MAJID AL FUTTAIM

GREAT MOMENTS
FOR EVERYONE,
EVERYDAY

Majid Al Futtaim Holding LLC

Condensed Consolidated Interim Financial Statements

Period ended 30 June 2023

Contents

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 2023. The consolidated financial statements were prepared by Company management. The Board of Directors of the Company (the "Board") 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 2023.**

The Group's Businesses

Majid Al Futtaim Properties

- 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

Majid Al Futtaim Retail

- Operates a portfolio of more than **460** outlets
- Geographical footprint covering **16** countries
- Exclusive rights to the Carrefour franchise in markets across Middle East, Africa and Asia

Majid Al Futtaim Entertainment

- Operates more than **600** VOX Cinema screens and **26** Magic Planet sites
- Operates unique leisure offerings such as Ski Dubai, Ski Egypt, Snow Oman, Snow Abu Dhabi and Dreamscape

Majid Al Futtaim Lifestyle

- 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

- Provides IT & Technology, Finance, Human Capital and Procurement services
- Operates service delivery centres in UAE and Egypt and India

1 The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, Mall of Oman, City Centre malls, 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.

Financial Results and Highlights

In the first half of 2023, the Group has taken significant steps to renew its focus on operational excellence, in particular driving efficiencies and productivity to deliver both sustainable, profitable organisational growth and value to its stakeholders. These efforts are reflected in the Group's robust H1 2023 financial performance.

2023 H1 Business Performance: Management Discussion and Analysis

Management Discussion and Analysis provides additional context and insights into the Group's financial performance for the first half of the year as well as further information as to its financial health. It is recommended that this Management Discussion and Analysis is read in conjunction with the Group's condensed consolidated H1 2023 interim financial statements.

Overview

Unless otherwise indicated or the context otherwise requires, any reference to "Parent Company" shall mean Majid Al Futtaim Capital LLC, the majority owner of the Company.

The Group's consolidated financial statements are reported in United Arab Emirates Dirhams ("AED") and in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

In this Management Discussion and Analysis report, results are presented on both an IFRS and non-IFRS basis. For the purposes of this report, non-IFRS measures are considered supplemental indicators of the Group's operating performance and financial position. As non-IFRS measures lack standardised meanings prescribed by IFRS, they are therefore unlikely to be comparable to the calculation of similar measures used by other companies and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS.

Our non-IFRS financial measures include:
- NOPAT[3] and related margin;
- Adjusted EBITDA[4] and related margin; and
- Net debt and our leverage ratio of net debt to adjusted EBITDA.

3 Effective from 1 January 2023, the Group has introduced an additional segment measure "Net Operating Profit After Tax (NOPAT)", (non-GAAP measure) which represents the Group's income from operations if it had no debt (no interest expense). NOPAT is calculated based on the net profit after tax for the financial period, adjusted for unrealized valuation gains or losses on investments (if any) and land and buildings, pertaining to investment properties and property, plant and equipment, net impairment losses / reversals on non-financial assets, net finance costs and net foreign exchange gains / losses.

4 The Group's measure of segment performance, adjusted EBITDA (non-GAAP measure), is defined as NOPAT, as defined earlier, which is adjusted for depreciation and amortization, equity accounted income (loss) – net, other non-recurring items, and to remove the impact on operating profit of IFRS 16 Leases as if IAS 17 Leases applied. The adjustment to remove the impact of IFRS 16 accounting also recognizes lease costs within operating profit as if IAS 17 Leases applied. IAS 17 was the predecessor lease accounting standard and was replaced by IFRS 16 for financial periods beginning on or after 1 January 2019. Management excludes one-off exceptional items as part of its adjustments on other non-recurring items in order to focus on results excluding items affecting comparability from one period to the next. Adjusted EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the adjusted EBITDA measure used by the Group may not be comparable to other similarly titled measures of other companies.

Majid Al Futtaim Holding Consolidated

The Group remains committed to delivering sustainable expansion through organic growth and enhanced operational efficiency. Its goal is to preserve prudent levels of debt and an appropriately robust financial structure, safeguarding the strength of the Group's balance sheet.

Effective, 1 January 2023, the Group's online grocery operations and other businesses, initially incubated under the Parent Company, transferred to Majid Al Futtaim Holding. Accordingly, the operating results of these business are reflected in the H1 2023 interim financial performance report. To ensure comparable like for like, the results of these businesses in the prior period have been presented as part of the management discussion and analysis outlined in the following sections.

The Group has reported a strong financial performance for the H1 2023 interim period, recording a 5% increase in **revenues** to AED 18.9 billion compared to the prior period. **EBITDA** increased by 13% vs reported and 29%, if compared on a like for like basis, reaching AED 2.1 billion. **NOPAT** experienced a substantial surge of 36% against reported number and 81% against like for like comparable, amounting to AED 1.5 billion. **Net profit** of AED 1.7 billion represents a 74% increase against the reported number and 141% increase vs comparable profit. The Group's performance reflects an internal commitment to operational excellence buoyed by a favorable prevailing macroeconomic climate across the GCC.

Consolidated Income Statement Analysis

The following are key financial highlights from the Group's performance for the period ending 30 June 2023 and 30 June 2022:

(AED in Million)	30 Jun 23	30 Jun 22	30 Jun 22	Change	
		(Reported)	(Comparable)	vs Reported	vs Comparable
Revenue	18,862	18,001	18,001	861	861
Operating profit	809	683	416	126	393
Valuation gains on property portfolio	1,528	414	414	1,114	1,114
Impairment loss - net	(606)	(30)	(30)	(576)	(576)
Net profit	1,691	970	703	721	988
EBITDA	2,145	1,893	1,664	252	481
NOPAT	1,465	1,076	809	389	656
EBITDA margin	11.4%	10.5%	9.2%	0.9%	2.2%
NOPAT margin	7.8%	6.0%	4.5%	1.8%	3.3%

Group revenue grew by 5% to AED 18.9 billion, fueled by a 37% increase in Majid Al Futtaim Properties revenue. Majid Al Futtaim Lifestyle and Entertainment also delivered solid growth, registering 31% and 4% growth, respectively. Majid Al Futtaim Retail revenue declined by 2% mainly due to currency devaluations in Egypt, Pakistan, Kenya and Lebanon.

Operating profit increased to AED 809 million from AED 683 million reported in the prior period. This increase was primarily driven by higher revenue and higher margins.

Valuation gains on land and buildings amounted to AED 1.8 billion (30 June 2022: AED 0.8 billion), of which AED 1.5 billion (30 June 2022: AED 0.4 billion) is recognised in the profit and loss statement. A gain of AED 0.3 billion (30 June 2022: AED 0.4 billion) is recorded under the revaluation reserve in other comprehensive income. Gains were mainly due to strong performance across UAE assets. Valuations across other jurisdictions remained largely stable.

Impairment mainly relates to AED 602 million provision recognized (net of previously recognised accumulated impairment) in respect of certain development projects, as a result of an ongoing reassessment of alternative strategies for these specific projects.

EBITDA increased by 13% to AED 2.1 billion vs. the reported AED 1.9 billion for the period ending 30 June 2022, with EBITDA margin increasing by 90 basis points. In comparison with the comparative EBITDA for 30 June 2022, there was an increase of 29% from AED 1.7 billion, with EBITDA margin increasing by 210 bps.

The higher margin (11.4% vs 9.2%) reflects improvements in EBITDA margins from the Group's property development business (Communities), with the delivery of revenue from higher margin units; as well as from the Retail business where Retail's EBITDA total margin improved as the impact of rising costs and supply chain challenges in prior years flattened out.

NOPAT increased by 36% to AED 1.4 billon vs the reported AED 1.1 billion for the period ending 30 June 2022, with NOPAT margin increasing from 6% to 7.8%. NOPAT increased by 81% vs the comparable NOPAT for 30 June 2022 and the margin increased from 4.5% to 7.8%.

The following table shows a reconciliation of the Group's EBITDA and NOPAT to profit/(loss) as shown in the consolidated statement of profit or loss and other comprehensive income for the period ending 30 June 2023 and 2022, respectively:

(AED in Million)	30 Jun 23	30 Jun 22	30 Jun 22	Change	
		(Reported)	(Comparable)	vs Reported	vs Comparable
Net profit Adjustments for:	**1,691**	**970**	**703**	**721**	**988**
Fair value changes	(1,528)	(414)	(414)	(1,114)	(1,114)
Finance costs - net	501	343	343	158	158
Foreign exchange loss - net	203	165	165	38	38
Impairment loss on non-financial assets - net	598	12	12	586	586
NOPAT	**1,465**	**1,076**	**809**	**389**	**656**
Depreciation and amortization	1,075	1,107	1,145	(32)	(70)
Equity accounted income - net	(40)	(14)	(14)	(26)	(26)
Income tax expense	80	111	111	(31)	(31)
Other non recurring items	(34)	5	5	(39)	(39)
Rent expense de-recognized on adoption of IFRS 16	(401)	(392)	(392)	(9)	(9)
Adjusted EBITDA	**2,145**	**1,893**	**1,664**	**252**	**481**

Analysis of Operating Companies

The following table breaks down the Group's reportable segments and corporate costs.

(AED in Million)		Properties	Retail	Entertainment	Lifestyle	HO / unallocated	Total Segments	Adjustments / Eliminations	Total
Revenue	2023	3,601	14,142	822	473	62	19,100	(238)	18,862
	2022	2,635	14,399	790	360	8	18,192	(191)	18,001
	Change	966	(257)	32	113	54	908	(47)	861
EBIDA	2023	1,737	528	46	12	(178)	2,145	-	2,145
	2022 (Reported)	1,428	567	33	3	(138)	1,893	-	1,893
	2022 (comparable)	1,428	353	33	3	(153)	1,664	-	1,664
	Change vs reported	309	(39)	13	9	(40)	252	-	252
	Change vs comparable	309	175	13	9	(25)	481	-	481
NOPAT	2023	1,646	311	(105)	(9)	(239)	1,604	(139)	1,465
	2022 (Reported)	1,231	337	(120)	(13)	(143)	1,292	(216)	1,076
	2022 (comparable)	1,231	90	(120)	(13)	(163)	1,025	(216)	809
	Change vs reported	415	(26)	15	4	(96)	312	77	389
	Change vs comparable	415	221	15	4	(76)	579	77	656
Net Profit	2023	2,259	226	(267)	(60)	(236)	1,922	(231)	1,691
	2022 (Reported)	1,393	220	(222)	(32)	(393)	966	4	970
	2022 (comparable)	1,393	(27)	(222)	(32)	(413)	699	4	703
	Change vs reported	866	6	(45)	(28)	157	956	(235)	721
	Change vs comparable	866	253	(45)	(28)	177	1,223	(235)	988

Majid Al Futtaim Properties ("Properties")

Overall, Properties revenue increased by 37% to AED 3,601 million compared to AED 2,635 million for the period ended 30 June 2022.

The strong increase in revenue has been driven by Tilal Al Ghaf development and UAE-based shopping malls, which have benefited from increases in rental income driven by strong tenant sales.

Properties EBITDA increased by 22% to AED 1,737 million compared to AED 1,428 million for the prior period and the NOPAT increased by 34% from AED 1,231 million to AED 1,646 million in the current period.

The gap between revenue and EBITDA growth is attributable to a change in the revenue mix and currency volatility in Egypt.

Shopping Malls business

The key business performance metrics remain positive with footfall up by 12% vs H1'22, tenant sales (excluding Carrefour) up by 10% vs H1'22 and occupancy at 95.3% (a rise of 4.7pp vs H1'22). Overall shopping malls valuation continued the positive trajectory contributing to majority of the valuation gain of AED 1.8 billion. This is driven by the Group's flagship Mall of the Emirates ('MoE'), which recorded its highest valuation since its inception.

Following its soft opening in September 2021, Mall of Oman was officially inaugurated in February 2023, alongside the opening of Snow Oman, the region's largest snow park. The Mall boasts Oman's largest cinema complex, 260 international and local retail outlets and over 45 dining options.

Hotels business

The fundamentals remained steady vs H1'22 with occupancy up by 3pp vs H1'22 and RevPAR increasing by 1.5% vs H1'22.

Communities business

The business continues to deliver robust performance with successful luxury villa launches at Tilal Al Ghaf development in H1 2023, recording additional sales with a GSV of AED 3.17 billion and an outstanding collection performance at c. 101% vs billings.

In May, Tilal Al Ghaf development recorded the highest sale of one of its units, where a luxury home located in the Lanai Islands sold for AED 200 million ($54.4 million).

Majid Al Futtaim Retail ("Retail")

Retail's overall revenue declined by 2% to AED 14.1 billion compared to AED 14.4 billion for the period ending 30 June 2022, driven primarily by the impact of currency devaluations in Egypt, Pakistan, Kenya, and Lebanon.

Offline revenue has decreased 3% while online revenue has increased by 13% to AED 1.2 billion from AED 1.1 billion for the same period last year.

Retail's EBITDA declined by 7% to AED 528 million, compared to AED 567 million reported for prior period. Against comparable numbers with Retail Digital operating costs considered, EBITDA increased by 50% from AED 353 million. The improvement in EBITDA has been driven in the main by lower operating costs and improvement in total commercial margin by 100 bps.

NOPAT for Retail declined by 8% from AED 337 million (reported) to AED 311 million for the period. However, against the comparable number, NOPAT increase is 246% from AED 90 million.

Majid Al Futtaim Entertainment ("Entertainment")

Entertainment revenue increased by 4% to AED 822 million from AED 790 million as the cinemas business continues to recover from delays and adjustments to its content pipeline. Improved performance from sites in KSA, Qatar and the UAE were offset by a decline in revenue from Egypt as a result of currency devaluation.

EBITDA registered 39% growth to AED 46 million vs AED 33 million in prior period. The business reported negative NOPAT of AED 105 million, an improvement of 13% vs the negative NOPAT of AED 120 million in the comparable period.

The Entertainment business continues to expand its footprint across the region. In June 2023, it opened Snow Abu Dhabi, the capital's first indoor snow park and the Group's fourth snow destination, underscoring its commitment to deliver innovative family-friendly experiences for guests across the region.

Majid Al Futtaim Lifestyle ("Lifestyle")
Lifestyle revenue increased by 31% to AED 473 million from AED 360 million in prior period and EBITDA improved by 300% from AED 3 million in prior to AED 12 million in current period. NOPAT also improved by 31% to AED 9 million negative NOPAT vs AED 13 million negative NOPAT in prior period.

Lifestyle continues to scale and expand its offering, inaugurating the newly designed Dubai store for Italian luxury furniture maker Poltrona Frau in May. This opening complements Lifestyle's existing portfolio of eight leading franchise brands and two homegrown brands.

Majid Al Futtaim Global Solutions ("Global Solutions")
Global Solutions continued to build and scale its offering to become the Group's shared services hub for key support functions. The operating and unallocated cost of Global Solutions in H1 2023 amounted to AED 31 million, marginally up from AED 30 million in prior period, representing ongoing investment in technology and capability building to drive process improvements and realise greater efficiencies for the Group.

Analysis of Financial Position

Total assets increase of 3% was mainly driven by valuation gains on the Group's property portfolio of AED 1.8 billion.

Total equity increased from AED 30.8 billion at 31 December 2022 to AED 32.8 billion. The increase was mainly driven by net profit for the period of AED 1.7 billion, valuation gains of AED 0.3 billion and net impact of common control transactions of AED 0.5 billion. These were partly offset by currency translation losses of AED 0.4 billion and hybrid coupon payments of AED 0.1 billion.

(AED in Million)	30 Jun 23	31 Dec 2022	Change
Total assets	67,986	66,102	1,884
Net debt	14,986	14,163	823
Total equity	32,780	30,795	1,985
Total equity excluding goodwill	31,567	29,582	1,985
Net debt to equity*	47.5%	47.9%	-0.4%

* Total equity has been reduced by goodwill to calculate net debt to equity ratio as per Group's debt covenants.

Capital Expenditure

For the period ended 30 June 2023, gross capital spending amounted to AED 0.7 billion (30 June 2022: AED 1.0 billion). Capital expenditure from Properties amounted to AED 0.4 billion for the period and was mainly focused on Shopping Malls operational and routine CAPEX.

Retail spent AED 0.1 billion to grow its physical footprint, opening 8 new supermarkets across the region along with continued investment in fulfilment and last mile capabilities.

Capital spending on intangible assets across Global Solutions and Xsight Future Solutions continued. These investments amounting to AED 0.1 billion represent Group's growth and transformation engine that enables its businesses to accelerate their digital aspirations, implementation of a One ERP platform and continued investment in development of analytics platforms and digital infrastructure.

The Group's capital commitments amounted to AED 1.9 billion as of 30 June 2023 and were mainly in relation to Tilal Al Ghaf community development. The Group has cash held in escrow accounts amounting to AED 3.3 billion (31 December 2022: AED 2.6 billion) to cover the development costs for the project.

Liquidity and Capital Resources

The Group continues to focus its efforts on driving operational efficiencies and strengthening the balance sheet, building a sustainable and resilient structure with prudent levels of debt to facilitate long-term profitable growth.

The Group's increase in net debt by AED 823 million to AED 15 billion (31 December 2022: AED 14.2 billion) with the increase primarily due to cash utilised in working capital during the period.

Liquidity is principally monitored through cash and cash equivalents as well as available borrowing capacity within the Group's committed credit facilities. The outstanding balance fluctuates as an outcome of being drawn to finance working capital requirements and capital expenditures or repaid with funds from operations and investing activities.

(AED in Million)	30 Jun 23	30 Jun 22	30 Jun 22	Change	
		(Reported)	(Comparable)	vs Reported	vs Comparable
Operating activities	801	726	497	75	304
Investing activities	(663)	(951)	(977)	288	314
Financing activities	(136)	1,657	1,912	(1,793)	(2,048)

The Group intends to fund its operations, working capital and capital expenditure primarily from cash flow from operating activities and existing credit facilities.

For the period, operating activities generated AED 801 million of cash, compared to AED 726 million of cash in the same period in 2022. The improvement in cash flow from working capital, despite drag from long-term working cycle, is attributable to the increase in EBITDA.

(AED in Million)	30 Jun 23	31 Dec 2022	Change
Committed credit facilities	14,260	14,260	-
Drawings on committed credit facilities	(7,239)	(5,755)	(1,484)
Undrawn committed facilities	7,021	8,505	(1,484)
Net finance cost	(501)	(343)	501

Net finance cost increased due to rise in interest rates and increase in overall net debt. The increase in net debt is primary due to cash being utilised to fund working capital requirements.

Cash utilised in investing activities for the period includes capital expenditure on routine CAPEX and continued expansion of online and offline platforms of Retail.

The amount drawn on the Group's committed credit facilities increased to AED 7.2 billion on 30 June 2023, compared to AED 5.8 billion at 31 December 2022. The increase comes from liquidity locked up in long-term working capital cycle of the Group's property development project, Tilal Al Ghaf.

During the period, the Group made its fourth Green capital markets issuance underscoring its ongoing commitment to environmental, social, and governance (ESG) goals. Under the Group's Green Finance Framework, this issuance raised USD 500 million to purchase outstanding notes of USD 516.4 million, out of an older USD 800 million bond commitment, due in May 2024.

Risk Management and Governance

The Group continues to enhance its robust risk management framework, incorporating learnings and insights arising from various economic and operational challenges to strengthen key processes, with a particular focus on enhancing capabilities and skillset across the operational layer of the business.

Environmental, Social, and Governance (ESG)

ESG commitments remain at the core of the Group's operations and have been instrumental in steering the successful evolution of its businesses, while meaningfully contributing to the long-term prosperity of the MENA region and its people.

- In line with the Group's commitment to phase out single-use plastics and further supported by Government-mandated taxation in the UAE, Majid Al Futtaim has achieved a reduction of 82% in single-use plastic consumption.
- Tilal Al Ghaf Community achieved BREEAM Excellent rating, and ELAN in Tilal Al Ghaf and Al Yasmeen in AL Zahia achieved a BREEAM Very Good Rating.
- Majid Al Futtaim Tower 2 has been awarded a gold level TRUE Zero-Waste certification. With over 95% of its waste diverted from landfill, it is the first asset in the UAE to receive this prestigious recognition.
- The Group has joined the UAE Alliance for Climate Action (UACA) - the first UAE tailored alliance for climate action for stakeholders to increase momentum of Paris-aligned targets and see greater collaboration.
- In June 2023, the Mall of the Emirates was presented with a LEED Platinum Award for Operations and Maintenance following its certification in late 2022, making it the largest mall in the world to receive such certification.
- The Group maintained its low risk ESG rating by Sustainalytics.

Dividend

For the first six months, the Company declared interim dividend of Nil (2022: AED 400 million).

Directors

The following comprise the Board of Directors:

- Sir Michael Rake (Chairman)
- Sir Ian Davis (Senior Independent Director)
- Tariq Al Futtaim
- Ahmed Galal Ismail
- Alan Keir
- Victor Chu
- Philip Bowman
- Lord Stuart Rose
- Luc Vandevelde

By the order of the Board

Peter Davison

Company Secretary

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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 interim financial statements of Majid Al Futtaim Holding LLC (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2023, which comprises the condensed consolidated interim statement of financial position as at 30 June 2023, and the related condensed consolidated interim statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion in their audit report dated 2 March 2023.

The condensed consolidated interim financial statements as at and for the six months period ended 30 June 2022 were reviewed by another auditor who issued an unmodified review conclusion on those condensed consolidated interim financial statements in their review report dated 18 August 2022.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No.: 687

18 August 2023

Dubai, United Arab Emirates

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

(AED in millions)	Note	2023 Unaudited	2022 Unaudited
Revenue	11	18,862	18,001
Cost of sales	12	(12,655)	(12,316)
Operating expenses	13	(4,721)	(4,483)
Finance costs - net	14	(501)	(343)
Other expense - net	15	(176)	(176)
Impairment loss on financial assets - net	16	(8)	(18)
Impairment loss on non-financial assets - net	16	(598)	(12)
Share of profit in equity accounted investees - net of tax	19	40	14
Profit before valuation gain on land and buildings		243	667
Net valuation gain on land and buildings	18.1 & 18.2	1,528	414
Profit before tax		1,771	1,081
Income tax expense - net		(80)	(111)
Profit for the period		1,691	970
Profit for the period attributable to:			
- Owners of the Company		1,753	950
- Non-controlling interests		(62)	20
Profit for the period		1,691	970
Profit for the period		1,691	970
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net valuation gain on land and buildings	18.1	307	361
Deferred tax on revaluation of land and buildings		(7)	(6)
Remeasurement loss on defined benefit plans - net		(11)	-
		289	355
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	24	(394)	(543)
Net change in fair value of cash flow hedges		84	50
		(310)	(493)
Total other comprehensive income for the period, net of tax		(21)	(138)
Total comprehensive income for the period, net of tax		1,670	832
Total comprehensive income for the period attributable to:			
- Owners of the Company		1,732	813
- Non-controlling interests		(62)	19
Other comprehensive income for the period, net of tax		1,670	832

The notes on pages 20 to 41 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 12.

Condensed consolidated interim statement of financial position as at

(AED in millions)	Note	30 June 2023 Unaudited	31 December 2022 Audited
Non-current assets			
Property, plant and equipment	18.1	11,606	11,635
Investment property	18.2	35,329	34,688
Right-of-use assets		3,062	3,451
Equity-accounted investees	19	900	864
Investments held at fair value through profit or loss	7	37	-
Intangible assets and goodwill		1,769	1,693
Deferred tax assets		131	140
Due from related parties	20.3	-	34
Other non-current assets		1,098	1,153
Total non-current assets		53,932	53,658
Current assets			
Development property	18.4	2,274	2,253
Inventories		2,843	2,924
Trade and other receivables		3,655	2,828
Short term receivable from a related party	20.1	-	27
Due from related parties	20.3	136	112
Restricted cash		3,382	2,572
Cash in hand and at bank		1,764	1,728
Total current assets		14,054	12,444
Total assets		67,986	66,102
Current liabilities			
Trade and other payables		8,597	9,458
Provisions		616	574
Other liabilities		4,288	3,717
Short term loan from a related party	20.2	29	66
Due to related parties	20.4	112	434
Bank overdraft	21	164	123
Current maturity of long term loans	22	1,047	58
Current maturity of lease liabilities		679	638
Total current liabilities		15,532	15,068
Non-current liabilities			
Long term loans	22	15,412	15,542
Lease liabilities		2,960	3,392
Deferred tax liabilities		246	276
Provisions		161	147
Post employment benefit obligations		815	778
Other liabilities		80	104
Total non-current liabilities		19,674	20,239
Total liabilities		35,206	35,307
Net assets		32,780	30,795

Condensed consolidated interim statement of financial position as at (continued)

(AED in millions)	Note	30 June 2023 Unaudited	31 December 2022 Audited
Equity			
Share capital		2,671	2,671
Shareholders' contribution	7	2,198	-
Statutory reserve		3,198	3,198
Revaluation reserve		18,849	18,549
Retained earnings		5,308	5,430
Hedging reserve		221	137
Currency translation reserve	24	(3,260)	(2,866)
Total equity attributable to the owners of the Company		29,185	27,119
Hybrid equity instrument	23	3,283	3,283
Non-controlling interests		312	393
Total equity		32,780	30,795

The condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf on 18 August 2023:

Majid Al Futtaim Holding LLC
Chief Executive Officer

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 20 to 41 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 12.

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

(AED in millions)	Note	2023 Unaudited	2022 Unaudited
Cash flows from operating activities			
Profit for the period after tax		1,691	970
Adjustments for:			
Depreciation and amortization	13	1,075	1,107
Finance costs - net	14	501	343
Foreign exchange loss - net	15	203	165
Impairment loss on non-financial assets - net	16	598	12
Impairment loss on financial assets - net	16	8	18
Net valuation gain on land and buildings	18.1 & 18.2	(1,528)	(414)
Share of profit in equity-accounted investees - net of tax	19	(40)	(14)
Gain on acquisition of an equity accounted investee	8	(34)	-
Changes to post employment benefit obligations		19	36
Income tax expense - net		80	111
		2,573	2,334
Changes to working capital			
Inventories		81	(188)
Development property		(21)	(43)
Trade and other receivables		(827)	(394)
Trade and other payables		(132)	42
Restricted cash		(810)	(646)
Due from/to related parties - net		34	(297)
		(1,675)	(1,526)
Tax paid		(97)	(82)
Net cash from operating activities		801	726
Cash flow from investing activities			
Acquisition of property, plant and equipment and investment property		(630)	(886)
Payments against intangible assets		(89)	(95)
Proceeds from sale of property, plant and equipment and investment properties		9	4
Dividend received from equity-accounted investees	19	1	2
Finance income received		46	24
Net cash used in investing activities		(663)	(951)

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

(AED in millions)	Note	2023 Unaudited	2022 Unaudited
Cash flow from financing activities			
Proceeds from term loans received from related parties	20.2	221	192
Repayment of term loan to related parties	20.2	(258)	(363)
Long term loans received	22	4,555	1,621
Long term loans repaid	22	(3,675)	(702)
Payment against lease liabilities		(424)	(380)
Collateral received/(paid) against derivative instruments - net		59	(161)
Finance cost paid		(476)	(272)
Issuance of hybrid equity instrument - net	23	-	1,819
Coupon paid on hybrid equity instrument	23	(119)	(97)
Dividend paid to non-controlling		(19)	-
Net cash flows (used in)/from financing activities		(136)	1,657
Net increase in cash and cash equivalents		2	1,432
Cash and cash equivalents at the beginning of the period		1,605	1,376
Effect of movements in exchange rates on cash held		(7)	(27)
Cash and cash equivalents at the end of the period		1,600	2,781
Cash and bank balances			
Cash in hand		501	252
Call deposits and current accounts		1,263	2,689
		1,764	2,941
Restricted cash*		3,382	1,988
Cash and bank balances		5,146	4,929
Cash and cash equivalents comprise:			
Cash and bank balances		5,146	4,929
Less: bank overdraft		(164)	(160)
Less: Restricted cash*		(3,382)	(1,988)
		1,600	2,781

* 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 20 to 41 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity for the period ended 30 June

	Attributable to the owners of the Company										
(AED in millions)	Share capital	Share- -holders' contribution	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	-	-	-	-	950	-	-	950	-	20	970
Other comprehensive income											
Net valuation gain on land and buildings (note 18.1)	-	-	-	361	-	-	-	361	-	-	361
Deferred tax liability on revaluation of land and buildings	-	-	-	(6)	-	-	-	(6)	-	-	(6)
Net change in fair value of cash flow hedges	-	-	-	-	-	50	-	50	-	-	50
Currency translation differences in foreign operations (note 24)	-	-	-	-	-	-	(542)	(542)	-	(1)	(543)
Total comprehensive income for the period	-	-	-	355	950	50	(542)	813	-	19	832
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividend declared and settled	-	-	-	-	(400)	-	-	(400)	-	-	(400)
Dividend declared and payable (i)	-	-	-	-	-	-	-	-	-	(18)	(18)
Acquisition of subsidiaries under common control transaction (note 7)	-	-	-	-	(96)			(96)	-	-	(96)
Total contribution by and distribution to owners	-	-	-	-	(496)	-	-	(496)	-	(18)	(514)
Hybrid prepetual note instruments											
Issuance of hybrid equity instrument (note 23)	-	-	-	-	-	-	-	-	1,819	-	1,819
Coupon paid on hybrid equity instrument (note 23)	-	-	-	-	(97)	-	-	(97)	-	-	(97)
	-	-	-	-	(97)	-	-	(97)	1,819	-	1,722
At 30 June 2022 (unaudited) - restated	2,671	-	2,984	18,514	4,531	-	(3,141)	25,559	5,111	420	31,090

(i) During the prior period, a subsidiary of the Group declared dividends to non-controlling interests amounting to AED 18 million and was paid to subsequent to 30 June 2022.

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

	Attributable to the owners of the Company										
(AED in millions)	Share capital	Share- -holders' contribution	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2023 (audited)	2,671	-	3,198	18,549	5,430	137	(2,866)	27,119	3,283	393	30,795
Total comprehensive income for the period											
Profit for the period	-	-	-	-	1,753	-	-	1,753	-	(62)	1,691
Other comprehensive income											
Net valuation gain on land and buildings (note 18.1)	-	-	-	307	-	-	-	307	-	-	307
Deferred tax liability on revaluation of land andbuildings	-	-	-	(7)	-	-	-	(7)	-	-	(7)
Net change in fair value of cash flow hedges	-	-	-	-	-	84	-	84	-	-	84
Remeasurement loss on defined benefit plans - net	-	-	-	-	(11)	-	-	(11)	-	-	(11)
Currency translation differences in foreign operations (note 24)	-	-	-	-	-	-	(394)	(394)	-	-	(394)
Total comprehensive income for the period	-	-	-	300	1,742	84	(394)	1,732	-	(62)	1,670
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividend declared and paid (i)	-	-	-	-	-	-	-	-	-	(19)	(19)
Acquisition of subsidiaries under common control transaction (note 7)	-	-	-	-	(1,745)	-	-	(1,745)	-	-	(1,745)
Conversion of payable to shareholder contribution upon novation of payables to the Company (note 7)	-	2,198	-	-	-	-	-	2,198	-	-	2,198
Total contribution by and distribution to owners	-	2,198	-	-	(1,745)	-	-	453	-	(19)	434
Hybrid prepetual note instruments											
Coupon paid on hybrid equity instrument (note 23)	-	-	-	-	(119)	-	-	(119)	-	-	(119)
	-	-	-	-	(119)	-	-	(119)	-	-	(119)
At 30 June 2023 (unaudited)	2,671	2,198	3,198	18,849	5,308	221	(3,260)	29,185	3,283	312	32,780

(i) During the current period, a subsidiary of the Group declared dividends to non-controlling interests amounting to AED 19 million and was paid as of 30 June 2023.

The notes on pages 20 to 41 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 Decree Law No. (32) of 2021 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 2022. 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 2022.

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 were given one year from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021. The General Assembly of the Parent Company has approved the amendments to its Articles of Association required for compliance with the UAE Federal Decree Law No. (32) of 2021.

3. IMPACT OF GLOBAL EVENTS

3.1 RUSSIA-UKRAINE CONFLICT

The ongoing political and economic situation between Russia-Ukraine, which began in 2022, continues to cause global economic turbulence. This instability has led to heightened volatility in the worldwide financial markets and fluctuations in commodity prices due to disruptions in supply chains which may have the potential to affect a multitude of entities in various jurisdictions and industries.

As per Group's assessment, the impact of this conflict continues to be immaterial on the Group's condensed consolidated interim financial statements as there is no direct exposure to or from the countries in conflict and any related sanctions.

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

3.2 INFLATION AND GLOBAL CENTRAL BANKS TIGHTENING PROGRAMS

The global economic climate continues to face challenges due to inflation, the tightening of monetary policy by central banks and persistent geopolitical tensions. Central Banks across numerous economies have continued with tightening monetary conditions, resulting slow down of economic growth.

The combined effects of rising government borrowing costs, slower economic growth, and substantial capital outflows have intensified fiscal and balance of payments pressures in several developing economies including Egypt, Lebanon, Pakistan, and Kenya, where the Group has operations.

As a result of these global economic circumstances, the Group's condensed consolidated interim financial statements as of 30 June 2023 have been impacted by currency fluctuations across developing economies. The impact is especially noticeable in Egypt and Lebanon, where currency volatility has been particularly high.

Despite these challenges, the Group remains committed to active risk management and maintaining our resilience in these complex market conditions. The Group continues to closely monitor these developing economies and implement strategies aimed at mitigating any negative effects on operations.

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 2022.

5. SEASONALITY AND CYCLICALITY

There is no material seasonality or cyclicality impacting interim financial reporting.

6. MATERIAL ACCOUNTING POLICIES

6.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the Group condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and / or amendments effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
Several amendments apply for the first time in 2023, but do not have an impact on the condensed consolidated interim financial statements of the Group.

6.1.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented bv:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's condensed consolidated interim financial statements.

6.1.2 Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no material impact on the Group's condensed consolidated interim financial statements.

6.1.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no material impact on the Group's condensed consolidated interim financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

6.1.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

The amendments had no material impact on the Group's condensed consolidated interim financial statements.

6.2 Other standards

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier adoption is permitted.

However, the Group has not early adopted the new or amended standards in preparing these interim condensed consolidated interim financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's interim condensed consolidated financial statements.

	Effective date
• *Classification of Liabilities as Current or Non-current and non-current liabilities with covenants (Amendments to IAS 1)*	1 January 2024
• *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*	1 January 2024

7. COMMON CONTROL TRANSACTIONS

Effective, 1 January 2023, the Parent Company transferred the following subsidiaries from Majid Al Futtaim Investments LLC, a wholly owned subsidiary of the Parent Company, to the Group.

- Majid Al Futtaim Digital LLC ("Digital")
- Majid Al Futtaim Technology LLC ("Technology")

These business combinations arise from a transfers of interests in entities that are under the common control of the Parent Company. The Group accounts for these transactions on a prospective basis from the date on which control was established. The Group applies the book value measurement method to all common control transactions whereby the assets and liabilities acquired or transferred are de-recognized at the carrying amounts recorded in the financial statements of the transferor. The assets and liabilities acquired or transferred are recognized at the carrying amounts de-recognized previously in the Parent Company's consolidated financial statements. The components of OCI of the acquired entities are added to the same components within the Group's OCI.

The following table summarizes the financial position of Digital and Technology at 1 January 2023 and the impact on Group's consolidated equity on transfer.

(AED in millions)	1 January 2023 Digital	Technology	Total
Assets			
Intangible assets	86	-	86
Property and Equipment	4	-	4
Investments held at fair value through profit or loss	-	37	37
Due from related parties	55	5	60
Other receivables	1	-	1
Total assets	146	42	188
Liabilities			
Provision for staff terminal benefits	7	-	7
Due to related parties	1,693	402	2,095
Other payables	9	4	13
Total liabilities	1,709	406	2,115
Net liabilities	(1,563)	(364)	(1,927)
Related party balances adjusted on transfer of subsidiaries under common control			182
Net impact on transfer of subsidiaries under common control			(1,745)

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

In line with the Group's accounting policy, the Group did not restate the comparatives for prior period, as the impact on the date of transfer has been accounted for in the consolidated retained earnings with-in the condensed consolidated interim statement of changes in equity. The table below provides the bridge between the reported and adjusted numbers, in the condensed consolidated interim statement of profit or loss for period ending 30 June 2022, had the comparatives been adjusted to reflect the transfer of businesses from the earliest comparative period i.e. 1 January 2022.

Six month period ended 30 June 2022 (un-audited) *(AED in millions)*	Reported	Digital	Technology	Adjusted
Revenue	18,001	-	-	18,001
Cost of sales	(12,316)	-	-	(12,316)
Operating expenses	(4,483)	(247)	(20)	(4,750)
Finance costs - net	(343)	-	-	(343)
Other (expense)/income - net	(176)	-	-	(176)
Impairment loss on financial assets - net	(18)	-	-	(18)
Impairment loss on non-financial assets - net	(12)	-	-	(12)
Share of profit in equity accounted investees - net of tax	14	-	-	14
Profit before valuation gain on land and buildings	667	(247)	(20)	400
Net valuation gain on land and buildings	414	-	-	414
Profit before tax	1,081	(247)	(20)	814
Income tax expense - net	(111)	-	-	(111)
Profit for the period	970	(247)	(20)	703
Adjusted EBITDA	1,893	(214)	(15)	1,664
NOPAT	1,076	(247)	(20)	809
Profit for the period attributable to:				
- Owners of the Company	950	(247)	(20)	683
- Non-controlling interests	20	-	-	20
Profit for the period	970	(247)	(20)	703

In the prior year, the Parent Company also transferred XSight Future Solutions ("XSight") from Majid Al Futtaim Investments LLC, a wholly owned subsidiary of the Parent Company. Digital, Technology, and XSight collectively hold a cumulative payable balance of AED 2,381 million owed to the Parent Company of the Group. As of January 1, 2023, the Parent Company carries a corresponding receivable of AED 2,198 million, net of accumulated impairment charge of AED 182 million against the cumulative receivable balance.

As part of this transfer, the intercompany balances in these entities are novated to the Company, and the Parent Company is converting the net receivable balance of AED 2,198 million as its investment in the Company. This conversion will be accompanied by an increase in the Company's share capital by the same amount.

As of the reporting date, the legal formalities regarding the transfer of these entities are still in progress and are expected to be finalized in due course. Consequently, the increase in share capital of AED 2,198 million is presently classified as shareholder contribution until the completion of these formalities.

Subsequent to the period ended 30 June 2022, the Parent Company transferred Xsigth effective 1 January 2022, accordingly in these condensed consolidated interim financial statements, the numbers reported in the prior period has been restated to reflect such a change from 1 January 2022 by reducing the reported equity as at 30 June 2022 by AED 96 million.

8. ACQUISITION OF AN EQUITY ACCOUNTED INVESTEE

On 19 March 2023, the 50% shareholding in the Egyptian Emirates Malls S.A.E. (TEEM) owned by the joint venture partner was transferred to the Group. This resulted in this previously equity accounted investment becoming a subsidiary and accordingly the consolidation of its assets and liabilities in the Group condensed consolidated interim financial statements from that date. The following table summarizes the financial position of TEEM as at the date of transfer:

(AED in millions)	At date of transfer
Assets	
Investment property	70
Liabilities	
Short term loan from related parties	22
Net assets	48

The investment in TEEM had been impaired in prior years. Accordingly, the Group has recorded reversal of impairment with respect to the Group's investment in TEEM amounting to AED 14 million and gain on acquisition amounting to AED 34 million, recognized in the other expense-net, to account for the net assets received at the date of transfer.

9. 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 2022.

10. 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 five 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 agreed terms.

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.

The segment note for current period includes results from digital operations of Retail (note 7) and hence, the disclosure is not comparable.

Entertainment: Previously referred to as Leisure Entertainment and Cinemas. 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.

Others: Others include Head Office, Global Solutions (GS) and XSight.

- The principal activities of **Head Office** 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. The results and the balances include the results of Xsight Future Solutions in the following tables.
- The principal activities of **GS** include providing finance, human capital, technology and procurement services across the Group.
- The principal activities of **XSight** include providing fintech and advance analytics services to other Group companies along with management of the Group wide loyalty program.

NOPAT (non-GAAP measure)

Effective from 1 January 2023, the Group has introduced an additional segment measure "Net Operating Profit After Tax (NOPAT)", (non-GAAP measure) which represents the Group's income from operations if it had no debt (no interest expense).

NOPAT is calculated based on the net profit after tax for the financial period, adjusted for unrealized valuation gains or losses on investments (if any) and land and buildings, pertaining to investment properties and property, plant and equipment, net impairment losses / reversals on non-financial assets, net finance costs and net foreign exchange gains / losses.

Adjusted EBITDA (non-GAAP measure)

The Group's measure of segment performance, adjusted EBITDA (non-GAAP measure), is defined as NOPAT, as defined earlier, which is adjusted for depreciation and amortization, equity accounted income (loss) – net, other non-recurring items, and to remove the impact on operating profit of IFRS 16 Leases as if IAS 17 Leases applied. The adjustment to remove the impact of IFRS 16 accounting also recognises lease costs within operating profit as if IAS 17 Leases applied. IAS 17 was the predecessor lease accounting standard and was replaced by IFRS 16 for financial periods beginning on or after 1 January 2019. Management excludes one-off exceptional items as part of its adjustments on other non-recurring items in order to focus on results excluding items affecting comparability from one period to the next.

Adjusted EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the adjusted EBITDA measure used by the Group may not be comparable to other similarly titled measures of other companies.

10.1 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 2023 are as follows:

10.1.1 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	Entertainment	Lifestyle	Others(i)	Total
For the period ended 30 June 2023 (unaudited):						
Gross revenue	3,601	14,142	822	473	62	19,100
Eliminations and adjustments	(198)	-	-	-	(40)	(238)
Revenue from external customers	3,403	14,142	822	473	22	18,862
External revenue from major service/product lines						
Sale of goods	-	12,831	-	473	-	13,304
Service income and commissions	-	1,230	-	-	-	1,230
Sale of property	1,343	-	-	-	-	1,343
Leisure and entertainment	130	-	822	-	-	952
Hospitality revenue	339	-	-	-	-	339
Others	10	59	-	-	3	72
	1,822	14,120	822	473	3	17,240
Rental income	1,581	22	-	-	-	1,603
Financial services revenue	-	-	-	-	19	19
	3,403	14,142	822	473	22	18,862
For the period ended 30 June 2022 (unaudited):						
Gross revenue	2,635	14,399	790	360	8	18,192
Eliminations and adjustments	(189)	-	-	-	(2)	(191)
Revenue from external customers	2,446	14,399	790	360	6	18,001
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	43	-	-	3	65
	964	14,378	784	360	3	16,489
Rental income	1,482	21	-	-	-	1,503
Financial services revenue	-	-	6	-	3	9
	2,446	14,399	790	360	6	18,001

(i) Others include revenue from Xsight with respect to recharges to other Group companies, revenue from Group's loyalty program and pre-paid card operations.

10.1.2 Disaggregation of revenue from contracts with customers

(AED in millions)	Properties	Retail	Entertainment	Lifestyle	Others(i)	Total
For the period ended 30 June 2023 (unaudited):						
Over period of time	1,343	1,230	-	-	-	2,573
At a point in time	479	12,890	822	473	3	14,667
	1,822	14,120	822	473	3	17,240
For the period ended 30 June 2022 (unaudited):						
Over period of time	521	1,226	-	-	-	1,747
At a point in time	443	13,152	784	360	3	14,742
	964	14,378	784	360	3	16,489

10.1.3 Disaggregation of non-GAAP measures by business

(AED in millions)	Properties	Retail (ii)	Entertainment	Lifestyle	Others (i)	Eliminations / adjustments	Total
For the period ended 30 June 2023 (unaudited):							
Net profit/(loss) after tax	2,259	226	(267)	(60)	(236)	(231)	1,691
Adjustments for:							
Valuation gain on land and buildings - net	(1,681)	-	-	-	-	153	(1,528)
Net finance costs	335	54	152	49	(30)	(59)	501
Foreign exchange loss - net	145	34	10	2	14	(2)	203
Net Impairment on non-financial assets	588	(3)	-	-	13	-	598
NOPAT	1,646	311	(105)	(9)	(239)	(139)	1,465
Adjustments for:							
Depreciation and amortization	161	540	261	70	49	(6)	1,075
Equity accounted income - net	(37)	-	-	(3)	-	-	(40)
Income tax expense	26	58	1	1	1	(7)	80
Other non-recurring items	(55)	(8)	16	-	13	-	(34)
Rent expense de-recognized on adoption of IFRS 16							
- External	(4)	(285)	(81)	(30)	(1)	-	(401)
- Internal	-	(88)	(46)	(17)	(1)	152	-
Adjusted EBITDA	1,737	528	46	12	(178)	-	2,145

(AED in millions)	Properties	Retail (ii)	Entertainment	Lifestyle	Others (i)	Eliminations / adjustments	Total
For the period ended 30 June 2022 (unaudited):							
Net profit/(loss) after tax	1,393	220	(222)	(32)	(393)	4	970
Adjustments for:							
Valuation gain on land and buildings - net	(503)	-	-	-	-	89	(414)
Net finance costs	212	96	83	17	244	(309)	343
Foreign exchange loss - net	110	28	19	2	6	-	165
Net Impairment on non-financial assets	19	(7)	-	-	-	-	12
NOPAT	1,231	337	(120)	(13)	(143)	(216)	1,076
Adjustments for:							
Depreciation and amortization	160	545	278	54	5	65	1,107
Equity accounted income - net	(11)	-	-	(3)	-	-	(14)
Income tax expense	55	61	(1)	2	-	(6)	111
Other non-recurring items	(5)	1	8	1	-	-	5
Rent expense de-recognized on adoption of IFRS 16							
- External	(2)	(287)	(80)	(23)	-	-	(392)
- Internal	-	(90)	(52)	(15)	-	157	-
Adjusted EBITDA	1,428	567	33	3	(138)	-	1,893

(i) Includes Holding, Global Solutions and Xsight. The revenue includes Xsight services to other Group companies, revenue from Group's loyalty program ("Share") and pre-paid card operations.

(ii) The current period operating results, include results from the digital operations of Retail hence not comparable with the prior period. For details refer to note 7. Including digital operations, the comparable EBITDA and NOPAT for 30 June 2022 would be AED 353 million and AED 90 million, respectively.

10.1.4 Disaggregation of capital expenditure by business

(AED in millions)	Properties	Retail	Entertainment	Lifestyle	GS	Head office	Total
For the period ended 30 June 2023 (unaudited):							
Capital expenditure	417	95	78	35	36	58	719
For the period ended 30 June 2022 (unaudited):							
Capital expenditure	641	104	85	57	35	59	981

10.1.5 Disaggregation of total assets by business

(AED in millions)	Properties	Retail	Entertainment	Lifestyle	GS	Head office	Total
At 30 June 2023 (unaudited)							
Total assets	53,802	11,058	3,289	1,475	276	991	70,891
Eliminations and adjustments							(2,905)
							67,986
At 31 December 2022 (audited)							
Total assets	51,502	12,256	3,426	1,219	248	1,167	69,818
Eliminations and adjustments							(3,716)
							66,102

11. REVENUE

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
Revenue from contract with customers (note 11.1 and 11.2)	17,240	16,489
Other revenue		
- Rental income	1,603	1,503
- Financial services revenue	19	9
	18,862	18,001

11.1 Revenue from contract with customers includes revenue from Retail's online business amounting to AED 1,215 million (30 June 2022: AED 1,074 million).

11.2 Revenue from contract with customers include revenue from sale of properties of AED 1,343 million (30 June 2022: AED 521 million), net of AED 14 million (30 June 2022: AED 11 million) transfer fees to a government authority, which met the revenue recognition criteria.

11.3 Revenue from property sales during the period is net of AED 18 million (30 June 2022: Nil) discount against the transaction price for certain units sold with a significant financing component due to timing difference between the timing of cash receipt and revenue recognition.

11.4 Revenue recognized with respect to property development business also includes revenue from sale of property units to Group employees, including the key management personnel of AED 7 million (30 June 2022: AED 10 million). These sale transactions are carried out at market comparable terms.

12. COST OF SALES

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
Cost of goods sold		
Opening inventories	(2,924)	(2,469)
Purchases	(13,121)	(13,954)
Closing inventories	2,843	2,924
Supplier rebates and discounts	1,549	1,554
	(11,653)	(11,945)
Cost of property sold	(1,002)	(371)
	(12,655)	(12,316)

13. OPERATING EXPENSES

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
Staff costs	(1,984)	(1,961)
Depreciation and amortization	(1,075)	(1,107)
Utilities	(251)	(242)
Advertising, selling and marketing expenses	(166)	(180)
Legal and consultancy expenses	(148)	(131)
Repair and maintenance	(170)	(161)
Franchise and management fees	(162)	(100)
Bank charges	(124)	(115)
Security expenses	(75)	(79)
Rent	(84)	(89)
House keeping and cleaning	(64)	(63)
Business travel expenses	(17)	(13)
Insurance charges	(12)	(10)
Other general and administrative expenses	(389)	(232)
	(4,721)	(4,483)

14. FINANCE COSTS - NET

	Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
(i)	*Finance costs:*		
	Arrangement and participation fee	(25)	(26)
	Interest charges on bank loans*	(426)	(212)
	Interest on lease obligations	(101)	(108)
	Finance charges on related party balances	(2)	(3)
		(554)	(349)
	Cash flow hedges reclassified from hedging reserve	(49)	(18)
	Bond programme cost	(6)	(4)
		(609)	(371)
(ii)	*Finance income:*		
	Interest income on bank balances	48	24
	Unwinding of discount on long term receivable balances	2	2
	Cash flow hedges reclassified from hedging reserve	58	2
		108	28
		(501)	(343)

* Included within interest charges on bank loans is fair value loss of AED 4 million (30 June 2022: AED 299 million fair value gain) in relation to derivatives used in fair value hedge relationship, with an offsetting fair value change of AED 4 million (30 June 2022: AED 299 million) for the underlying debt being hedged.

15. OTHER EXPENSE - NET

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
Foreign exchange loss - net	(203)	(165)
Development expenses	(23)	(11)
Gain on acquisition of an equity accounted investee (note 8)	34	-
Other income - net	16	-
	(176)	(176)

Foreign exchange losses are primarily arising on translation of foreign currency denominated balances in Group's overseas operations.

16. IMPAIRMENT LOSS

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
Impairment loss on trade and other receivables	(8)	(22)
Impairment reversal on assets previously classified as held for sale	-	4
Impairment loss on financial assets - net	(8)	(18)
Impairment of investment property under construction (note 16.1 and 16.2)	(562)	(17)
Impairment charge on property, plant and equipment (note 16.1)	(33)	-
Impairment of intangible assets	(13)	-
Impairment of development property (note 16.1)	(7)	-
Impairment reversal on property, plant and equipment	3	5
Impairment reversal of investment in equity accounted investee (note 8 and 19)	14	-
Impairment loss on non-financial assets - net	(598)	(12)

16.1 The Group has recognised impairment of AED 602 million (net of previously recognised accumulated impairment), in respect of certain development projects, as a result of an ongoing reassessment of alternative strategies for these specific projects.

16.2 During the prior period, an impairment loss of AED 17 million was recognized for the pre-development cost of a shopping mall and related infrastructure under development.

17. 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.

17.1 Deferred tax asset amounting to AED 64 million (31 December 2022: AED 69 million) is in respect of tax losses carried forward and temporary differences on depreciation of assets and provisions. Deferred tax asset amounting to AED 67 million (31 December 2022: AED 71 million) pertains to valuation losses on investment property.

During the year, the Group has unrecognized deferred tax assets of AED 225 million relating to its subsidiaries in Oman and Lebanon (31 December 2022: AED 207 million relating to Oman, Egypt and Lebanon subsidiaries). Based on the Group's strategic plan and taking into account the local taxation laws and regulation in those countries, the recognition of deferred tax asset is limited to the extent of future taxable profits and full recoverability of deferred tax asset is unlikely since these subsidiaries are not expected to generate sufficient taxable profits in the foreseeable future.

17.2 As at the reporting date, deferred tax liabilities of AED 246 million (31 December 2022: AED 276 million) mainly relate to Group's subsidiaries in Oman and Egypt primarily 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 2022: 15%) and 22.5% (31 December 2022: 22.5%), respectively.

17.3 To address concerns around 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 Organization for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed and implementation guidance released between March 2022 and July 2023, respectively, that is expected to be used by individual jurisdictions, including the UAE, that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted, the Group may be subject to the top-up tax.

In line with IAS 12 (as amended), the Group has applied the exception with regards to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

17.4 On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax law), which introduced a Corporate Tax regime for financial years commencing on or after 1 June 2023 (publication in the Official Gazette on 10 October 2022). The first year of Corporate Tax applicability for the Group will be financial year 2024.

The Corporate Tax law was published in December 2022, the Cabinet of Ministers Decision No. 116 of 2022, specifying the income threshold over which the 9% tax rate applies for mainland taxable persons, was published in January 2023. Accordingly, the law can be considered "substantively enacted" under IAS 12 - Accounting for income taxes for interim and year-end reporting for financial year 2023.

The Corporate Tax law also provides that the opening balance for tax purposes will be equal to the closing balance for reporting purposes from the year that the Corporate Tax regime becomes applicable. Based on Group's assessment and considering the transitional provisions in the Corporate Tax law along with the decisions and clarifications issued by the UAE Ministry of Finance and Federal Tax Authority, the Group has not identified any temporary differences due to which deferred tax exposure will arise for the Group's condensed consolidated interim financial statements for the period ended 30 June 2023.

18. TANGIBLE FIXED ASSETS

18.1 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)*	2023 Unaudited	2022 Unaudited
Capital expenditure	290	354
Depreciation charge for the period	(632)	(732)
Impairment (loss) / reversal - net (note 16)	(30)	5
Valuation gain on land and buildings - net		
- recognized in other comprehensive income (note 18.3)	307	361
- recognized in profit or loss (note 18.3)	40	141
	347	502
Transfer from investment property - net (note 18.1.1)	143	31
Effect of movement in exchange rates	(140)	(152)

18.1.1 During the current period, net balance amounting to AED 143 million (30 June 2022: AED 31 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.

18.1.2 The carrying value as at the reporting date includes a shopping mall on leasehold land (right-of-use asset) in UAE amounting to AED 10 million (31 December 2022: AED 11 million) and shopping malls on leasehold lands (right-of-use assets) in Oman amounting to AED 303 million (31 December 2022: AED 146 million).

These leasehold 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 UAE and Oman, respectively. If the leases are not renewed the land and buildings will be transferred to the Governments of UAE and Oman respectively at the end of the lease term.

18.2 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)*	2023 Unaudited	2022 Unaudited
Capital expenditure	222	183
Addition due to acquisition of a joint venture (note 8)	70	-
Valuation gain recognized in profit or loss - net (note 18.3)	1,488	273
Impairment loss (note 16.1 and 16.2)	(562)	(17)
Transfer to property, plant and equipment - net (note 18.1.1)	(143)	(31)
Effect of movement in exchange rates	(434)	(554)

18.3 MEASUREMENT OF FAIR VALUES

A portion of Group's property portfolio were valued by an independent external valuer. The independent external valuer adopted consistent valuation methodology with the previous cycles.

In property, plant and equipment, portfolio amounting to AED 7,537 million (31 December 2022: AED 7,220 million) were valued by an independent external valuer. The fair value measurement for land and buildings, included under property, plant and equipment, of AED 7,679 million (31 December 2022: AED 7,365 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

In investment property, investment property portfolio amounting to AED 33,640 million (31 December 2022: AED 32,736 million) were valued by an independent external valuer. The fair value measurement for investment property of AED 35,329 million (31 December 2022: AED 34,688 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

During the current period, the overall valuation of the Group's shopping malls portfolio recorded a net fair value gain compared to 31 December 2022 valuation. This is primarily driven by an increase in net operating income growth and tenant sales, thus improving the estimated rental value and lease renewal expectations.

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 significant unobservable inputs used in the valuation are as follows:

		Key unobservable inputs	
Class of asset		30 June 2023 Unaudited	31 December 2022 Audited
Shopping malls	Discount rates on income streams	7% to 25%	7% to 25%
	Compound annual growth rates of net operating incom	2.01%	2.16%
Hotels	Discount rate	9.5% to 11.25%	9.5% to 11.25%
	Compound annual growth rates of EBITDA	3.79%	5.45%
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).

Investment property and property plant and equipment include a shopping mall in the UAE, at a value net of estimated capital expenditure allowance amounting AED 700 million (31 December 2022: AED 700 million) to realize its fair value.

18.4 DEVELOPMENT PROPERTY

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
Additions during the period	845	388
Transferred to cost of sales and inventory	(824)	(343)
Impairment loss - net (note 16.1)	(7)	-

19. 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)*	2023 Unaudited	2022 Unaudited
At 1 January (audited)	864	855
Acquisition of the equity accounted investee (note 8)	(14)	-
Share of profit accounted through profit or loss	40	14
Dividend declared and received	(1)	(2)
Impairment reversal - net (note 8)	14	-
Foreign currency translation differences from foreign operations	(3)	(11)
	900	856

20. 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.

20.1 Short term receivable from related parties

The receivable from joint venture in Egypt of AED 27 million at 31 December 2022, was settled as part of acquisition of the investee (note 8).

20.2 Short term loan from a related party

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
At 1 January (audited)	66	18
Borrowed during the period	221	192
Payments made during the period	(258)	(363)
Adjustment for dividend settlement	-	400
Settlement of intercompany balance (note 20.2.2)	-	(247)
	29	-

20.2.1 The above loan is obtained from the Parent Company, against a loan facility of AED 1,100 million (31 December 2022: AED 1,100 million), renewable every year.

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

20.3 Due from related parties

(AED in millions)	30 June 2023 Unaudited	31 December 2022 Audited
Subsidiaries of the parent company	2	2
Equity accounted investees	39	56
Others	105	100
	146	158
Provision for doubtful receivables	(8)	(8)
Unamortized discount on long term receivables	(2)	(4)
	136	146
Current	136	112
Non-current	-	34
	136	146

20.4 Due to related parties

(AED in millions)	30 June 2023 Unaudited	31 December 2022 Audited
Parent company	12	306
Subsidiaries of the Parent Company	-	59
Equity accounted investees	100	69
	112	434

20.5 Related party transactions

20.5.1 During the period, certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs amounting to AED 14 million (30 June 2022: AED 201 million) have been cross charged to the Parent Company and other subsidiaries of the Parent Company. In the current period, these pertained to management time incurred on strategic initiatives for the Parent Company. In the prior period, these include investment in Retail online business (refer note 7) and also technology, strategic initiatives and management time incurred on these activities.

20.5.2 Additionally, depreciation and amortization amounting to Nil (30 June 2022: AED 29 million) pertaining to these assets have been cross charged.

20.5.3 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)*	2023 Unaudited	2022 Unaudited
Directors' fees and expenses	8	9
Employee benefits (salaries and allowances including provision for bonus)	46	60
Post employment benefits (provision for end of service benefits)	2	2
	56	71

21. BANK OVERDRAFT

The Group has bank overdraft facilities aggregating to AED 1,309 million (31 December 2022: AED 1,425 million). The facilities carry interest at 0.25% - 3.5% (31 December 2022: 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 164 million (31 December 2022: AED 123 million).

22. LONG TERM LOANS

Six month period ended 30 June *(AED in millions)*	2023 Unaudited	2022 Unaudited
At 1 January (audited)	15,600	13,244
Borrowed during the period	4,555	1,621
Repaid during the period	(3,675)	(702)
Fair value movement	(6)	(309)
Net movement in unamortized arrangement and agency fee	(16)	6
Currency translation adjustment	1	(2)
	16,459	13,858
Less: Current maturity of long term loans	(1,047)	(56)
Non-current portion	15,412	13,802

22.1 During the period, a USD 173 million term loan facility, with original maturity of 10 March 2029 was fully settled. The outstanding balance as of 31 December 2022 was AED 544 million.

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

(AED in millions)

Loan facility 'in millions	Base Lending Rate	Maturity date	Note	30 June 2023 Unaudited	31 December 2022 Audited
AED 3,054	EIBOR	5-Jul-26	22.2.1	1,575	1,084
USD 700	SOFR	5-Jul-26	22.2.1	404	550
BHD 377	BHIBOR	30-Sep-24		-	-
AED 1,229	EIBOR	13-Jan-28		1,229	1,050
USD 665	SOFR	13-Jan-28		1,010	-
AED 2,520	EIBOR	27-Sep-27	22.2.1	2,470	2,520
USD 565	SOFR	27-Sep-27	22.2.1	551	551
				7,239	5,755
Adjustments for:					
Unamortized fees on issuance				(55)	(64)
				7,184	5,691

The Group has unsecured committed revolving facilities aggregating to AED 14,260 million (31 December 2022: AED 14,260 million). These floating rate facilities carry margins ranging from 1 % to 1.38% (31 December 2022: 1% to 1.38%) per annum over the base lending rate.

22.2.1 The unsecured committed revolving facilities are structured into a sustainability linked loan (SLL), a financial instrument secured 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.

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

(AED in millions)

Loan facility 'in millions	Pricing	Maturity date	Note	30 June 2023 Unaudited	31 December 2022 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	22.3.1	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	22.3.1	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	22.3.1	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	22.3.1	367	367
USD 500 million sukuk certificates	5.00% per annum, to be serviced every six months from returns generated from the Wakala portfolio	1-Jun-33	22.3.1	1,837	-
USD 800 million unsecured notes	4.75% per annum, payable every six months	7-May-24	22.3.2	1,042	2,938
				9,491	9,550
Adjustments for:					
Unamortized fees, discounts and premium on issuance				(29)	(4)
Fair value adjustment on borrowings hedged by interest rate swaps				(187)	(181)
				9,275	9,365

22.3.1 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 2023 and 31 December 2022 approximates its fair value.

During the period, the Group issued additional ten year Sukuk certificates raising USD 500 million, to refinance existing eligible projects in accordance with the Group's Green Finance Framework. These senior unsecured bonds are also listed on the NASDAQ Dubai, UAE and on the Euronext Dublin.

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

22.3.2 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 2022: USD 250 million) is hedged by interest rate swaps and accordingly, carried at fair value.

During the period, the Group launched an invitation to holders of its outstanding notes of USD 800 million (AED 2,938 million) due in May 2024, to tender notes for purchase for cash, out of which notes with a par value of USD 516.41 million (AED 1,897 million) were purchased, the accrued interest of USD 1.7 million (AED 6.3 million) was paid until the settlement date on the notes accepted for purchase. The principal amount of notes that remain outstanding after the settlement date are USD 283.59 million (AED 1,042 million).

23. HYBRID EQUITY INSTRUMENTS

(AED in millions)

in millions	Coupon rate	Call date	Reset terms	30 June 2023 Unaudited	31 December 2022 Audited
USD 400 million issued in March 2018	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
USD 500 million issued in June 2022	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	1,819
				3,283	3,283

During the prior 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.

During the previous period, the Company repurchased Notes issued in March 2017 with par value of USD 500 million in two different transactions. USD 420 million (AED 1,543 million) was repurchased for USD 421 million (AED 1,547 million) and USD 80 million at par in July 2022. USD 1 million (AED 4 million) premium paid on repurchase of these Notes had been recognized in the retained earnings. The associated transaction costs against the repurchased perpetual notes amounting to AED 9 million had been reclassified from hybrid equity instruments and charged to the retained earnings.

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 18 million (31 December 2022: AED 18 million) and discount on issuance amounting to AED 5 million (31 December 2022: AED 5 million). These hybrid perpetual note instruments are listed on Euronext Dublin.

During the period, the Group paid coupon amounting to AED 119 million (30 June 2022: AED 97 million).

24. 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 394 million (30 June 2022: AED 543 million).

Egypt

The Central Bank of Egypt continues to implement a strategy to allow 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 by 20% from EGP 6.74 against AED to EGP 8.41 and resulted in an impact of AED 408 million in the currency translation reserve.

The Group's operations in Egypt contributed a net profit of AED 36 million to Group's consolidated results and the net assets amounted to AED 2,233 million at 30 June 2023. A further devaluation of 5% in the exchange rate used would result in a decline in net assets of Egypt by AED 112 million.

The Group manages the foreign currency risk associated with Egypt operations by adjusting its forecasts, investing excess cash in high yielding T-bills, partially pre-paying external loan facilities, denominating inter-company borrowings as net-investments and partially hedging foreign currency risk through forward contracts.

Lebanon

Lebanon's economic crisis further deteriorated throughout the period, resulting in a significant deviation between the market exchange rate and the official exchange rates. In February 2023, the peg on the official exchange rate was adjusted from LBP 410 to LBP 4,084. However, despite this adjustment, the market exchange rate continues to trade at a substantial discount of approximately 84% compared to the official pegged rate and 6% compared to the Sayrafa rate, The Sayrafa rate is the used on the "Sayrafa" platform established by Lebanese Central Bank (the "BDL") as an electronic platform to record all Lebanese Pounds foreign exchange transactions into any other foreign currency, carried out by all persons and entities licensed to do so. This persistent discrepancy indicates that the peg on the official exchange rate remains under significant stress.

The Group reassessed the exchange rate to be applied for translating the value of its Lebanese operations for the period and estimated a further devaluation from LBP 11,544 against AED to LBP 23,469, equivalent to the Sayrafa exchange rate at the reporting date. Accordingly, at period end the Group translated its financial position at LBP 23,469 against AED, except for the investment property for which fair value was determined in USD. 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 206 million to Group's consolidated results and the net assets amounted to AED 1,169 million at 30 June 2023. This includes real estate assets amounting to AED 1,178 million valued in USD. A further devaluation of 25% in the exchange rate used would result in a decline in net liabilities of Lebanon by AED 2 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.

25. FINANCIAL INSTRUMENTS

25.1 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 2023 (Unaudited)				
Financial assets				
Investments held at FVTPL	37	-	-	37
Derivative instruments used for hedging	220	-	220	-
	257	-	220	37
Financial liabilities				
Derivative instruments used for hedging	332	-	332	-
Sukuk and Note liabilities*	9,124	-	10,798	-
	9,456	-	11,130	-
At 31 December 2022 (Audited)				
Financial assets				
Derivative instruments used for hedging	149	-	149	-
Financial liabilities				
Derivative instruments used for hedging	334	-	334	-
Sukuk and Note liabilities	9,183	-	8,928	-
	9,517	-	9,262	-

* USD 100 million Sukuk certificates issued through a private placement in 2020 (note 22.3.1) under the Sukuk Program are not listed on any stock exchanges. Accordingly, the carrying amount of these certificates approximates the fair value.

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.

26. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

(AED in millions)	30 June 2023 Unaudited	31 December 2022 Audited
Capital commitments	1,925	2,576
Group's share of capital commitments in relation to its equity accounted investees	334	320
Bank guarantees and letters of credit outstanding	1,066	1,008

Capital commitments represent the probable value of contracts signed for the development and construction of assets as at 30 June 2023, 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 912 million (31 December 2022: AED 870 million) in favour of government authorities in the UAE.

27. FUNDING AND LIQUIDITY MANAGEMENT

The Group continues to monitor and respond to all liquidity and funding requirements. At 30 June 2023, the Group has net current liabilities of AED 1,478 million (31 December 2022: AED 2,624 million) which includes debt maturing in the short-term of AED 1,240 million (31 December 2022: AED 247 million). Further, at 30 June 2023 debt maturing in the long term is AED 15,412 million (31 December 2022: AED 15,542 million).

At 30 June 2023, the Group has undrawn committed facilities of AED 7,021 million (31 December 2022: AED 8,505 million) and cash in hand and at bank, excluding cash held in escrow accounts, of AED 1,764 million (31 December 2022: AED 1,728 million) to cover its liquidity needs for at least the next 18 months.

The Group has a strong asset base of AED 67,986 million (31 December 2022: AED 66,102 million) and equity of AED 29,185 million (31 December 2022: AED 27,119 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.

28. SUBSEQUENT EVENTS

There are no significant event subsequent to the reporting date and up to the date of authorization on **18 August 2023**, which would have a material effect on the condensed consolidated interim financial statements.