ماجد الفطيم
MAJID AL FUTTAIM

GREAT MOMENTS
FOR EVERYONE,
EVERYDAY

Majid Al Futtaim Holding LLC

Condensed Consolidated Interim Financial Statements

Period ended 30 June 2022

Contents

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MAJID AL FUTTAIM

GREAT MOMENTS
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Directors' report

The Directors' report and interim condensed consolidated 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 2022. The consolidated financial statements were prepared by the Management. The Board of Directors of the Company 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 2022.

Governance Structure and Ownership

The Company remains fully owned by Majid Al Futtaim Capital LLC ("the Parent Company"). In April 2022, shareholding in the Parent Company held by the late Mr. Majid Al Futtaim transitioned to Mr. Majid's heirs. All decision-making authorities and accountabilities within the current scheme of governance for the Parent Company and the Company including the Delegation of Authority to the Boards and to Management remain in effect, and the Group and its businesses continue to operate as normal.

Financial results and highlights

Majid Al Futtaim Properties	Majid Al Futtaim Retail	Majid Al Futtaim LEC	Majid Al Futtaim Lifestyle
• Owns, develops and operates **29**[1] destination shopping malls • 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 **440** 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 **25** Magic Planet sites • Unique leisure offerings such as Ski Dubai, Ski Egypt and Dreamscape	• World-class fashion and retail brands with stores across the MENA region • Representing international brands including Abercrombie & Fitch, Lululemon, Crate & Barrel and many other

Majid Al Futtaim Global Solutions
• IT & Technology, Finance, Human Capital and Procurement services • Service delivery centres in UAE, Egypt and India

Majid Al Futtaim's robust H1 2022 financial performance reflects the strength of its strategic focus and prudent financial management. The Group's commitment to deliver sustainable performance has enabled it to maintain robust cash flows and a strong balance sheet, reporting a 15% growth in revenue and 18% increase in EBITDA[3], delivering shareholder value despite the increasing economic challenges.

[1] The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, Mall of Oman, 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 optimised environment resource management.

[3] The Group's measure of segment performance, EBITDA (non-GAAP measure), is defined as earnings before interest, tax, non-controlling interests, depreciation, amortisation, impairment and other exceptional items or charges or credits that are one-off in nature and significance. Management excludes one-off exceptional items in order to focus on results excluding items affecting comparability from one period to the next. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measure used by the Group may not be comparable to other similarly titled measures of other companies.

The Group continues to benefit from a sustained post-pandemic rebound in consumer confidence, as evidenced in increased shopping mall footfall, hotel occupancy rates, and admission to its cinemas and leisure and entertainment venues.

Retailing trends, such as the consumer demand for digital and omnichannel experiences, have continued to gather pace. Initially driven by COVID response measures, these trends are challenging traditional brick and mortar retailers by creating space in the market for digital-first alternatives and presenting consumers with an increasing range of choices in where, how and when to shop. The Group continues to be well placed to capitalise on digital opportunities to invest, innovate and evolve its offering to meet these evolving consumer wants and needs.

More broadly, high oil prices have fueled a positive impact on wider economic growth. While the combination of these indicators points to sustained growth, inflationary pressures have begun to show – most notably in fuel and food prices – driven by supply chain strain. The Group continues to take the necessary steps to mitigate any immediate impact while focusing on its long-term strategy of sustainable value creation.

Strong Group Performance		
REVENUE	H1 2022 AED 17,998m	H1 2021 AED 15,629m
EBITDA	H1 2022 AED 1,896m	H1 2021 AED 1,601m
NET PROFIT	H1 2022 AED 971m	H1 2021 AED 662m
OPERATING CASH FLOW	H1 2022 AED 726m	H1 2021 AED 1,499m

Properties revenue grew by 47% to **AED 2,635 million**, driven by increases in Hotels business revenue following the rebound in tourism, relaxation of travel restrictions and the positive impact of EXPO2020. Benefiting from a record increase in demand for Dubai-based property, Tilal Al Ghaf sales contributed AED 521 million in incremental revenue.

Retail experienced an uptick of 9% in revenue to **AED 14,402 million.** Contributing factors included growth in customer traffic across online and offline channels as well as increased tourism-associated spend in the Group's core operating countries.

LEC revenue grew by 56% to **AED 784 million**, benefitting from the lifting of the capacity restrictions. New content releases such as Top Gun: Maverick and Jurassic World Dominion contributed to increased revenue and footfall.

Lifestyle revenue rose 42% to **AED 360 million** from AED 253 million for the same period last year, reflecting strong performance by brands such as Lululemon, CB2, Crate and Barrel and THAT Concept Store.

Net profit for the first six months of 2022 stands at **AED 971 million** compared to a net profit of AED 662 million for the same period last year. The Group reported valuation gains of AED 414 million versus AED 284 million for H1 2021.

Cash Flow from Operations reduced to **AED 726 million** as a result of cyclicality in the Retail business and the long-term working capital cycle associated with Tilal Al Ghaf community development.

The Group continues its focus on generating and preserving cash, operational excellence and prudent working capital management, managing its balance sheet to protect shareholder value while remaining well-positioned to fuel future growth opportunities.

As of 30 June 2022, Net Debt ended at **AED 11,169 million**, a decrease of AED 808 million versus 31 December 2021, primarily due to the issuance of USD 500 million hybrid equity notes at period end. This has been partially offset by working capital movements coupled with capital expenditure to fund the completion of existing projects and digital capabilities.

Robust Balance Sheet		
TANGIBLE FIXED ASSETS	H1 2022 AED 45,640m	YE 2021 AED 45,749m
NET DEBT	H1 2022 AED 11,169m	YE 2021 AED 11,977m
TOTAL EQUITY	H1 2022 AED 31,188m	YE 2021 AED 29,050m

The Group continues to manage its debt position and leverage at prudent levels to ensure its ability to maintain its credit rating as well as market confidence. This is achieved through judicious cash flow management, across operational, investment and financing elements.

Significant developments

The Group entered 2022 with a strong financial position and a capacity to make progress and execute delivery of its expansion plans across the UAE, Egypt, Saudi Arabia and Oman.

Properties continues to make progress on its pipeline development projects, including Mall of the Emirates redevelopment and Mall of Saudi.

New community launches in Tilal Al Ghaf remain well-received by the market. The Alaya Beach project and Elysian Mansions, consisting of ultra-exclusive mansions and grand villas, were released in February and May, respectively, and recorded sales of over AED 2.4 billion, with 181 units sold by 30 June.

Majid Al Futtaim Properties has also become a Strategic Partner of the Massachusetts Institute of Technology's Center for Real Estate (MIT/CRE). In doing so, it becomes the first real estate developer from the region to have joined the prestigious group.

Retail made solid progress in growing its physical footprint in the first six months of the year, opening 18 new hypermarkets and supermarkets across the region and taking the total number of hypermarkets/supermarkets to 441 along with a 15% increase in customers.

Meanwhile, investments and scaling of Majid Al Futtaim Retail's digital capabilities have translated to a 73% YTD increase in online sales. The inauguration of 93 additional fulfilment centres has further supported these efforts.

Internal data shows consumers that moved to online grocery retailing in 2020/ 2021 are increasingly turning to Carrefour to fulfil their requirements, lending further credence to the Operating Company's continued focus on digital transformation.

LEC is seeing a steady recovery with cinema admissions on the rise, growing 60% year-on- year, as the film industry ramps up on previously delayed movie releases. Its strategic move into the creation of Arabic content has resulted in a strong content production pipeline. The expansion of its diversified portfolio saw Halla Food, a hybrid digital food hall concept at City Centre Me'aisem, open earlier this year. Further openings and collaborations across both UAE and KSA are planned for the second half of the year.

Lifestyle continues to focus on driving impact, scaling its business through geographic expansion and enhancing online and offline customer journeys. In addition to opening the first Crate & Barrel store in KSA, an overhaul of product assortment and a refreshed marketing strategy for THAT Concept Store has translated into a significant increase in revenue.

Global Solutions continues to make good progress in streamlining the Group's operational activities through the implementation of common processes, standards and ways of working. Having opened its third service hub in June, Global Solutions is continuing to build the capacity and capabilities needed to effectively support Majid Al Futtaim's business today, enable future organisational growth and champion the Group's commitment to local talent development across the communities in which it operates.

The establishment of a strategic partnership with **Binance,** a leading blockchain ecosystem and cryptocurrency infrastructure provider, is set to further the Group's digital transformation agenda. The partnership enables Majid Al Futtaim to harness Web3 and blockchain technologies, creating adjunct revenue opportunities in addition to the wider futureproofing of its businesses.

The Group has also announced the inauguration of **Majid Al Futtaim Launchpad**, an accelerator programme aimed to attract startups and support SMEs in strategic sectors across the MENA region.

The Group will continue to actively seek opportunities to support sustainable economic development in its efforts towards economic recovery, while maintaining a disciplined and prudent approach to financial management. The Group remains fully committed to the markets in which it operates, bringing the right product to market at the right time to deliver maximum value for customers and tenants.

Financing

The Group's BBB credit rating and 'stable outlook' were reaffirmed by Standard & Poor's and Fitch Ratings in Q4 2021. This reiterates Majid Al Futtaim's strong governance, resilience of its diversified business model, proactive approach to tackling the COVID-19 crisis, a healthy liquidity position and continued prudent financial management.

Despite challenging macroeconomic conditions and volatile financial markets, in June 2022 the Group tendered its USD 500 million outstanding hybrid notes with the first call date falling in September 2022 and replaced them with a new USD 500 million Green hybrid notes with a first call date falling in September 2027.

Risk Management and Governance

The Group is committed to protecting and enhancing its resilience and sustainability. A robust risk assessment framework has enabled it to incorporate learnings and insights arising from various economic and operational challenges, further bolstering its business continuity planning and crisis management modeling to ensure a proactive and positive state of readiness.

Decisions pertaining to delivery of the Group's strategy are supported by stringent governance and risk management. This discipline remains a key part of the Group's operational DNA.

ESG and Stakeholder Capitalism

As the region takes steps to manage and mitigate the impact of global headwinds, Majid Al Futtaim's commitment to ESG-centered business practices ensures it has the operational and financial fortitude to weather immediate and future storms.

Fueled by resilience and drive to create a sustainable and more inclusive tomorrow, the Group's 2021 ESG Report confirms it has fully or partially delivered on 99% of its 2021 objectives and remains well-placed to deliver on the targets set out in its corporate sustainability strategy through 2022 and beyond.

H1 2022 ESG Highlights		
Environmental	**Social**	**Governance**
Partnered with Dubai Can, a UAE sustainability initiative, to install air-to-water technology within the Group's assets and offices as well as nearby Metro stations. The initiative creates more than 5,000 litres of drinking water every day.	Launched the first Carrefour BIO store in the UAE, supporting consumer demand for sustainable food choices. The store also houses an in-store hydroponic farm and Majid Al Futtaim – Retail's first café.	Enhanced the Enterprise Risk Management Framework, leveraging data and analytics to better understand key risk factors and increase the overall effectiveness of existing risk management strategies.

Further details on Majid Al Futtaim's ESG commitments can be found at https://www.majidalfuttaim.com/en/who-we-are/sustainability-and-esg/reports

Outlook

Although the MENA region has been somewhat sheltered from the brewing wider geopolitical and economic storms, it is far from immune to their impact. While regional government measures are containing the current surge, looking ahead fuel inflation and supply chain disruptions are set to continue, as is their impact on fuel and food prices, leading to an inevitable impact on consumer spending.

Management continues to closely monitor the evolving situation to understand and mitigate any negative impact this may have on the Group's customers and communities.

Fully supported by its shareholders and with an unwavering focus on driving business performance, the Group's long-term strategic direction remains unchanged. Majid Al Futtaim and its businesses will continue to evolve in the right way to ensure a sustained transformation toward a well-integrated, smarter enterprise with strategic choices anchored in value creation.

Dividend
For the first six months, the Company declared a dividend of AED 400 million (2021: AED 400 million).

Directors
The following comprise the Board of Directors:
- Sir Michael Rake (Chairman)
- Sir Ian Davis (Senior Independent Director)
- Tariq Al Futtaim
- Alain Bejjani
- Alan Keir
- Victor Chu
- Philip Bowman
- Lord Stuart Rose
- Luc Vandevelde

Auditors
A resolution dealing with the appointment of the auditors shall be proposed at the forthcoming general meeting.

By the order of the Board

DocuSigned by:

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Peter Davison
Company Secretary

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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 2022, 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 consist 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 2022 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 2022

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

(AED in millions)	Note	2022 Unaudited	2021 Unaudited
Revenue	9	17,998	15,629
Cost of sales	10	(12,314)	(10,936)
Operating expenses	11	(4,481)	(3,739)
Finance costs - net	12	(343)	(321)
Other (expense)/income - net	13	(176)	8
Impairment loss on financial assets - net	14	(18)	(45)
Impairment loss on non-financial assets - net	14	(12)	(174)
Share of profit in equity accounted investees - net of tax	17	14	43
Profit before valuation gain on land and buildings		668	465
Net valuation gain on land and buildings	16.1 & 16.2	414	284
Profit before tax		1,082	749
Income tax expense - net		(111)	(87)
Profit for the period		971	662
Profit for the period attributable to:			
- Owners of the Company		951	668
- Non-controlling interests		20	(6)
Profit for the period		971	662
Profit for the period		971	662
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net valuation gain on land and buildings	16.1	361	229
Deferred tax on revaluation of land and buildings		(6)	(7)
		355	222
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	22	(543)	(113)
Net change in fair value of cash flow hedges		51	41
		(492)	(72)
Total other comprehensive income for the period, net of tax		(137)	150
Total comprehensive income for the period, net of tax		834	812
Total comprehensive income for the period attributable to:			
- Owners of the Company		815	818
- Non-controlling interests		19	(6)
Other comprehensive income for the period, net of tax		834	812

The notes on pages 15 to 30 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 7.

Consolidated statement of financial position as at

(AED in millions)	Note	30 June 2022 Unaudited	31 December 2021 Audited
Non-current assets			
Property, plant and equipment	16.1	12,565	12,568
Investment property	16.2	32,423	32,572
Right-of-use assets		3,382	3,586
Equity-accounted investees	17	856	855
Intangible assets and goodwill		1,661	1,608
Deferred tax assets		136	150
Due from related parties	18.3	32	30
Other non-current assets		872	920
Total non-current assets		51,927	52,289
Current assets			
Development property	16.4	652	609
Inventories		2,657	2,469
Trade and other receivables		2,532	2,087
Short term receivable from related parties	18.1	36	43
Due from related parties	18.3	183	148
Restricted cash		1,988	1,342
Cash in hand and at bank		2,941	1,601
Total current assets		10,989	8,299
Total assets		62,916	60,588
Current liabilities			
Trade and other payables		8,238	8,874
Provisions		335	327
Other liabilities		3,429	3,014
Short term loan from a related party	18.2	-	18
Due to related parties	18.4	334	378
Bank overdraft		160	225
Current maturity of long term loans	20	56	55
Current maturity of lease liabilities		721	621
		13,273	13,512
Liabilities directly associated with assets held for sale		-	6
Total current liabilities		13,273	13,518
Non-current liabilities			
Long term loans	20	13,802	13,189
Lease liabilities		3,275	3,524
Deferred tax liabilities		334	352
Provisions		83	62
Post employment benefit obligations		815	779
Other liabilities		146	114
Total non-current liabilities		18,455	18,020
Total liabilities		31,728	31,538
Net assets		31,188	29,050

Consolidated statement of financial position as at (continued)

(AED in millions)	Note	30 June 2022 Unaudited	31 December 2021 Audited
Equity			
Share capital		2,671	2,671
Statutory reserve		2,984	2,984
Revaluation reserve		18,514	18,159
Retained earnings		4,628	4,174
Hedging reserve		1	(50)
Currency translation reserve	22	(3,141)	(2,599)
Total equity attributable to the owners of the Company		**25,657**	**25,339**
Hybrid equity instrument	21	5,111	3,292
Non-controlling interests		420	419
Total equity		**31,188**	**29,050**

The condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf on 18 August 2022:

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Majid Al Futtaim Holding LLC
Chief Executive Officer

DocuSigned by:
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Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 15 to 30 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 7.

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

(AED in millions)	Note	2022 Unaudited	2021 Unaudited
Cash flows from operating activities			
Profit for the period after tax		971	662
Adjustments for:			
Depreciation and amortization	11	1,106	1,052
Finance costs - net	12	343	321
Foreign exchange loss - net	13	163	-
Impairment loss on non-financial assets - net	14	12	174
Impairment loss on financial assets - net	14	18	45
Net valuation gain on land and buildings	16.1 & 16.2	(414)	(284)
Share of profit in equity-accounted investees - net of tax	17	(14)	(43)
Changes to post employment benefit obligations		36	(38)
Income tax expense - net		111	87
		2,332	1,976
Changes to working capital			
Inventories		(188)	157
Development property		(43)	(104)
Trade and other receivables		(394)	65
Trade and other payables		44	(88)
Restricted cash		(646)	(466)
Due from/to related parties - net		(297)	46
		(1,524)	(390)
Tax paid		(82)	(87)
Net cash from operating activities		726	1,499
Cash flow from investing activities			
Acquisition of property, plant and equipment and investment property		(886)	(1,260)
Payments against intangible assets		(95)	(56)
Investment in equity accounted investees		-	(3)
Proceeds from sale of property, plant and equipment and investment properties		4	5
Dividend received from equity-accounted investees	17	2	13
Finance income received		24	12
Net cash used in investing activities		(951)	(1,289)

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

(AED in millions)	Note	2022 Unaudited	2021 Unaudited
Cash flow from financing activities			
Proceeds from term loans received from related parties	18.2	192	145
Repayment of term loan to related parties	18.2	(363)	(573)
Long term loans received	20	1,621	3,295
Long term loans repaid	20	(702)	(5,244)
Payment against lease liabilities		(380)	(318)
Collateral paid against derivative instruments - net		(161)	(135)
Finance cost paid		(272)	(268)
Issuance of hybrid equity instrument - net	21	1,819	-
Coupon paid on hybrid equity instrument	21	(97)	(97)
Net cash flows from/(used in) financing activities		1,657	(3,195)
Net increase/(decrease) in cash and cash equivalents		1,432	(2,985)
Cash and cash equivalents at the beginning of the period		1,376	3,699
Effect of movements in exchange rates on cash held		(27)	(6)
Cash and cash equivalents at the end of the period		2,781	708
Cash and bank balances			
Cash in hand		252	184
Call deposits and current accounts		2,689	971
		2,941	1,155
Restricted cash*		1,988	749
Cash and bank balances		4,929	1,904
Cash and cash equivalents comprise:			
Cash and bank balances		4,929	1,904
Less: bank overdraft		(160)	(447)
Less: Restricted cash*		(1,988)	(749)
		2,781	708

* Restricted cash represents 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 15 to 30 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity for the period ended 30 June

	Attributable to the 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 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 year										
Profit for the period	-	-	-	668	-	-	668	-	(6)	662
Other comprehensive income										
Net valuation gain on land and buildings (note 16.1)	-	-	229	-	-	-	229	-	-	229
Deferred tax liability 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 (note 22)	-	-	-	-	-	(113)	(113)	-	-	(113)
Total comprehensive income for the year	-	-	222	668	41	(113)	818	-	(6)	812
Transactions with owners recorded directly in equity										
Contribution by and distributions to owners and other movement in equity										
Dividend declared and settled	-	-	-	(400)	-	-	(400)	-	(18)	(418)
Reclassification	-	-	-	(3)	-	-	(3)	-	3	-
Acquisition of a subsidiary under common control transaction	-	-	-	(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 21)	-	-	-	(97)	-	-	(97)	-	-	(97)
	-	-	-	(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

Consolidated statement of changes in equity for the period ended 30 June (continued)

	Attributable to the 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 2022 (audited)	2,671	2,984	18,159	4,174	(50)	(2,599)	25,339	3,292	419	29,050
Total comprehensive income for the period										
Profit for the period	-	-	-	951	-	-	951	-	20	971
Other comprehensive income										
Net valuation gain on land and buildings (note 16.1)	-	-	361	-	-	-	361	-	-	361
Deferred tax liability on revaluation of land andbuildings	-	-	(6)	-	-	-	(6)	-	-	(6)
Net change in fair value of cash flow hedges	-	-	-	-	51	-	51	-	-	51
Currency translation differences in foreign operations (note 22)	-	-	-	-	-	(542)	(542)	-	(1)	(543)
Total comprehensive income for the year	-	-	355	951	51	(542)	815	-	19	834
Transactions with owners recorded directly in equity										
Contribution by and distributions to owners an other movement in equity										
Dividend declared and settled	-	-	-	(400)	-	-	(400)	-	-	(400)
Dividend declared and payable	-	-	-	-	-	-	-	-	(18)	(18)
Total contribution by and distribution to owners	-	-	-	(400)	-	-	(400)	-	(18)	(418)
Hybrid prepetual note instruments										
Issuance of hybrid equity instrument (note 21)	-	-	-	-	-	-	-	1,819	-	1,819
Coupon paid on hybrid equity instrument (note 21)	-	-	-	(97)	-	-	(97)	-	-	(97)
	-	-	-	(97)	-	-	(97)	1,819	-	1,722
At 30 June 2022 (unaudited)	2,671	2,984	18,514	4,628	1	(3,141)	25,657	5,111	420	31,188

The notes on pages 15 to 30 are an integral part of these condensed consolidated interim financial statements.

Notes to the consolidated 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 principal activity of the Company is to invest in subsidiaries that are involved in establishing, investing in and managing commercial projects. 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 and its subsidiaries are collectively referred to as "the Group". 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 2021. 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 2021.

On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015. Companies have one year from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021. The Company is in the process of amending its Articles of Association to be fully compliant with the UAE Federal Decree Law No. (32) of 2021. These amendments once finalized will be put before the general assembly for approval.

3. IMPACT OF GLOBAL EVENTS

3.1 COVID-19

In January 2020, the World Health Organization ("WHO") announced a global health emergency because of coronavirus (the "COVID-19 Outbreak"). During March 2020, the WHO classified COVID-19 Outbreak as a pandemic based on the rapid increase in exposure and infections across the world. The pandemic nature of this virus had resulted in global travel restrictions and lockdown in most countries of the world impacting jurisdictions and segments in which the Group operates.

Compared to 2020 wherein the pandemic had impacted adversely, during 2021 and in the current reporting period, there has been a significant improvement in operating results of the Group across key segments and geographies as the impact of pandemic started to ease in geographies where the Group operates. Although the global economic situation with relation to COVID-19 remains fluid and will be determined by factors that continue to evolve, such as resurgence of variants, success of support measures introduced by governments and the effectiveness of public policies intended to contain the spread. The Group's management continues to evaluate the situation.

As per Group's assessment, the impact of the COVID-19 during the current period on the value of investment properties, property, plant and equipment and development properties and the ability of these assets to generate income is limited. The Group's assessment considers the level of pandemic related economic impact, actual and expected recovery including capacity restrictions, occupancy and earning levels. This is periodically revisited and revised, for any adverse impact.

3.2 RUSSIA-UKRAINE CONFLICT

The current ongoing conflict between Russia-Ukraine has triggered a global economic disruption and has, amongst other impacts, led to increased volatility in global financial markets and commodity prices due to disruption of supply chain which may affect a broad range of entities across different jurisdictions and industries.

As per Group's assessment, the conflict does not have a material impact to the Group's condensed consolidated interim financial statements as there is no direct exposure to/from the impacted countries and any associated sanctions.

The Group continues to monitor these developments and other geopolitical risks in order to mitigate any impact that may emerge over time.

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 2021.

5. SEASONALITY AND CYCLICALITY

There is no material seasonality or cyclicality impacting interim financial reporting. However, 2021 annual results were better than prior period results due to asset closures during the period as a result of the COVID-19 pandemic.

6. SIGNIFICANT ACCOUNTING POLICIES

A number of new or amended standards became applicable for the current reporting period from 1 January 2022 but did not have any material impact on the Group's accounting policies and did not require retrospective adjustments. The changes in accounting policies are expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2022.

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 2021.

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 business 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 fashion, home furniture and retail stores through its subsidiaries.

Global Solutions (GS): 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 strategic guidance and certain support services to the subsidiaries.

As of January 2021, the Ventures segment 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.

EBITDA (non-GAAP measure)

The Group's measure of segment performance, EBITDA (non-GAAP measure), 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. Management excludes one-off exceptional items in order to focus on results excluding items affecting comparability from one period to the next. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measure used by the Group may not be comparable to other similarly titled measures of other companies.

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 Segment reporting by business

The segment information provided to the Board of Directors for the reportable segments for the six month period ended 30 June 2022 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 2022 (unaudited):					
Gross revenue	2,635	14,402	790	360	18,187
Eliminations and adjustments	(189)	-	-	-	(189)
Revenue from external customers	2,446	14,402	790	360	17,998
External revenue from major service/product lines					
Sale of goods	-	13,109	-	360	13,469
Service income and commissions	-	1,226	-	-	1,226
Sale of property	521	-	-	-	521
Leisure and entertainment	91	-	784	-	875
Hospitality revenue	333	-	-	-	333
Others	19	46	-	-	65
	964	14,381	784	360	16,489
Rental income	1,482	21	-	-	1,503
Financial services revenue	-	-	6	-	6
	2,446	14,402	790	360	17,998
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
Service income 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	1,400	17	-	-	1,417
Financial services revenue	-	-	40	-	40
	1,621	13,213	542	253	15,629

8.1.2 Disaggregation of revenue from contracts with customers

(AED in millions)	Properties	Retail	LEC	Lifestyle	Total
For the period ended 30 June 2022 (unaudited):					
Over period of time	521	1,226	-	-	1,747
At a point in time	443	13,155	784	360	14,742
	964	14,381	784	360	16,489
For the period ended 30 June 2021 (unaudited):					
Over period of time	-	1,138	-	-	1,138
At a point in time	221	12,058	502	253	13,034
	221	13,196	502	253	14,172

8.1.3 Disaggregation of results from operations by business

(AED in millions)	Properties	Retail	LEC	Lifestyle	GS	Head office	Total
For the period ended 30 June 2022 (unaudited):							
EBITDA	1,430	854	113	26	(29)	(106)	2,288
Eliminations and adjustments	(2)	(287)	(80)	(23)	-	-	(392)
Adjusted EBITDA	1,428	567	33	3	(29)	(106)	1,896
Depreciation and amortization expense	(160)	(545)	(278)	(54)	(2)	(1)	(1,040)
Eliminations and adjustments							(66)
							(1,106)
Valuation gain on land and buildings - net	503	-	-	-	-	-	503
Eliminations and adjustments							(89)
							414
Net finance cost	(212)	(96)	(83)	(17)	(3)	(249)	(660)
Eliminations and adjustments							317
							(343)
Net profit/(loss) after tax	1,393	220	(222)	(32)	(37)	(356)	966
Eliminations and adjustments							5
							971

(AED in millions)	Properties	Retail	LEC	Lifestyle	GS	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)/income	(169)	(107)	(78)	(16)	-	(112)	(482)
Adjustments							161
							(321)
Net (loss)/profit after tax	973	288	(280)	(37)	(32)	(212)	700
Eliminations and adjustments							(38)
							662

8.1.4 Disaggregation of capital expenditure by business

(AED in millions)	Properties	Retail	LEC	Lifestyle	GS	Head office	Total
For the period ended 30 June 2022 (unaudited):							
Capital expenditure	641	104	85	57	35	59	981
For the period ended 30 June 2021 (unaudited):							
Capital expenditure	885	89	282	28	2	33	1,319

8.1.5 Disaggregation of total assets by business

(AED in millions)	Properties	Retail	LEC	Lifestyle	GS	Head office	Total
At 30 June 2022 (unaudited)							
Total assets	47,545	11,431	3,676	1,071	256	2,702	66,681
Eliminations and adjustments							(3,765)
							62,916
At 31 December 2021 (audited)							
Total assets	46,401	12,605	3,829	817	164	651	64,467
Eliminations and adjustments							(3,879)
							60,588

9. REVENUE

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Revenue from contract with customers (note 9.1 and 9.2)	16,489	14,172
Other revenue		
- Rental income	1,503	1,417
- Financial services revenue	6	40
	17,998	15,629

9.1 Revenue from contract with customers includes revenue from Retail's online business amounting to AED 1,074 million (30 June 2021: AED 621 million).

9.2 Revenue from contract with customers include revenue from sale of properties of AED 521 million (30 June 2021: nil), net of AED 11 million (30 June 2021: nil) transfer fees to a government authority, which met the revenue recognition criteria.

9.3 Revenue recognized with respect to property development business also includes revenue from sale of property units to Group employees, including the key management personnel. These sale transactions are carried out at an arms length basis.

10. COST OF SALES

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Cost of goods sold		
Opening inventories	(2,469)	(2,268)
Purchases	(13,685)	(12,147)
Closing inventories	2,657	2,111
Supplier rebates and discounts	1,554	1,368
	(11,943)	(10,936)
Cost of property sold	(371)	-
	(12,314)	(10,936)

11. OPERATING EXPENSES

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Staff costs	(1,957)	(1,676)
Depreciation and amortization	(1,106)	(1,052)
Utilities	(242)	(246)
Advertising, selling and marketing expenses	(180)	(97)
Repair and maintenance	(161)	(137)
Legal and consultancy expenses	(131)	(103)
Bank charges	(115)	(93)
Franchise and management fees	(100)	(71)
Rent	(89)	(30)
Security expenses	(79)	(72)
House keeping and cleaning	(63)	(54)
Other general and administrative expenses	(258)	(108)
	(4,481)	(3,739)

12. FINANCE COSTS - NET

	Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
(i)	*Finance costs:*		
	Arrangement and participation fee	(26)	(22)
	Interest charges on bank loans*	(212)	(210)
	Interest on lease obligations	(108)	(117)
	Finance charges on related party balances	(3)	(4)
	Capitalized interest on development expenditure**	-	64
		(349)	(289)
	Cash flow hedges reclassified from hedging reserve	(18)	(33)
	Discounting of long term receivable balances from a related party	-	(11)
	Bond programme cost	(4)	(2)
		(371)	(335)
(ii)	*Finance income:*		
	Interest income on bank balances	24	12
	Unwinding of discount on long term receivable balances	2	1
	Cash flow hedges reclassified from hedging reserve	2	1
		28	14
		(343)	(321)

* Included within interest charges on bank loans is fair value loss of AED 299 million (30 June 2021: fair value loss of AED 120 million) in relation to derivatives used in fair value hedge relationship, with an offsetting fair value change of AED 299 million (30 June 2021: AED 120 million) for the underlying debt being hedged.

** The decline in the 'amounts capitalized with the cost of qualifying assets' is due to completion of shopping malls under construction in the UAE and Oman.

13. OTHER (EXPENSE)/INCOME - NET

Included within other expenses are foreign exchange losses of AED 163 million (30 June 2021: AED 3 million), primarily arising on translation of foreign currency denominated balances in Group's overseas operations upon devaluation of currencies in certain jurisdictions (note 22).

14. IMPAIRMENT LOSS

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Impairment loss on trade and other receivables	(22)	(42)
Impairment reversal/(loss) on assets previously classified as held for sale	4	(3)
Impairment loss on financial assets - net	(18)	(45)
Impairment of investment property under construction (note 14.1)	(17)	(159)
Impairment of investment in equity accounted investees	-	(2)
Impairment reversal/(charge) on property, plant and equipment - net	5	(9)
Impairment of right-of-use assets	-	(4)
Impairment loss on non-financial assets - net	(12)	(174)

14.1 During the current period, a total impairment loss of AED 17 million (30 June 2021: AED 159 million) was recognized for the pre-development cost of a shopping mall and related infrastructure under development. Management assessed that these impaired costs represented works carried out in prior years that were superseded or no longer relevant to the current development.

15. INCOME TAX

The Group is subject to income tax in respect of some of its overseas operations. The management believes that accruals for tax liabilities are adequate for all open tax years based on its assessment of all relevant factors, including interpretations of tax laws and prior experience.

15.1 As at the reporting date, deferred tax assets of AED 82 million (31 December 2021: AED 91 million) mainly relate to its subsidiaries in Egypt and Oman arising from a temporary difference from the valuation loss on land and buildings, recognized to the extent of available future taxable profits.

15.2 As at the reporting date, deferred tax liabilities of AED 333 million (31 December 2021: AED 352 million) relate to its subsidiaries in Oman and Egypt mainly arising from taxable temporary deductible differences as a result of valuation gains on investment properties. The tax rates in these countries are 15% (31 December 2021: 15%) and 22.5% (31 December 2021: 22.5%), respectively.

15.3 To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released model rules (GloBE rules) followed by a detailed commentary in March 2022 on application and operation of the rules. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to top-up taxes and disclosure requirements in such jurisdiction. At the date when the interim financial statements were authorized for issue, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to GloBE rules, and therefore the Group is unable to determine the potential impact.

15.4 During the period, the UAE Ministry of Finance announced that a new federal Corporate Tax will be implemented in the UAE, with the tax rate of 9%, effective financial years commencing on or after 1 June 2023. At the date when the interim financial statements were authorized for issuance the tax law and legislation has not been issued and enacted and therefore the Group is unable to determine the potential impact.

16. TANGIBLE FIXED ASSETS

16.1 PROPERTY, PLANT AND EQUIPMENT

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

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Capital expenditure	354	447
Depreciation charge for the period	(731)	(666)
Transfer from investment property - net (note 16.1.1)	31	435
Valuation gain on land and buildings - net		
- recognized in other comprehensive income (note 16.3)	361	229
- recognized in profit or loss (note 16.3)	141	61
	502	290

16.1.1 Following transfers took place between property, plant and equipment and investment properties (note 16.2):

- During the current period, net balance amounting to AED 31 million (30 June 2021: AED 170 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 prior 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 was transferred to property, plant and equipment.

16.1.2 The carrying value as at the reporting date includes a shopping mall on leasehold land (right-of-use asset) in UAE amounting to AED 23 million (31 December 2021: AED 29 million) and shopping malls on leasehold lands (right-of-use assets) in Oman amounting to AED 1,090 million (31 December 2021: AED 860 million).

16.1.2 For lease hold interests in properties, the Group has accounted for the right-of-use assets. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is reserved with the Governments of Oman and UAE, respectively. If the respective leases are not renewed the land and buildings will be transferred to the Governments of Oman and UAE respectively at the end of the lease term.

16.2 INVESTMENT PROPERTY

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

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Capital expenditure	183	462
Valuation gain recognized in profit or loss - net (note 16.3)	273	223
Impairment loss - net (note 14.1)	(17)	(159)
Transfer to property, plant and equipment - net (note 16.1.1)	(31)	(435)

16.3 MEASUREMENT OF FAIR VALUES

The Group's property, plant and equipment portfolio amounting to AED 8,291 million (31 December 2021: AED 7,999 million) were valued by an independent external valuer. The fair value measurement for land and buildings, included under property, plant and equipment, of AED 8,306 million (31 December 2021: AED 8,145 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

The Group's investment property portfolio amounting to AED 30,688 million (31 December 2021: AED 30,955 million) were valued by an independent external valuer. The independent external valuer adopted consistent valuation methodology with the previous cycles. The fair value measurement for investment property of AED 32,423 million (31 December 2021: AED 32,572 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. The valuation gain for the hotels has been attributable to improving performance driven by strong demand. As at 30 June 2022, the decline in CAGR is due to stabilization of the forecasted EBITDA in following years, in comparison with 31 December 2021 position, which included short-term ramp up in performance expectations due to Expo 2020.

During the current period, the overall valuation of the Group's shopping malls portfolio recorded a net fair value gain compared to 31 December 2021 valuation. This is primarily driven by an increase in net operating income growth at portfolio level vs 31 December 2021 position and growth in tenant sales, resulting in a positive impact on estimated rental value and lease renewal expectations.

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

		Key unobservable inputs	
Class of asset		30 June 2022 Unaudited	31 December 2021 Audited
Shopping malls	Discount rates on income streams	7% to 25%	7% to 25%
	Compound annual growth rates of net operating income	2.61%	2.67%
Hotels	Discount rate	9.5% to 11.25%	9.75% to 11.25%
	Compound annual growth rates of EBITDA	6.43%	12.25%
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).

16.4 DEVELOPMENT PROPERTY

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Additions during the period	388	117
Transferred to cost of sales and inventory	(343)	-

The Group has entered into an agreement with Tilal Al Ghaf Development LLC, a wholly owned subsidiary of the Parent Company, to develop and sell the project development over the land owned by Tilal Al Ghaf Development LLC. The agreement entitles Tilal Al Ghaf Development LLC to compensation equivalent to cost of land for which the control has been transferred to the Group based on agreed percentage of construction completion. The cost of land will be settled by the Group upon actual handover of units to the customers within the normal operating cycle. As at 30 June 2022, the total cost of land transferred to the Group amounted to AED 248 million (31 December 2021: AED 248 million) due to satisfaction of agreed percentage of construction completion. The Group has contracted sales with third parties for certain plots. The cost of land will be transferred upon satisfaction of control condition as per the terms of the agreement.

17. EQUITY ACCOUNTED INVESTEES

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

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
At 1 January (audited)	855	859
Additions during the period	-	3
Share of profit/(loss) accounted through profit or loss	14	43
Dividend income:		
- Declared and received	(2)	(13)
- Declared but not received at the reporting date	-	(38)
Impairment charge - net	-	(2)
Foreign currency translation differences from foreign operations	(11)	(23)
	856	829

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 Short term receivable from related parties

(AED in millions)	30 June 2022 Unaudited	31 December 2021 Audited
Receivable from a joint venture	36	43

18.2 Short term loan from a related party

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
At 1 January	18	44
Borrowed during the period	192	145
Payments/adjustments made during the period	(363)	(573)
Adjustment for dividend settlement	400	400
Settlement of intercompany balance (note 18.2.2)	(247)	293
	-	309

18.2.1 The above loan is obtained from the Parent Company, against a loan facility of AED 1,100 million (31 December 2021: 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 2022 Unaudited	31 December 2021 Audited
Parent company	32	2
Subsidiaries of the parent company	7	11
Equity accounted investees	98	95
Others	92	86
	229	194
Provision for doubtful receivables	(8)	(8)
Unamortized discount on long term receivables	(6)	(8)
	215	178
Current	183	148
Non-current	32	30
	215	178

18.4 Due to related parties

(AED in millions)	30 June 2022 Unaudited	31 December 2021 Audited
Subsidiaries of the parent company	332	334
Others	2	44
	334	378

18.5 Related party transactions

18.5.1 During the period, certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs amounting to AED 201 million (30 June 2021: AED 133 million) have been cross charged to the Parent Company and other subsidiaries of the Parent Company. These include investment in Retail online business (operating cost net of revenue - refer note 9.1) and also technology, strategic initiatives and management time incurred on these activities.

Additionally, depreciation and amortization amounting to AED 29 million (30 June 2021: AED 34 million) pertaining to these assets have been cross charged.

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

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
Directors' fees and expenses	9	8
Employee benefits (salaries and allowances including provision for bonus)	60	54
Post employment benefits (provision for end of service benefits)	2	2
	71	64

19. BANK OVERDRAFT

The Group has bank overdraft facilities aggregating to AED 1,400 million (31 December 2021: AED 1,465 million). The facilities carry interest at 0.75% - 3.5% (31 December 2021: 0.25% - 3.5%) above the base lending equivalent and the drawn amounts are repayable on demand. At the reporting date, the carrying amount of bank overdraft amounted to AED 160 million (31 December 2021: AED 225 million).

20. LONG TERM LOANS

Six month period ended 30 June *(AED in millions)*	2022 Unaudited	2021 Unaudited
At 1 January	13,244	15,958
Borrowed during the period	1,621	3,295
Repaid during the period	(702)	(5,244)
Fair value movement	(309)	(130)
Net movement in unamortized arrangement and agency fee	6	6
Currency translation adjustment	(2)	2
	13,858	13,887
Less: Current maturity of long term loans	(56)	(61)
Non-current portion	13,802	13,826

20.1 Details of term loans from banks are as follows:

(AED in millions)

Loan facility 'in millions	Repayment terms	Maturity date	Note	30 June 2022 Unaudited	31 December 2021 Audited
USD 200	Quarterly starting from 10 Jun-21	10-Mar-29	20.1.1	572	601
Adjustments for unamortized fees on issuance				-	(3)
				572	598

The floating rate term loan carries margin of 1.35% (31 December 2021: 1.35%) per annum over the base lending rate.

20.1.1 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.

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

(AED in millions)

Loan facility 'in millions	Maturity date	Note	30 June 2022 Unaudited	31 December 2021 Audited
USD 700	5-Jul-26	20.2.1	1,150	925
AED 3,054	5-Jul-26	20.2.1	441	367
USD 100	30-Sep-24		-	-
USD 350	24-Sep-24		750	350
AED 2,387	24-Sep-24		367	367
USD 655	23-Jan-25		550	300
AED 1,267	23-Jan-25		551	551
			3,809	2,860
Adjustments for:				
Unamortized fees on issuance			(37)	(41)
			3,772	2,819

The Group has unsecured committed revolving facilities aggregating to AED 13,339 million (31 December 2021: AED 13,436 million). These floating rate facilities carry margins ranging from 1% to 1.35% (31 December 2021: 1% 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 loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

20.2.1 The unsecured committed revolving facility is structured as a sustainability linked loan (SLL), a financial instrument primarily on environmental, social and governance (ESG) related performance. The structure calls for ratcheting of the margin, between 1bps to 5 bps, if the Group is unable to meet its annual sustainability KPIs.

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

(AED in millions)

Loan facility 'in millions	Pricing	Maturity date	Note	30 June 2022 Unaudited	31 December 2021 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	20.3.1	1,837	1,837
USD 600 million sukuk certificates	4.64% per annum, to be serviced every six months from returns generated from the Wakala portfolio	14-May-29	20.3.1	2,204	2,204
USD 600 million sukuk certificates	3.93% per annum, to be serviced every six months from returns generated from the Wakala portfolio	28-Feb-30	20.3.1	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	20.3.1	367	367
USD 800 million unsecured notes	4.75% per annum, payable every six months	7-May-24	20.3.2	2,938	2,938
				9,550	9,550
Adjustments for:					
Unamortized fees, discounts and premium on issuance				(7)	(5)
Fair value adjustment on borrowings hedged by interest rate swaps				(29)	282
				9,514	9,827

20.3.1 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 2022 and 31 December 2021 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 2021: USD 750 million) is hedged by interest rate swaps and accordingly, carried at fair value.

20.3.2 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 2021: USD 250 million) is hedged by interest rate swaps and accordingly, carried at fair value.

21. HYBRID EQUITY INSTRUMENTS

(AED in millions)

Loan facility 'in millions	Amount	Interest rate	Call date	Reset terms	30 June 2022 Unaudited	31 December 2021 Audited
March 2017 (repurchased subsequent to period end)	USD 500 million	5.5% payable semi-annually in arrears	07-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
June 2022	USD 500 million	7.875% payable semi-annually in arrears	30-Sep-27	5.25 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,819	-
					5,111	3,292

During the period, the Group issued USD 500 million Hybrid Perpetual Notes in June 2022 under the MAF Group's Green Finance Framework. These non-call 5.25 year Hybrid Perpetual Notes are issued as the replacement for the Hybrid Perpetual Notes issued in March 2017, with the first call date falling in September 2022. The Group, tendered for the USD 500 million, March 2017 Hybrid Perpetual Notes, during the period and repurchased Hybrid Perpetual Notes subsequent to the period end.

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 of AED 26 million (31 December 2021: AED 14 million) and discount on issuance amounting to AED 5 million (31 December 2021: nil). These hybrid perpetual note instruments are listed on Euronext Dublin.

During the period, the Group paid coupon amounting to AED 97 million (30 June 2021: AED 97 million).

22. 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 543 million (30 June 2021: AED 113 million).

Egypt

During March 2022, the Central Bank of Egypt allowed the Egyptian Pound (EGP) to depreciate in a move to float the currency to a flexible exchange rate. During the period, the EGP has depreciated from EGP 4.2772 against AED to EGP 5.1184 (16%) and resulted in an impact of AED 508 million in the currency translation reserve.

The Group's operations in Egypt contributed a net profit of AED 163 million to Group's consolidated results and the net assets amounted to AED 2,778 million at 30 June 2022. A further devaluation of 5% in the exchange rate used would result in a decline in net assets of Egypt by AED 139 million.

Lebanon

Lebanon's political and economic crisis continued to deteriorate during the period with the market exchange rate diverging significantly away from the official and the secondary (referred to as the "Sayrafa" rate) exchange rates. The market exchange rate rate trades at a discount of approximately 95% to the official pegged rate suggesting that the peg on the official exchange rate is extremely stressed and is likely to break. The Group reassessed the exchange rate to be applied for translating the value of its Lebanese operations for the period ended 30 June 2022 and estimated a further devaluation from LBP 6,806 against AED to LBP 7,664 at the reporting date. At 30 June 2022, the Group translated its financial position at LBP 7,664 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 profit of AED 6 million to Group's consolidated results and the net assets amounted to AED 35 million at 30 June 2022. A further devaluation of 25% in the exchange rate used would result in a decline in net assets of Lebanon by AED 9 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 and accordingly IAS 29 is not applied.

23. FINANCIAL INSTRUMENTS

23.1 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.

	Carrying	Fair value		
(AED in millions)	amount	Level 1	Level 2	Level 3
At 30 June 2022 (Unaudited)				
Financial assets				
Derivative instruments used for hedging	14	-	14	-
Financial liabilities				
Derivative instruments used for hedging	201	-	201	-
Sukuk and Note liabilities	9,183	-	9,127	-
	9,384	-	9,328	-

	Carrying	Fair value		
(AED in millions)	amount	Level 1	Level 2	Level 3
At 31 December 2021 (Audited)				
Financial assets				
Derivative instruments used for hedging	130	-	130	-
Financial liabilities				
Derivative instruments used for hedging	62	-	62	-
Sukuk and Note liabilities	9,183	-	9,908	-
	9,245	-	9,970	-

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.

24. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

(AED in millions)	30 June 2022 Unaudited	31 December 2021 Audited
Capital commitments	2,638	2,392
Group's share of capital commitments in relation to its equity accounted investees	366	279
Letters of credit outstanding	95	109
Bank guarantees outstanding	753	605

Capital commitments represent the probable value of contracts signed for the development and construction of assets as at 30 June 2022, 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 720 million (31 December 2021: AED 493 million) in favour of government authorities in the UAE for a real estate development project.

25. FUNDING AND LIQUIDITY MANAGEMENT

The Group continues to monitor and respond to all liquidity and funding requirements. At 30 June 2022, the Group has net current liabilities of AED 2,284 million (31 December 2021: AED 5,219 million) which includes debt maturing in the short-term of AED 216 million (31 December 2021: AED 298 million). Further, at 30 June 2022 debt maturing in the long term is AED 13,802 million (31 December 2021: AED 13,189 million).

At 30 June 2022, the Group has undrawn committed facilities of AED 9,530 million (31 December 2021: AED 10,576 million) and cash in hand and at bank, excluding cash held in escrow accounts, of AED 2,941 million (31 December 2021: AED 1,601 million) to cover its liquidity needs for at least the next 18 months.

The Group has a strong asset base of AED 62,916 million (31 December 2021: AED 60,588 million) and equity of AED 25,657 million (31 December 2021 AED 25,339 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. 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.

25. SUBSEQUENT EVENTS

Aside from the buy back of hybrid equity notes, as disclosed in note 21, there has been no significant event subsequent to the reporting date and up to the date of authorization on 18 August 2022, which would have a material effect on the condensed consolidated interim financial statements.