ماجد الفطيم
MAJID AL FUTTAIM

GREAT MOMENTS
FOR EVERYONE,
EVERYDAY

Majid Al Futtaim Holding LLC

Condensed Consolidated Interim Financial Statements

Period ended 30 June 2024

Contents

Building a better working world

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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 2024, which comprises the condensed consolidated interim statement of financial position as at 30 June 2024, 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 other 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.

For Ernst & Young

Anthony O'Sullivan
Registration No.: 687

22 August 2024

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	2024 Unaudited	2023 Unaudited (Restated)*
Revenue	11	16,732	17,730
Cost of sales	12	(10,641)	(11,523)
Operating expenses	13	(4,593)	(4,721)
Finance costs - net	14	(429)	(501)
Other expense - net	15	(112)	(176)
Impairment loss on financial assets - net	16	(17)	(8)
Impairment reversal/(loss) on non-financial assets - net	16	20	(598)
Share of profit in equity accounted investees - net of tax	19	62	40
Profit before valuation gain on land and buildings		1,022	243
Net valuation gain on land and buildings	18.1 & 18.2	755	1,528
Profit before tax		1,777	1,771
Income tax expense - net	17	(189)	(80)
Profit for the period		1,588	1,691
Profit for the period attributable to:			
- Owners of the Company		1,562	1,753
- Non-controlling interests		26	(62)
Profit for the period		1,588	1,691
Profit for the period		1,588	1,691
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net valuation gain on land and buildings	18.1	165	307
Deferred tax on revaluation of land and buildings		(1)	(7)
Remeasurement gain/(loss) on defined benefit plans - net		23	(11)
		187	289
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	24	(749)	(394)
Net change in fair value of cash flow hedges		73	84
Deferred tax on fair value changes of cash flow hedges		(7)	-
		(683)	(310)
Total other comprehensive income for the period, net of tax		(496)	(21)
Total comprehensive income for the period, net of tax		1,092	1,670
Total comprehensive income for the period attributable to:			
- Owners of the Company		1,066	1,732
- Non-controlling interests		26	(62)
Other comprehensive income for the period, net of tax		1,092	1,670

* Certain amounts shown here do not correspond to 2023 condensed consolidated financial statements and reflect adjustments made as detailed in Note 11.1

The notes on pages 9 to 30 are an integral part of these condensed consolidated interim financial statements.
The independent auditor's report on review of condensed consolidated interim financial statements is set out on page 1.

Condensed consolidated interim statement of financial position as at

(AED in millions)	Note	30 June 2024 Unaudited	31 December 2023 Audited
Non-current assets			
Property, plant and equipment	18.1	9,947	11,457
Investment property	18.2	36,232	35,687
Right-of-use assets		2,785	3,016
Equity-accounted investees	19	852	845
Investments held at fair value through profit or loss		14	14
Intangible assets and goodwill		1,699	1,688
Deferred tax assets	17.1	191	125
Other non-current assets		2,148	1,673
Total non-current assets		53,868	54,505
Current assets			
Development property	18.4	2,764	2,690
Inventories		2,656	3,137
Trade and other receivables		4,454	3,621
Due from related parties	20.2	79	69
Restricted cash		3,925	3,686
Cash in hand and at bank		1,874	2,041
Total current assets		15,752	15,244
Total assets		69,620	69,749
Current liabilities			
Trade and other payables		7,800	8,635
Tax payable		224	142
Provisions		513	633
Other liabilities		5,266	4,740
Short term loan from a related party	20.1	753	498
Due to related parties	20.3	68	72
Bank overdraft	21	111	230
Current maturity of long term loans	22	-	1,044
Current maturity of lease liabilities		701	663
Total current liabilities		15,436	16,657
Non-current liabilities			
Long term loans	22	15,486	15,108
Long term loan from a related party	20.4	6	6
Lease liabilities		2,965	3,188
Deferred tax liabilities	17.2	398	393
Provisions		146	164
Post employment benefit obligations		804	790
Other liabilities		75	85
Total non-current liabilities		19,880	19,734
Total liabilities		35,316	36,391
Net assets		34,304	33,358

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

(AED in millions)	Note	30 June 2024 Unaudited	31 December 2023 Audited
Equity			
Share capital		4,869	4,869
Shareholders' contribution	6	-	-
Statutory reserve		3,336	3,336
Revaluation reserve		18,962	19,016
Retained earnings		7,427	5,760
Hedging reserve		185	119
Currency translation reserve	24	(4,067)	(3,318)
Total equity attributable to the owners of the Company		30,712	29,782
Hybrid equity instrument	23	3,283	3,283
Non-controlling interests		309	293
Total equity		34,304	33,358

The condensed consolidated interim financial statements were approved by the Board of Directors and signed on 22 August 2024:

Majid Al Futtaim Holding LLC
Chief Executive Officer

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 9 to 30 are an integral part of these condensed consolidated interim financial statements.
The independent auditor's report on review of condensed consolidated interim financial statements is set out on page 1.

Mals

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

(AED in millions)	Note	2024 Unaudited	2023 Unaudited
Cash flows from operating activities			
Profit for the period after tax		1,588	1,691
Adjustments for:			
Depreciation and amortization	13	1,034	1,075
Finance costs - net	14	429	501
Foreign exchange loss - net	15	206	203
Impairment (reversal)/loss on non-financial assets - net	16	(20)	598
Impairment loss on financial assets - net	16	17	8
Net valuation gain on land and buildings	18.1 & 18.2	(755)	(1,528)
Share of profit in equity-accounted investees - net of tax	19	(62)	(40)
Gain on disposal / acquisition	6, 7 & 8	(71)	(34)
Changes to post employment benefit obligations		37	19
Income tax expense - net		189	80
		2,592	2,573
Changes to working capital			
Inventories		481	81
Development property		(74)	(21)
Trade and other receivables		(1,025)	(827)
Trade and other payables		(614)	(132)
Restricted cash		(239)	(810)
Due from/to related parties - net		(21)	34
		(1,492)	(1,675)
Tax paid		(115)	(97)
Net cash from operating activities		985	801
Cash flow from/(used in) investing activities			
Acquisition of property, plant and equipment and investment property		(358)	(630)
Payments against intangible assets		(126)	(89)
Proceeds from sale of subsidiaries and assets		758	9
Collection of other long-term receivable		108	-
Dividend received from equity-accounted investees	19	87	1
Finance income received		130	46
Net cash from/(used in) investing activities		599	(663)

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

(AED in millions)	Note	2024 Unaudited	2023 Unaudited
Cash flow from/(used in) financing activities			
Proceeds from term loans received from related parties	20.1	139	221
Repayment of term loan to related parties	20.1	(72)	(258)
Long term loans received	22	1,865	4,555
Long term loans repaid	22	(2,474)	(3,675)
Payment against lease liabilities		(378)	(424)
Collateral received against derivative instruments - net		4	59
Finance cost paid		(450)	(476)
Coupon paid on hybrid equity instrument	23	(119)	(119)
Dividend paid to non-controlling		-	(19)
Net cash flows used in financing activities		(1,485)	(136)
Net increase in cash and cash equivalents		99	2
Cash and cash equivalents at the beginning of the period		1,811	1,605
Effect of movements in exchange rates on cash held		(147)	(7)
Cash and cash equivalents at the end of the period		1,763	1,600
Cash and bank balances			
Cash in hand		295	501
Call deposits and current accounts		1,579	1,263
		1,874	1,764
Restricted cash*		3,925	3,382
Cash and bank balances		5,799	5,146
Cash and cash equivalents comprise:			
Cash and bank balances		5,799	5,146
Less: bank overdraft		(111)	(164)
Less: Restricted cash*		(3,925)	(3,382)
		1,763	1,600

* This represents the proceeds received from property sales, which is held in escrow accounts with financial institutions and restricted for use on development property expenditures. These deposits/balances are not under lien.

The notes on pages 9 to 30 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 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 on revaluation of land and buildings	-	-	-	(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	-	-	-	-	(1,745)			(1,745)	-	-	(1,745)
Conversion of payable to shareholder contribution upon novation of payables to the Company (note 6)	-	2,198	-	-	-			2,198	-	-	2,198
Total contribution by and distribution to owners	-	2,198	-	-	(1,745)	-	-	453	-	(19)	434
Hybrid perpetual 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 prior 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 9 to 30 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 (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 2024 (audited)	4,869	-	3,336	19,016	5,760	119	(3,318)	29,782	3,283	293	33,358
Total comprehensive income for the period											
Profit for the period	-	-	-	-	1,562	-	-	1,562	-	26	1,588
Other comprehensive income											
Net valuation gain on land and buildings (note 18.1)	-	-	-	165	-	-	-	165	-	-	165
Deferred tax liability on revaluation of land and buildings	-	-	-	(1)	-	-	-	(1)	-	-	(1)
Net change in fair value of cash flow hedges - net of deferred tax	-	-	-	-	-	66	-	66	-	-	66
Remeasurement loss on defined benefit plans - net	-	-	-	-	23	-	-	23	-	-	23
Revaluation reserve reclassified on disposal of subsidiaries (note 7)	-	-	-	(218)	218	-	-	-	-	-	-
Currency translation differences in foreign operations (note 24)	-	-	-	-	-	-	(749)	(749)	-	-	(749)
Total comprehensive income for the period	-	-	-	(54)	1,803	66	(749)	1,066	-	26	1,092
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners an other movement in equity											
Dividend declared (i)	-	-	-	-	-	-	-	-	-	(10)	(10)
Acquisition of subsidiaries under common control transaction (note 6)	-	-	-	-	(17)	-	-	(17)	-	-	(17)
Total contribution by and distribution to owners	-	-	-	-	(17)	-	-	(17)	-	(10)	(27)
Hybrid perpetual note instruments											
Coupon paid on hybrid equity instrument (note 23)	-	-	-	-	(119)	-	-	(119)	-	-	(119)
	-	-	-	-	(119)	-	-	(119)	-	-	(119)
At 30 June 2024 (unaudited)	4,869	-	3,336	18,962	7,427	185	(4,067)	30,712	3,283	309	34,304

(i) During the current period, a subsidiary of the Group declared dividends to non-controlling interests amounting to AED 10 million and was payable as of 30 June 2024.

The notes on pages 9 to 30 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

Majid Al Futtaim Holding LLC ("the Company") is registered as a limited liability company in the Emirate of Dubai under the UAE Federal 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 2023. 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 2023.

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams ("AED") (rounded to the nearest millions unless otherwise stated), which is the Company's functional currency.

3. 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 2023.

4. SEASONALITY AND CYCLICALITY

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

5. MATERIAL ACCOUNTING POLICIES

5.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In addition to the below. several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

5.1.1 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

5.1.2 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

5.1.3 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

5.2 Other standards

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier adoption is permitted. However, the Group has not early adopted the new or amended standards in preparing these interim condensed consolidated 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
• *IFRS 18 Presentation and Disclosure in Financial Statements*	1 January 2027
• *IFRS 19 Subsidiaries without Public Accountability: Disclosures*	1 January 2027
• *Lack of Exchangeability - Amendments to IAS 21*	1 January 2025
• *Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7*	1 January 2026

6. COMMON CONTROL TRANSACTIONS

Effective, 1 January 2024, the Parent Company transferred its beneficial interest in following subsidiaries to the Group.

- Majid Al Futtaim Holding (Muscat) LLC ("Holding Muscat")
- Majid Al Futtaim Capital Investments LLC ("Capital Investments")

These business combinations arise from transfer 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 Holding Muscat and Capital Investments at 1 January 2024 and the impact on Group's consolidated equity on transfer.

(AED in millions)	1 January 2024		
	Holding Muscat	Capital Investments	Total
Assets			
Advances and deposits	-	68	68
Assets held for sale	103	-	103
Total assets	103	68	171
Total liabilities	-	-	-
Net assets	103	68	171
Related party balances adjusted on transfer of subsidiaries under common control			(188)
Net impact on transfer of subsidiaries under common control			(17)

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. There would have been no impact in the reported and adjusted numbers, in the condensed consolidated interim statement of profit or loss for period ending 30 June 2023, had the comparatives been adjusted to reflect the transfer of businesses from the earliest comparative period i.e. 1 January 2023.

Effective 1 January 2024, the Group has acquired a joint venture in Oman, classified as 'asset held for sale', through a transfer of beneficial interest in Majid Al Futtaim Holding (Muscat) LLC by the Parent Company.

During the period, the asset held for sale, with a carrying amount of AED 103 million, has been acquired by a third-party buyer (the 'Buyer') for a consideration of AED 205 million (OMR 21.5 million). The sale proceeds are currently held by the Escrow Agent and will be released to the Group upon completion of the legal ownership transfer of the joint venture to the Buyer. The sale resulted in a gain on disposal of AED 102 million which has been recognized within other expense - net (note 15) in the condensed consolidated statement of profit or loss during the period.

(AED in millions)	At date of disposal
Non-current assets	27
Current assets	119
Total assets	146
Current liabilities	27
Net assets	119
Group's share in net assets	103
Less: sale consideration	205
Gain on disposal of assets held for sale	102

During the prior period, the Parent Company also transferred Majid Al Futtaim Digital LLC ("Digital") and Majid Al Futtaim Technology LLC ("Technology") and in 2022, XSight Future Solutions ("XSight") from Majid Al Futtaim Investments LLC, a wholly owned subsidiary of the Parent Company.

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

As of the 30 June 2023, the legal formalities regarding the transfer of these entities were still in progress and were completed subsequently in later part of 2023. Consequently, the increase in share capital of AED 2,198 million was classified as shareholder contribution.

7. SALE OF SUBSIDIARIES

During the period, the Company entered into a binding sales and purchase agreement to sell the shares of the Group's subsidiaries, namely Majid Al Futtaim Hospitality Al Barsha Third LLC, Majid Al Futtaim Hospitality Deira Second LLC and Majid Al Futtaim Hospitality Al Rigga LLC, to a third party buyer for a cash consideration of AED 729 million. A loss on disposal of AED 31 million has been recorded on the sale of the Group's investment in these subsidiaries.

The subsidiaries were disposed of on 31 March 2024, and their financial results were included in the Group's consolidated results up until that date. The tables below provide a summary of the subsidiaries' financial information for the period they were consolidated.

(AED in millions)	At date of disposal
Non-current assets	
Property, plant and equipment (note 18.1)*	729
Investment property (note 18.2)	57
Right-of-use assets	2
Current assets	9
Total assets	797
Current liabilities	37
Net assets	760
Less: Sale consideration	729
Loss on disposal	31

*Property, plant and equipment includes cumulative revaluation reserve amounting to AED 218 million, which was reclassified to retained earnings upon disposal of the subsidiaries.

(AED in millions)	From 1 January 2023 to date of disposal
Revenue	59
Operating expenses	(37)
Net profit	22

8. ACQUISITION OF AN EQUITY ACCOUNTED INVESTEE

During the period period, 50% shareholding in The Egyptian Emirates Malls S.A.E. (TEEM) owned by the joint venture partner was transferred to the Group. Consequently, the previously equity accounted investment became a subsidiary of the Group.
The investment in TEEM had been impaired in prior years. Accordingly, the Group recorded reversal of impairment with respect to the Group's investment in TEEM amounting to AED 14 million and a gain on acquisition amounting to AED 34 million to account for the AED 22 million net assets acquired 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 2023.

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 (note 15).

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.

Entertainment: 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 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)

"Net Operating Profit After Tax (NOPAT)", (non-GAAP measure) 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, deferred tax charge or benefit, unrealized valuation gains or losses on investments (if any) and land and buildings, relating 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, current tax expense - net, equity accounted income/(loss) – net, other nonrecurring 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.

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 2024 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 2024 (unaudited):						
Gross revenue	3,908	11,605	804	584	48	16,949
Eliminations and adjustments	(192)	-	-	-	(25)	(217)
Revenue from external customers	3,716	11,605	804	584	23	16,732
External revenue from major service/product lines						
Sale of goods	-	11,438	-	584	-	12,022
Service income and commissions	-	89	-	-	-	89
Sale of property	1,549	-	-	-	-	1,549
Leisure and entertainment	111	-	804	-	-	915
Hospitality revenue	316	-	-	-	-	316
Others	5	58	-	-	6	69
	1,981	11,585	804	584	6	14,960
Rental income	1,735	20	-	-	-	1,755
Financial services revenue	-	-	-	-	17	17
	3,716	11,605	804	584	23	16,732
For the period ended 30 June 2023 (unaudited) (restated):						
Gross revenue	3,601	13,010	822	473	62	17,968
Eliminations and adjustments	(198)	-	-	-	(40)	(238)
Revenue from external customers	3,403	13,010	822	473	22	17,730
External revenue from major service/product lines						
Sale of goods	-	12,831	-	473	-	13,304
Service income and commissions	-	98	-	-	-	98
Sale of property	1,343	-	-	-	-	1,343
Leisure and entertainment	130	-	822	-	-	952
Hospitality revenue	339	-	-	-	-	339
Others	10	59	-	-	3	72
	1,822	12,988	822	473	3	16,108
Rental income	1,581	22	-	-	-	1,603
Financial services revenue	-	-	-	-	19	19
	3,403	13,010	822	473	22	17,730

(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.

* Certain amounts shown here for Retail segment do not correspond to 2023 condensed consolidated interim financial statements and reflect adjustments made as detailed in Note 11.1. Prior to the restatement, Retail segment's reported revenue for 2023 amounted to AED 14,142 million and revenue from contracts with customers of AED 1,230 million.

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 2024 (unaudited):						
Over period of time	1,549	89	-	-	-	1,638
At a point in time	432	11,496	804	584	6	13,322
	1,981	11,585	804	584	6	14,960
For the period ended 30 June 2023 (unaudited) (restated):						
Over period of time	1,343	98	-	-	-	1,441
At a point in time	479	12,890	822	473	3	14,667
	1,822	12,988	822	473	3	16,108

* Certain amounts shown here for Retail segment do not correspond to 2023 condensed consolidated interim financial statements and reflect adjustments made as detailed in Note 11.1. Prior to the restatement, Retail segment's reported revenue for 2023 amounted to AED 14,142 million and revenue from contracts with customers of AED 1,230 million.

10.1.3 Disaggregation of non-GAAP measures by business

(AED in millions)	Properties	Retail	Entertainment	Lifestyle	Others (i)	Eliminations / adjustments	Total
For the period ended 30 June 2024 (unaudited):							
Net profit/(loss) after tax	2,399	(121)	(117)	(23)	(468)	(82)	1,588
Adjustments for:							
Valuation gain on land and buildings - net	(856)	-	-	-	-	101	(755)
Net finance costs	209	49	27	3	264	(123)	429
Foreign exchange loss - net	64	131	-	1	7	3	206
Net Impairment on non-financial assets	(23)	(1)	3	1	-	-	(20)
Deferred tax (benefit)/charge	(4)	3	(3)	-	-	(4)	(8)
NOPAT	1,789	61	(90)	(18)	(197)	(105)	1,440
Adjustments for:							
Depreciation and amortization	161	511	240	93	48	(19)	1,034
Equity accounted income - net	(59)	-	-	(4)	-	1	(62)
Income tax expense	146	71	12	1	-	(33)	197
Other non-recurring items	(106)	(2)	16	(3)	(1)	-	(96)
Rent expense de-recognized on adoption of IFRS 16							
- External	(3)	(278)	(87)	(43)	-	-	(411)
- Internal	-	(85)	(47)	(20)	(4)	156	-
Adjusted EBITDA	1,928	278	44	6	(154)	-	2,102

(AED in millions)	Properties	Retail	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	15	(3)	203
Net Impairment on non-financial assets	588	(3)	-	-	13	-	598
Deferred tax charge/(benefit)	12	-	-	-	-	(6)	6
NOPAT(ii)	1,658	311	(105)	(9)	(238)	(146)	1,471
Adjustments for:							
Depreciation and amortization	161	540	261	70	49	(6)	1,075
Equity accounted income - net	(37)	-	-	(3)	-	-	(40)
Income tax expense	14	58	1	1	1	-	75
Other non-recurring items	(55)	(8)	16	-	12	-	(35)
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

(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) NOPAT amounts shown here do not correspond to 2023 condensed consolidated financial statements and reflect adjustments made for the deferred tax charge / (benefit). Prior to the adjustment, Properties segment's reported NOPAT was AED 1,646 million, and the consolidated reported NOPAT was AED 1,465 million.

10.1.4 Disaggregation of capital expenditure by business

(AED in millions)	Properties	Retail	Entertainment	Lifestyle	Others	Eliminations / adjustments	Total
For the period ended 30 June 2024 (unaudited):							
Capital expenditure	248	76	66	23	71	-	484
For the period ended 30 June 2023 (unaudited):							
Capital expenditure	417	95	78	35	94	-	719

10.1.5 Disaggregation of total assets by business

(AED in millions)	Properties	Retail	Entertainment	Lifestyle	Others	Eliminations / adjustments	Total
At 30 June 2024 (unaudited)							
Total assets	56,948	9,975	2,587	1,753	5,468	(7,111)	69,620
Total liabilities	(19,057)	(9,346)	(1,861)	(908)	(11,403)	7,259	(35,316)
Net assets							34,304
At 31 December 2023 (audited)							
Total assets	56,002	11,269	2,634	1,587	11,930	(13,673)	69,749
Total liabilities	(19,608)	(10,484)	(5,534)	(2,439)	(11,369)	13,043	(36,391)
							33,358

11. REVENUE

11.1 Restatement and reclassification

In December 2023, the Group had undertaken a reassessment of its accounting policy in respect of rebates and other supplier benefits by reviewing the nature of the agreements with its suppliers in light of IFRS and developing industry practice. As a result of this review, the Group had decided that certain rebates and amounts received from suppliers are better classified as a reduction from the cost of inventories purchased from suppliers rather than as revenue.

As required by IFRS and in order to ensure the comparability of the condensed consolidated interim financial statements for the six months ended 30 June 2023, an amount of AED 1,132 million was reclassified from revenue to cost of sales in respect of the comparative period as follows:

	For the six months ending 30 June 2023		
(AED in millions)	As previously reported	Adjustments	As restated
Revenue	18,862	(1,132)	17,730
Cost of sales	(12,655)	1,132	(11,523)
Adjusted EBITDA	2,145	-	2,145
NOPAT	1,471	-	1,471
Profit for the period	1,691	-	1,691

There is no impact on the Group's profit for the period, operating, investing or financing cash flows, total net assets, and total equity for the six months ended 30 June 2023.

11.2

Six month period ended 30 June *(AED in millions)*	2024 Unaudited	2023 Unaudited (Restated)
Revenue from contract with customers (note 11.2.1 and 11.2.2)	14,960	16,108
Other revenue		
- Rental income	1,755	1,603
- Financial services revenue	17	19
	16,732	17,730

11.2.1 Revenue from contract with customers includes revenue from Retail's online business amounting to AED 1,315 million (30 June 2023: AED 1,215 million).

11.2.2 Revenue from contract with customers include revenue from sale of properties of AED 1,549 million (30 June 2023: AED 1,343 million).

11.2.3 Revenue from property sales during the period is net of AED 14 million (30 June 2023: AED 18 million) 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.

11.2.4 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 1 million (30 June 2023: AED 7 million). These sale transactions are carried out at market comparable terms.

11.2.5 During the period, certain properties of the Group have been impacted by flooding due to heavy rains that resulted in temporary closure for various periods. Under the applicable commercial laws in the jurisdictions in which the Group operates, the tenants have a legal entitlement to rent concession during the respective temporary closure period. As a result, rental income of AED 3 million, net of estimated insurance claim, pertaining to the temporary closure period was not recognized by the Group. This did not constitute a lease modification.

12. COST OF SALES

Six month period ended 30 June (AED in millions)	2024 Unaudited	2023 Unaudited (Restated)
Cost of goods sold		
Opening inventories	(3,137)	(2,924)
Purchases	(11,544)	(13,121)
Closing inventories	2,656	2,843
Supplier rebates and discounts	2,499	2,681
	(9,526)	(10,521)
Cost of revenue from property sales	(1,115)	(1,002)
	(10,641)	(11,523)

12.1 Cost of revenue from property sales and sales commission amounting to AED 1,115 million (30 June 2023: AED 1,002 million) and AED 59 million (30 June 2023: AED 57 million) (note 13), respectively, relates to Tilal Al Ghaf revenue recognized during the period.

13. OPERATING EXPENSES

Six month period ended 30 June (AED in millions)	2024 Unaudited	2023 Unaudited
Staff costs	(1,939)	(1,984)
Depreciation and amortization	(1,034)	(1,075)
Utilities	(234)	(251)
Advertising, selling and marketing expenses	(167)	(166)
Legal and consultancy expenses	(146)	(148)
Repair and maintenance	(155)	(170)
Franchise and management fees	(88)	(105)
Bank charges	(124)	(124)
Security expenses	(69)	(75)
Rent	(92)	(84)
House keeping and cleaning	(61)	(64)
Sales commission (note 12.1)	(59)	(57)
Business travel expenses	(22)	(17)
Insurance charges	(31)	(12)
Other general and administrative expenses	(372)	(389)
	(4,593)	(4,721)

14. FINANCE COSTS - NET

	Six month period ended 30 June (AED in millions)	2024 Unaudited	2023 Unaudited
(i)	*Finance costs:*		
	Arrangement and participation fee	(22)	(25)
	Interest charges on bank loans*	(487)	(426)
	Interest on lease obligations	(106)	(101)
	Finance charges on related party balances	(15)	(2)
		(630)	(554)
	Cash flow hedges reclassified from hedging reserve	(3)	(49)
	Bond programme cost	(2)	(6)
		(635)	(609)
(ii)	*Finance income:*		
	Interest income on bank balances	122	48
	Unwinding of discount on long term receivable balances	14	2
	Cash flow hedges reclassified from hedging reserve	70	58
		206	108
		(429)	(501)

* Included within interest charges on bank loans is fair value gain of AED 53 million (30 June 2023: fair value loss of AED 3 million) in relation to derivatives used in fair value hedge relationship, with an offsetting fair value change of AED 53 million (30 June 2023: AED 3 million) for the underlying debt being hedged.

15. OTHER EXPENSE - NET

Six month period ended 30 June *(AED in millions)*	2024 Unaudited	2023 Unaudited
Foreign exchange loss - net	(206)	(203)
Development expenses	(16)	(23)
Gain on disposal of assets held for sale (note 6)	102	34
Loss on disposal of subsidiaries (note 7)	(31)	-
Other income - net	39	16
	(112)	(176)

15.1 Foreign exchange losses are primarily arising on translation of foreign currency denominated balances in Group's overseas operations. Furthermore, foreign exchange loss includes realized loss arising from repatriation of cash denominated in EGP by a subsidiary in Egypt to the UAE.

15.2 During the period, the Group recognized an insurance claim of AED 43 million within other income - net, which represents management's best estimate of the recoverable amount for costs directly related to restoration of damaged properties in Oman, UAE and Bahrain due to heavy rain.

16. IMPAIRMENT LOSS

Six month period ended 30 June *(AED in millions)*	2024 Unaudited	2023 Unaudited
Impairment loss on financial assets - net		
Impairment loss on trade and other receivables	(17)	(8)
Impairment loss on non-financial assets - net		
Impairment of investment property under construction	(7)	(562)
Impairment charge on property, plant and equipment (note 16.1)	(14)	(33)
Impairment of intangible assets	(3)	(13)
Impairment of development property (note 16.1)	-	(7)
Impairment reversal on property, plant and equipment	11	3
Impairment of equity accounted investees	(1)	-
Impairment reversal of of equity accounted investees (note 8 and 19)	34	14
	20	(598)

16.1 The Group has recognised impairment of AED 4 million (30 June 2023: 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.
Of this nil (30 June 2023: AED 562 million) is against investment property under construction, AED 4 million (30 June 2023: AED 33 million) is against property, plant and equipment and nil (30 June 2023: AED 7 million) is against development property.

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 60 million (31 December 2023: AED 66 million) is in respect of tax losses carried forward and temporary differences on depreciation of assets and provisions. Deferred tax asset amounting to AED 131 million (31 December 2023: AED 59 million) pertains to valuation losses on property assets.

As at 30 June 2024, the Group has unrecognized deferred tax assets of AED 230 million (31 December 2023: AED 345 million) relating to its subsidiaries in Oman, Egypt and Lebanon. 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 as full recoverability of deferred tax asset is unlikely. This is due to subsidiaries in Oman, Egypt and Lebanon which are not expected to generate sufficient taxable profits and valuation gains in the foreseeable future.

The corresponding deferred tax benefit from valuation gain on investment property has been recognized in profit or loss, and revaluation gain on property, plant and equipment has been recognized in other comprehensive income.

17.2 A portion of the deferred tax liability amounting to AED 318 million (31 December 2023: 319 million) has been computed on the taxable temporary differences primarily arising as a result of valuation gains on properties in UAE, Oman and Egypt (31 December 2023: Oman and Egypt). The tax rates in these countries are 9%, 15% and 22.5%, respectively (2023: 15% and 22.5% in Oman and Egypt, respectively).

The corresponding deferred tax expense from valuation gain on investment property has been recognized in profit or loss, and revaluation gain on property, plant and equipment has been recognized in other comprehensive income.

17.3 On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE, effective for accounting periods beginning on or after 1 June 2023. The UAE Corporate Tax Law is applicable to the Group with effect from 1 January 2024. Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE/ UAE Ministry of Finance/ Federal Tax Authority (decisions) and guides issued by the concerned authorities (guides). Such decisions and guides provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

For the Group, appropriate current taxes are accounted for in the financial statements for the interim financial period ended 30 June 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact for UAE has also been considered for the interim financial period ended 30 June 2024.

17.4 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 commentary and implementation guidance released between March 2022 and June 2024 for the Pillar Two Global Anti-Base Erosion Rules (GloBE rules or Pillar Two rules). These are being used by individual jurisdictions that signed the agreement to amend their local tax laws.

The Group is in the scope of Pillar Two rules as its annual consolidated revenue exceeds €750 million threshold. The UAE (location of the Group head office and also its largest market), published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, as part of its commitment to the OECD guidelines. The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules. Recently, the UAE also issued a public consultation on Pillar Two rules, with the expectation that a law and implementation guidelines will be issued later this year.

Currently, out of the other jurisdictions in which the Group has presence, only UK and France (where the Group has limited activities and no customer base) have final Pillar Two legislations in force effective from 1 January 2024. No other jurisdiction, in which the Group operates, has substantively enacted the legislation. As of 30 June 2024, the management does not anticipate any additional top-up tax on account of Pillar Two rules for FY 2024. The Group will continue to monitor the Pillar Two related developments in all relevant jurisdictions and assess any potential top-up tax in accordance with the relevant legislation after taking into consideration the transitional Safe Harbour relief.

On 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the Pillar Two rules. 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.

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)*	2024 Unaudited	2023 Unaudited
Capital expenditure	245	290
Depreciation charge for the period	(599)	(632)
Derecognized on disposal of subsidiaries (note 7)	(729)	-
Impairment (loss) / reversal - net (note 16.1)	(3)	(30)
Valuation gain on land and buildings - net		
- recognized in other comprehensive income	165	307
- recognized in profit or loss	38	40
	203	347
Transfer (to) / from investment property - net (note 18.1.1)	(440)	143
Effect of movement in exchange rates	(168)	(140)

18.1.1 During the current period, net balance amounting to AED 440 million (30 June 2023: AED 143 million) has been transferred (to)/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 176 million (31 December 2023: AED 175 million) and shopping malls on leasehold lands (right-of-use assets) in Oman amounting to AED 288 million (31 December 2023: AED 370 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)*	2024 Unaudited	2023 Unaudited
Capital expenditure	158	222
Addition due to acquisition of a joint venture (note 8)	-	70
Valuation gain recognized in profit or loss - net (note 18.3)	717	1,488
Derecognized on disposal of subsidiaries (note 7)	(57)	-
Impairment loss (note 16.1)	(7)	(562)
Transfer from / (to) property, plant and equipment - net (note 18.1.1)	440	(143)
Effect of movement in exchange rates	(681)	(434)

18.2.1 The carrying value as at the reporting date includes shopping malls on leasehold lands (right-of-use assets) in Oman amounting to AED 1,404 million (31 December 2023: AED 1,294 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 Government Oman. If the leases are not renewed the land and buildings will be transferred to the Government Oman at the end of the lease term.

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 6,553 million (31 December 2023: AED 7,660 million) were valued by an independent external valuer. The fair value measurement for land and buildings, included under property, plant and equipment of AED 6,682 million (31 December 2023: AED 7,789 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 34,725 million (31 December 2023: AED 34,075 million) were valued by an independent external valuer. The fair value measurement for investment property of AED 36,232 million (31 December 2023: AED 35,687 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 2023 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 2024 Unaudited	31 December 2023 Audited
Shopping malls	Discount rates on income streams	7% to 28.75%	7% to 28.75%
	Compound annual growth rates of net operating income	2.33%	2.53%
Hotels	Discount rate	9.5% to 11.25%	9.5% to 11.25%
	Compound annual growth rates of EBITDA	3.35%	3.68%
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).

18.4 DEVELOPMENT PROPERTY

Six month period ended 30 June *(AED in millions)*	2024 Unaudited	2023 Unaudited
Additions during the period	1,090	845
Transferred to cost of sales and inventory	(1,007)	(824)
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)*	2024 Unaudited	2023 Unaudited
At 1 January (audited)	845	864
Acquisition of the equity accounted investee (note 8)	-	(14)
Share of profit accounted through profit or loss	62	40
Dividend declared and received	(87)	(1)
Impairment charge (note 16)	(1)	-
Impairment reversal (note 8 & 19.1)	34	14
Foreign currency translation differences from foreign operations	(1)	(3)
	852	900

19.1 During the period, the Group has been awarded a favourable judgment by the Bahraini Court to recover a plot of land initially contributed by the Group in a joint venture in Bahrain, which was fully provided for in prior years. The Group is in the process of transferring the title of the plot of land under the name of its wholly owned subsidiary in Bahrain. Accordingly, a reversal of impairment has been recorded amounting to AED 34 million, which represents the fair value of the plot of land net of transaction cost.

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 loan from a related party

Six month period ended 30 June *(AED in millions)*	2024 Unaudited	2023 Unaudited
At 1 January (audited)	498	66
Borrowed during the period	139	221
Payments made during the period	(72)	(258)
Settlement of intercompany balance (note 6)	188	-
	753	29

20.1.1 The above loan is obtained from the Parent Company, against a loan facility of AED 1,100 million (31 December 2023: AED 1,100 million), renewable every year.

20.2 Due from related parties

(AED in millions)	30 June 2024 Unaudited	31 December 2023 Audited
Parent company	11	9
Subsidiaries of the Parent Company	4	1
Equity accounted investees	72	69
	87	79
Provision for doubtful receivables	(8)	(10)
	79	69

20.3 Due to related parties

(AED in millions)	30 June 2024 Unaudited	31 December 2023 Audited
Subsidiaries of the Parent Company	1	1
Equity accounted investees	67	68
Others	-	3
	68	72

20.4 Long term loan from a related party

During the prior period, the Group entered into a loan agreement with the Bahrain Cinema Company BSC (lender). The loan can be drawn up to BHD 0.8 million (AED 8 million) and is repayable after four years. The loan facility is renewable every four years and carries a margin of sovereign Credit Default Spread (CDS) of Kingdom of Bahrain over the base lending rate. At the reporting date the balance outstanding against this loan amounted to AED 6 million (31 December 2023: AED 6 million).

20.5 Related party transactions

20.5.1 During the period, certain activities were undertaken on behalf of the Parent Company. Accordingly, costs amounting to AED 12 million (30 June 2023: AED 14 million) have been cross charged to the Parent Company.

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

Six month period ended 30 June *(AED in millions)*	2024 Unaudited	2023 Unaudited
Directors' fees and expenses	9	8
Employee benefits (salaries and allowances including provision for bonus)	46	46
Post employment benefits (provision for end of service benefits)	2	2
	57	56

21. BANK OVERDRAFT

The Group has bank overdraft facilities aggregating to AED 1,328 million (31 December 2023: AED 1,354 million). The facilities carry interest at 0.25% - 3.5% (31 December 2023: 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 111 million (31 December 2023: AED 230 million).

22. LONG TERM LOANS

Six month period ended 30 June *(AED in millions)*	2024 Unaudited	2023 Unaudited
At 1 January (audited)	16,152	15,600
Borrowed during the period	1,865	4,555
Repaid during the period	(2,474)	(3,675)
Fair value movement	(63)	(6)
Net movement in unamortized arrangement and agency fee	6	(16)
Currency translation adjustment	-	1
	15,486	16,459
Less: Current maturity of long term loans	-	(1,047)
Non-current portion	15,486	15,412

22.1 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 2024 Unaudited	31 December 2023 Audited
AED 3,054	EIBOR	5-Jul-27	22.1.1	1,450	1,880
USD 700	SOFR	5-Jul-27	22.1.1	-	202
AED 1,229	EIBOR	13-Jan-28		1,229	1,229
USD 665	SOFR	13-Jan-28		1,010	1,010
AED 2,520	EIBOR	27-Sep-27	22.1.1	2,520	2,520
USD 565	SOFR	27-Sep-27	22.1.1	1,065	-
				7,274	6,841
Adjustments for:					
Unamortized fees on issuance				(41)	(48)
				7,233	6,793

The Group has unsecured committed revolving facilities aggregating to AED 13,892 million (31 December 2023: AED 14,260 million). These floating rate facilities carry margins ranging from 1.1% to 1.35% (31 December 2023: 1% to 1.35%) per annum over the base lending rate.

22.1.1 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.

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

(AED in millions)

Loan facility 'in millions	Pricing	Maturity date	Note	30 June 2024 Unaudited	31 December 2023 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	22.2.1	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	22.2.1	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	22.2.1	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	22.2.1	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	22.2.1	1,837	1,837
USD 800 million unsecured notes	4.75% per annum, payable every six months	7-May-24	22.2.2	-	1,042
				8,449	9,491
Adjustments for:					
Unamortized fees, discounts and premium on issuance				(35)	(35)
Fair value adjustment on borrowings hedged by interest rate swaps				(161)	(97)
				8,253	9,359

22.2.1 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 2024 and 31 December 2023 approximates its fair value.

During the previous 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 2023: USD 750 million) is hedged by interest rate swaps and accordingly, carried at fair value.

22.2.2 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.

During the previous 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. During the period, the principal amount of notes outstanding of USD 283.59 million (AED 1,042 million) were settled in May 2024.

23. HYBRID EQUITY INSTRUMENTS

(AED in millions)

in millions	Coupon rate	Call date	Reset terms	30 June 2024 Unaudited	31 December 2023 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

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 prior 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 2023: AED 18 million) and discount on issuance amounting to AED 5 million (31 December 2023: 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 2023: AED 119 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 749 million (30 June 2023: AED 394 million).

Egypt

Continuing from prior periods, the Central Bank of Egypt has implemented 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 36% from EGP 8.41 against AED to EGP 13.08. The Group's operations in Egypt contributed a net profit of AED 274 million (30 June 2023: AED 36 million) to Group's consolidated results and the net assets amounted to AED 1,865 million (31 December 2023: AED 2,655 million) at 30 June 2024. A further devaluation of 5% in the exchange rate used would result in a decline in net assets of Egypt by AED 93 million.

The Group manages the foreign currency risk associated with Egypt operations by repatriating excess cash, adjusting its forecasts, investing excess cash in high yielding T-bills, 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. To manage the foreign currency risk, the Group has denominated its real estate assets and all material transactions to USD. For assets and transactions which are not denominated in USD, these are translated at the Sayrafa rate as at the reporting date and the results are translated at the average rate prevailing during the period.

During the period, there were no significant currency translation adjustment from Lebanon operations as the Group's net assets are predominantly valued in USD.

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 2024 (Unaudited)				
Financial assets				
Investments held at FVTPL	14	-	-	14
Derivative instruments used for hedging	188	-	188	-
Financial liabilities				
Derivative instruments used for hedging	276	-	276	-
Sukuk and Note liabilities*	8,082	-	7,779	-
	8,358	-	8,055	-
At 31 December 2023 (Audited)				
Financial assets				
Investments held at fair value through profit or loss	14	-	-	14
Derivative instruments used for hedging	126	-	126	-
	140	-	126	14
Financial liabilities				
Derivative instruments used for hedging	229	-	229	-
Sukuk and Note liabilities	9,124	-	8,860	-
	9,353	-	9,089	-

* USD 100 million Sukuk certificates issued through a private placement in 2020 (note 22.2.1) 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 except for the listed sukuk certificates 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. The management believes that, the carrying amount of these certificates approximates the fair value.

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 2024 Unaudited	31 December 2023 Audited
Capital commitments	3,395	2,184
Group's share of capital commitments in relation to its equity accounted investees	198	236
Bank guarantees and letters of credit outstanding	1,616	1,240

Capital commitments represent the probable value of contracts signed for the development and construction of assets as at 30 June 2024, 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 1,369 million (31 December 2023: AED 1,094 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 2024, the Group has net current assets of AED 316 million (31 December 2023: net current liabilities of AED 1,413 million) which includes debt maturing in the short-term of AED 864 million (31 December 2023: AED 1,772 million). Further, at 30 June 2024 debt maturing in the long term is AED 15,492 million (31 December 2023: AED 15,114 million).

At 30 June 2024, the Group has undrawn committed facilities of AED 6,618 million (31 December 2023: AED 7,419 million) and cash in hand and at bank, excluding cash held in escrow accounts, of AED 1,874 million (31 December 2023: AED 2,041 million) to cover its liquidity needs for at least the next 18 months.

The Group has a strong asset base of AED 69,620 million (31 December 2023: AED 69,749 million) and equity attributable to the owners of the Company of AED 30,712 million (31 December 2023: AED 29,782 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

Subsequent to the reporting period, in July 2024, the Group acquired the share of a non-controlling interest in a certain subsidiary for a consideration of AED 357 million. The transaction is an equity transaction with the owner of the subsidiary and does not constitute a business combination, as the Group continues to maintain control over the subsidiary.

There are no significant event subsequent to the reporting date and up to the date of authorization on **22 August 2024**, which would have a material effect on the condensed consolidated interim financial statements.