Malls portfolio to reflect the impact of COVID-19, as follows:

- Estimated rental values reduced by 9% across the portfolio reflecting the completed deals in 2020 including Group deals, as well as future leasing prospects.
- Short-term vacancy increased by up to 36 months and long term vacancy increased by 0.5% - 3% on average.

The significant unobservable inputs used in the valuation are as follows:

		Key unobservable inputs	
Class of asset		**30 June 2021 Unaudited**	**31 December 2020 Audited**
Shopping malls	Discount rates on income streams	7% to 25%	7% to 25%
	Compound annual growth rates of net operating income (CAGR)	2.53%	1.98%
Hotels	Discount rate	10% to 11.5%	10.25% to 11.75%
	Compounded annual growth rate of EBITDA	14.98%	13.98%
Offices	Equivalent yield	8% to 9.25%	8% to 9.25%

The estimated fair value would increase / (decrease) if the discount rates were lower / (higher), the compounded annual growth rates were higher / (lower) and/or equivalent yields were lower / (higher).

16. EQUITY ACCOUNTED INVESTEES

Movement of the investment in equity accounted investees during the period is as follows:

(AED in millions)	**30 June 2021 Unaudited**	**30 June 2020 Unaudited**
At 1 January (audited)	859	796
Additions during the period	3	14
Share of profit/(loss) accounted through profit or loss	43	(4)
Dividend income:		
- Declared and received (note 16.1)	(13)	(4)
- Declared but not received at the reporting date	(38)	-
Impairment charge - net	(2)	(16)
Foreign currency translation differences from foreign operations	(23)	-
	829	**786**

16.1 During the current period, the Group reinstated the dividend receivable of AED 38 million from Al Mouj Muscat S.A.O.C. ("AMM") subsequent to confirmation of the joint venture's compliance with its loan covenants in April 2021 and AMM management intention to settle the dividend in two to three years. Accordingly, the receivable was discounted to its present value of AED 27 million.

17. INTANGIBLE ASSETS AND GOODWILL

The nature of significant movements during the six month period ended 30 June is as follows:

(AED in millions)	**30 June 2021 Unaudited**	**30 June 2020 Unaudited**
Additions	56	2
Amortization charge for the period	(64)	(64)
Impairment loss on goodwill	-	(2)

18. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the Parent Company and its shareholders, fellow subsidiaries, associates, joint ventures, key management personnel and/or their close family members. Transactions with related parties are carried out at agreed terms.

18.1 Loans to related parties

(AED in millions)	**30 June 2021 Unaudited**	**December 2020 Audited**
Receivable from a minority shareholder	-	44
Receivable from joint ventures	43	17
	43	**61**

18.2 Short term loan from a related party

(AED in millions)	**30 June 2021 Unaudited**	**30 June 2020 Unaudited**
At 1 January	44	164
Borrowed during the period	145	44
Reclassified from long term loan from related parties	-	30
Payments/adjustments made during the period	(573)	(141)
Adjustment for dividend settlement	400	-
Settlement of intercompany balance (note 18.2.2)	293	-
	309	**97**

18.2.1 The above loan is obtained from the Parent Company, against a loan facility of AED 1,100 million (31 December 2020: AED 1,100 million), renewable every year.

18.2.2 Represents settlement of intercompany balances between wholly owned subsidiaries of the Group and the Parent Company.

18.3 Due from related parties

(AED in millions)	30 June 2021 Unaudited	December 2020 Audited
Parent company	-	131
Subsidiaries of the parent company	1	4
Equity accounted investees	120	93
Others	68	68
	189	**296**
Provision for doubtful receivables	(8)	(8)
Unamortized discount on long term receivables	(10)	-
	171	**288**
Current	142	288
Non-current	29	-
	171	**288**

18.4 Due to related parties

(AED in millions)	30 June 2021 Unaudited	December 2020 Audited
Parent company	16	-
Subsidiaries of the parent company	104	87
Others	39	44
	159	**131**

18.5 Related party transactions

18.5.1 During the current period, certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs relating to such projects and a proportion of management time and travel costs, amounting to AED 133 million (30 June 2020: AED 65 million) and depreciation and amortization amounting to AED 34 million (30 June 2020: AED 22 million) incurred on these projects have been cross charged to the Parent Company and other subsidiaries of the Parent Company.

18.5.2 The aggregate compensation of key management personnel of the Group's entities, including non-executive directors is disclosed as follows:

(AED in millions)	30 June 2021 Unaudited	30 June 2020 Unaudited
Directors' fees and expenses	8	8
Employee benefits (salaries and allowances including provision for bonus)	54	30
Post employment benefits (provision for end of service benefits)	2	1
	64	**39**

19. BANK OVERDRAFT

(AED in millions)	30 June 2021 Unaudited	December 2020 Audited
Bank overdraft	447	-

19.1 The Group has bank overdraft facilities aggregating to AED 1,466 million (31 December 2020: AED 1,514 million). The facilities carry interest at 0.25% - 3.5% (31 December 2020: 0.25% - 3.5%) above the base lending equivalent and the drawn amounts are repayable on demand.

20. SHORT TERM LOAN

(AED in millions)	**30 June 2021 Unaudited**	**30 June 2020 Unaudited**
At 1 January	-	-
Borrowed during the period	150	235
Repaid during the period	(150)	(235)
	-	-

20.1 The loan is an uncommitted revolving facility of USD 100 million with a margin of 1.25% per annum over 1 week LIBOR maturing within 6 months from the date of each drawdown.

21. LONG TERM LOANS

(AED in millions)	**30 June 2021 Unaudited**	**30 June 2020 Unaudited**
At 1 January	15,958	13,884
Borrowed during the period	3,295	5,205
Repaid during the period	(5,244)	(2,107)
Fair value movement	(130)	540
Net movement in unamortized arrangement and agency fee	6	3
Currency translation adjustment	2	-
	13,887	**17,525**
Less: Current maturity of long term loans	(61)	(97)
Non-current portion	**13,826**	**17,428**

21.1 Details of term loans from banks are as follows:

(AED in millions)

Loan facility 'in millions	**Repayment interval**	**Repayment commencing**	**Maturity date**	**Note**	**30 June 2021 Unaudited**	**December 2020 Audited**
USD 200	Quarterly	10-Jun-21	10-Mar-29	21.1.1	624	595
					624	**595**
Adjustments for:						
Unamortized fees on issuance					(4)	(4)
					620	**591**

The floating rate term loans carry margins ranging from 1.35% (31 December 2020: 1.35%) per annum over the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while the loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

21.1.1 In 2016, a loan facility of EGP 2,500 million was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall, which was secured by assignment of lease proceeds and insurance contracts. During 2019, this loan facility was refinanced through a USD 200 million facility. Upon pre-payment of EGP 2,500 million facility, the assignment over lease proceeds and insurance contracts were released.

21.2 Details of drawn revolver facilities from banks are as follows:

(AED in millions)

Loan facility 'in millions	**Maturity date**	**30 June 2021 Unaudited**	**December 2020 Audited**
USD 560	26-Feb-23	-	2,426
AED 3,562	26-Feb-23	-	1,047
BHD 38	30-Sep-24	-	-
USD 350	24-Sep-24	367	735
AED 2,387	24-Sep-24	1,150	-
USD 655	23-Jan-25	918	592
AED 1,267	23-Jan-25	942	551
KES 3,000	15-Jan-22	-	-
		3,377	**5,351**
Adjustments for:			
Unamortized fees on issuance		(25)	(31)
		3,352	**5,320**

The Group has unsecured revolving facilities aggregating to AED 13,436 million (31 December 2020: AED 13,434 million). These floating rate facilities carry margins ranging from 1.00% to 1.35% (31 December 2020: 1.00% to 1.35%) per annum over the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while the loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

21.3 Details of fixed rate Debt Capital Market facilities are as follows:

(AED in millions)

Loan facility 'in millions	**Pricing**	**Maturity date**	**Note**	**30 June 2021 Unaudited**	**December 2020 Audited**
USD 500 million sukuk certificates	4.50% per annum, to be serviced every six months from returns generated from the Wakala portfolio	3-Nov-25	21.3.1	1,837	1,837
USD 600 million sukuk certificates	4.638% per annum, to be serviced every six months from returns generated from the Wakala portfolio	14-May-29	21.3.1	2,204	2,204
USD 600 million sukuk certificates	3.9325% per annum, to be serviced every six months from returns generated from the Wakala portfolio	28-Feb-30	21.3.1	2,204	2,204
USD 100 million sukuk certificates	3.15% per annum, to be serviced every six months from returns generated from the Wakala portfolio	30-Nov-28	21.3.1	367	367
USD 800 million unsecured notes	4.75% per annum, payable every six months	7-May-24	21.3.2	2,938	2,938
				9,550	**9,550**
Adjustments for:					
Unamortized fees, discounts and premium on issuance				(1)	(1)
Fair value adjustment on borrowings hedged by interest rate swaps				366	498
				9,915	**10,047**

21.3.1 During 2019, the size of the Sukuk Trust Certificate Issuance Program ("Sukuk Program") was increased to USD 3,000 million. The size of the Sukuk Program had been increased from USD 1,000 million to USD 1,500 million in 2015 and the structure of the Program was amended to incorporate a Commodity Murabaha Investment option within the "Wakala" structure.

In November 2015, the Group issued ten year Sukuk certificates ("bonds") under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,837 million). In May 2019 and October 2019, the Group issued additional long-ten year Sukuk certificates raising USD 1,200 million in tranches of USD 600 million each, to refinance existing eligible projects in accordance with the MAF Group's Green Finance Framework. These senior unsecured bonds issued in November 2015, May 2019 and October 2019 under this program are listed on the NASDAQ Dubai, UAE and on the Euronext Dublin. In November 2020, the Group issued unrated and unlisted eight year Sukuk certificates amounting to USD 100 million (AED 367 million) through a private placement under the Sukuk Program. The carrying value of these certificates issued in November 2020, as at 30 June 2021 and 31 December 2020 approximates its fair value.

The terms of the arrangement include payment to the Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the "Wakala Portfolio". In substance, the Wakala Portfolio remains in control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets.

The profit on these fixed rate Sukuk certificates is serviced on a semi-annual basis from returns generated from the Wakala Portfolio.

The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Euronext Dublin and on the NASDAQ Dubai, UAE. Of the total amount raised under the Sukuk Program, USD 750 million (31 December 2020: USD 750 million) is hedged by interest rate swaps and accordingly, carried at fair value.

21.3.2 In July 2012, under the USD 2,000 million Global Medium Term Note (GMTN) Program (increased to USD 3,000 million in 2015), the Group issued ten year fixed rate unsecured bonds in May 2014 of USD 500 million and additional USD 300 million as part of May 2014 issue in July 2016. The bonds are listed on NASDAQ Dubai, UAE and Euronext Dublin. In addition the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates have been listed on Euronext Dublin and on NASDAQ Dubai, UAE. Of the total amount raised under the GMTN Program, USD 250 million (31 December 2020: USD 375 million) is hedged by interest rate swaps and accordingly, carried at fair value.

22. HYBRID EQUITY INSTRUMENTS

(AED in millions)

Hybrid Perpetual Note Instruments	Amount	Interest rate	Call date	Reset terms	30 June 2021 Unaudited	December 2020 Audited
March 2017	USD 500 million	5.5% payable semi-annually in arrears	7-Sep-22	5.5 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,828	1,828
March 2018	USD 400 million	6.375% payable semi-annually in arrears	20-Mar-26	8 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,464	1,464
					3,292	**3,292**

The Group may elect at its sole and absolute discretion not to pay interest on interest payment dates. Pursuant to the requirements of IAS 32 and the terms/conditions, these are classified as equity net of transaction costs amounting to AED 14 million (31 December 2020: AED 14 million). These hybrid perpetual note instruments are listed on Euronext Dublin.

During the period, the Group paid coupon amounting to AED 97 million (30 June 2020: AED 97 million).

23. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign currency differences arising from translation of the consolidated financial statements of foreign operations mainly in Lebanon and Egypt. During the period, the Group recorded foreign currency translation loss of AED 113 million (30 June 2020: AED 9 million).

Lebanon's political and economic crisis continued to deteriorate during the period. In the prior period, the central bank started foreign exchange rate management with the help of regulated exchange houses to stabilize the economy and attract foreign inflow and subsequently introduced a secondary exchange rate, referred to as "Sayrafa" rate. This secondary exchange rate trades at a discount of approximately 87% to the official pegged rate suggesting that the peg on the official exchange rate is extremely stressed and is likely to break.

With the crisis deepening and market diverging away from the official and secondary exchange rate, the Group reassessed the exchange rate to be applied for translating the value of its Lebanese operations for the period ended 30 June 2021 and estimated a further currency devaluation from LBP 2,287 against AED to LBP 4,084 at the reporting date. At 30 June 2021, the Group translated its financial position at LBP 4,084 against AED and the results from operations were translated at the average rate prevailing during the period. The Group’s operations in Lebanon contributed a net loss of AED 36 million to Group's consolidated results and the net assets amounted to AED 44 million at 30 June 2021 (31 December 2020: AED 156 million). A further devaluation of 25% in the exchange rate used would result in a decline in net assets of Lebanon by AED 11 million.

Furthermore, the Lebanese economy was designated as hyperinflationary in 2020, consequently resulting in application of IAS 29 to all the Group entities whose functional currency is LBP. The impact of the application of IAS 29 is not material to the Group’s condensed consolidated interim financial statements.

24. FINANCIAL INSTRUMENTS

24.1 Fair values

The fair value of the Group’s financial assets and liabilities are not materially different from their carrying amounts.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets. An 'active market' is a market in which transactions for the asset take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets/liabilities valued using: quoted market prices in active or the most advantageous market for similar assets/liabilities; quoted prices for identical or similar assets/liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Inputs for the asset that are not based on observable market data (unobservable inputs). This category includes instruments whose inputs are not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. For example discount rates, growth rates, net equivalent yield etc.

The following table shows the carrying amount and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy.

At 30 June 2021 (Unaudited) *(AED in millions)*	**Carrying amount**	**Fair value** **Level 1**	 **Level 2**	 **Level 3**
Financial assets				
Interest rate derivatives	202	-	202	-
Financial liabilities				
Interest rate derivatives	99	-	99	-
Sukuk and Note liabilities	9,183	-	10,118	-
	9,282	**-**	**10,217**	**-**

At 31 December 2020 (Audited) *(AED in millions)*	**Carrying amount**	**Fair value** **Level 1**	 **Level 2**	 **Level 3**
Financial assets				
Interest rate swaps used for hedging	319	-	319	-
Financial liabilities				
Interest rate derivatives	129	-	129	-
Sukuk and Note liabilities	9,183	-	10,106	-
	9,312	**-**	**10,235**	**-**

There were no changes in valuation techniques during the periods.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instrument that are substantially the same, net present value techniques and discounted cash flow methods. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The fair value of derivatives that are not exchange traded is estimated at the present value of the amount that the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparty.

25. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

(AED in millions)	**30 June 2021 Unaudited**	**December 2020 Audited**
Capital commitments	1,493	1,033
Group's share of capital commitments in relation to its equity accounted investees	314	343
Letters of credit outstanding	121	13
Bank guarantees outstanding	503	123

Capital commitments represent the probable value of contracts signed for the development and construction of assets as at 30 June 2021, net of costs incurred and advances made up to that date.

Included within letter of credits and bank guarantees are performance guarantees amounting to AED 467 million (31 December 2020: Nil) in favour of government authorities in the UAE for a real estate development project.

26. FUNDING AND LIQUIDITY MANAGEMENT

To manage the business and operations during the pandemic, the Group continues to monitor and respond to all liquidity and funding requirements. To secure the Group's financial health, duty of care, brand equity and business performance, the Group has introduced and integrated COVID-19 response plans at the very early signs of the pandemic. The plans cover multiple streams of action cutting across business and regions, including health and safety, business continuity, brand protection and financial mitigation plan. The plan aims to mitigate impacts through action plans for revenue, operating expenses, working capital dividends and capital expenditure / investments.

At 30 June 2021, the Group has net current liabilities of AED 4,821 million (31 December 2020: AED 2,419 million) which includes debt maturing in the short-term of AED 817 million (31 December 2020: AED 85 million) and current maturity of lease liabilities of AED 556 million (31 December 2020: 568 million). Further, at 30 June 2021 debt maturing in the long term is AED 17,412 million (31 December 2020: AED 19,585 million), including lease liabilities of AED 3,586 million (31 December 2020: AED 3,668 million).

At 30 June 2021, the Group has undrawn committed facilities of AED 10,157 million (31 December 2020: AED 8,223 million) and cash in hand and at bank, excluding cash held in escrow accounts, of AED 1,155 million (31 December 2020: AED 3,699 million) to cover its liquidity needs for at least the next 18 months.

The Group has a strong asset base of AED 57,673 million (31 December 2020: AED 59,097 million) and equity of AED 27,347 million (31 December 2020: AED 27,179 million) and manages liquidity to ensure that that the Group is able to meet its obligations when they become due without incurring losses or risking damage to the Group's reputation. The Group's assessment of funding and liquidity shows sufficient liquidity for the foreseeable future through its cash and available committed lines. Despite short-term reduction in income due to the circumstances disclosed in note 3, the Group continues to maintain sufficient headroom on its debt covenants relating to net worth, net debt to equity and interest coverage.

The Group's liquidity cover and a BBB credit rating reiterates its credit strengths, resilience of business model, quality of assets, strong corporate governance and prudent financial management.

27. DISPOSAL OF CREDIT CARD OPERATIONS

Credit card porfolio of a wholly owned subsidiary was classified as held for sale in 2019, following the Group's plans to dispose off the credit card business. Due to disruptions caused by COVID-19, the sale process was slowed down and the transaction could not be concluded in 2020. During the period, a commercial agreement outlining the terms of sale of credit card portfolio of retail customers were agreed and signed with Commercial Bank of Dubai ("CBD"), a UAE based bank. After obtaining a notice of no objection from the UAE Central Bank and the conclusion of a customer opt-out process, the credit card portfolio was transferred to CBD.

During the period, a total charge of AED 3 million (30 June 2020: AED 8 million), with respect to write-downs of the assets and recognition of associated liabilities held for sale has been recognized in the condensed consolidated interim statement of profit or loss.

At the reporting date, liabilities directly associated with assets held for sale includes AED 21 million with respect to customer payments collected by the Group which will be transferred to CBD during the third quarter of 2021.

28. COMMON CONTROL TRANSACTIONS

From 1 January 2021, Tilal Al Ghaf Development LLC, a fellow subsidiary, transferred its beneficial interest in its wholly owned subsidiary, Tilal Al Ghaf Phase A LLC to the Group. The following table summarizes the financial position of Tilal Al Ghaf Phase A LLC assumed on 1 January 2021:

(AED in millions)	**1 January 2021 Unaudited**
Non-current assets	
Property, plant and equipment	8
Long term receivables	5
Total non-current assets	**13**
Current assets	
Development property*	299
Trade and other receivables	89
Cash and bank balances	283
Total current assets	**671**
Total assets	**684**
Non-current liabilities	
Retirement benefit obligations	1
Current liabilities	
Trade and other payables	320
Due to related parties	455
Provisions	37
Total current liabilities	**812**
Total liabilities	**813**
Net liabilities	**(129)**

* Development property is constructed on land owned by Tilal Al Ghaf Development LLC, a wholly owned subsidiary of the Parent Company.

The Group did not apply IFRS 3 Business Combination as the acquisition is a common control transaction defined under IFRS 3.

29. SUBSEQUENT EVENTS

Aside from the matters noted in note 3, in particular the ongoing impact of COVID-19, there has been no significant event subsequent to the reporting date and up to the date of authorization on **18 August 2021**, which would have a material effect on the condensed consolidated interim financial statements.