GREAT MOMENTS
FOR **EVERYONE,**
EVERYDAY

MAJID AL FUTTAIM HOLDING LLC
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2020

Contents

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

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

To the Shareholders of Majid Al Futtaim Holding LLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Majid Al Futtaim Holding LLC and its subsidiaries as at 30 June 2020, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2020 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of Matter

We draw attention to notes 14 and 24 A of the condensed consolidated interim financial statements, which describes the estimation uncertainty in the assessment of fair value of investment properties and property, plant and equipment. Our conclusion is not modified in respect of this matter.

KPMG Lower Gulf Limited

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

Date 18 AUG 2020

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

(AED in millions)	Note	2020 Unaudited	2019 Unaudited
Revenue	8	17,304	17,921
Cost of sales	9	(12,485)	(12,366)
Operating expenses	10	(3,808)	(4,070)
Finance costs - net	11	(346)	(396)
Other income/(expense) - net		4	(48)
Impairment loss on financial assets - net	12 & 24 C	(147)	(54)
Impairment loss on non-financial assets - net	12 & 24 B	(1,209)	(521)
Share of (loss)/profit in equity accounted investees - net of tax	15	(4)	25
(Loss)/profit before valuation loss on land and buildings		**(691)**	**491**
Net valuation loss on land and buildings	14.1, 14.2 & 24 A	(2,449)	(860)
Loss before tax		**(3,140)**	**(369)**
Income tax benefit/(expense) - net	13	103	(60)
Loss for the period		**(3,037)**	**(429)**
(Loss)/profit for the period attributable to:			
- Owners of the Company		(3,015)	(448)
- Non-controlling interests		(22)	19
Loss for the period		**(3,037)**	**(429)**
Loss for the period		**(3,037)**	**(429)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net valuation loss on land and buildings	14.1 & 24 A	(526)	(86)
Deferred tax on revaluation of land and buildings		9	(11)
		(517)	**(97)**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences		(10)	115
Net change in fair value of cash flow hedges		(110)	(57)
		(120)	**58**
Total other comprehensive income for the period, net of tax		**(637)**	**(39)**
Total comprehensive income for the period, net of tax		**(3,674)**	**(468)**
Total comprehensive income for the period attributable to:			
- Owners of the Company		(3,651)	(487)
- Non-controlling interests		(23)	19
Other comprehensive income for the period, net of tax		**(3,674)**	**(468)**

The notes on pages 10 to 26 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 1 to 2.

Condensed consolidated interim statement of financial position

(AED in millions)	Note	As at 30 June 2020 Unaudited	As at 31 December 2019 Audited
Non-current assets			
Property, plant and equipment	14.1	10,936	12,181
Investment property	14.2	33,288	36,167
Right-of-use assets		4,426	4,563
Equity accounted investees	15	786	796
Long term receivable from related parties	17.1	-	17
Intangible assets and goodwill	16	1,521	1,555
Deferred tax assets	13	200	55
Other non-current assets		660	676
Total non-current assets		**51,817**	**56,010**
Current assets			
Inventories		2,274	2,325
Trade and other receivables		2,331	1,855
Short term loans to related parties	17.2	98	162
Due from related parties		762	656
Cash in hand and at bank		4,081	1,406
		9,546	**6,404**
Assets held for sale	24 D	486	671
Total current assets		**10,032**	**7,075**
Total assets		**61,849**	**63,085**
Current liabilities			
Trade and other payables		8,041	8,668
Provisions		211	370
Other liabilities		1,699	1,841
Short term loans from related parties	17.3	97	164
Due to related parties		43	45
Bank overdraft	18	20	8
Current maturity of long term loans	20	97	83
Current maturity of lease liabilities		548	536
		10,756	**11,715**
Liabilities directly associated with assets held for sale		28	44
Total current liabilities		**10,784**	**11,759**
Non-current liabilities			
Long term loans	20	17,428	13,801
Long term loan from a related party	17.4	-	30
Lease liabilities		4,240	4,315
Deferred tax liabilities		184	190
Provisions		47	53
Post employment benefit obligations		804	772
Other liabilities		81	91
Total non-current liabilities		**22,784**	**19,252**
Total liabilities		**33,568**	**31,011**
Net assets		**28,281**	**32,074**

Condensed consolidated interim statement of financial position (continued)

(AED in millions)	Note	As at 30 June 2020 Unaudited	As at 31 December 2019 Audited
Equity			
Share capital		2,671	2,671
Statutory reserve		2,984	2,984
Revaluation reserve		17,631	18,148
Retained earnings		3,082	6,194
Hedging reserve		(175)	(65)
Currency translation reserve		(1,702)	(1,693)
Total equity attributable to the owners of the Company		**24,491**	**28,239**
Hybrid equity instrument	21	3,292	3,292
Non-controlling interests		498	543
Total equity		**28,281**	**32,074**

These condensed consolidated interim financial statements were approved by the Board of Directors on **18 August 2020** and signed on their behalf by:

Majid Al Futtaim Holding LLC
Chief Executive Officer

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 10 to 26 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 1 to 2.

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

(AED in millions)	Note	2020 Unaudited	2019 Unaudited
Cash flows from operating activities			
Loss for the period after tax		**(3,037)**	**(429)**
Adjustments:			
Finance costs - net	11	346	396
Net valuation loss on land and buildings	14.1, 14.2 & 24 A	2,449	860
Depreciation and amortisation (including amortisation of lease premium)	10	1,092	1,088
Share of loss/(profit) in of equity-accounted investees - net of tax	15	4	(25)
Impairment loss on financial assets - net	12 & 24 C	147	54
Impairment loss on non-financial assets - net	12 & 24 B	1,209	521
Rent concessions received due to COVID-19	5.1.1	(65)	-
Assets written-off		-	41
Changes to post employement benefit obligations		32	30
Income tax (benefit)/expense		(103)	60
		2,074	**2,596**
Changes in:			
Inventories		51	273
Trade and other receivables		(138)	75
Trade and other payables		(655)	(33)
Due from/to related parties - net		(63)	(16)
		(805)	**299**
Tax paid		(72)	(85)
Net cash generated from operating activities		**1,197**	**2,810**
Cash flows from investing activities			
Acquisition of property, plant and equipment, investment property and development property		(1,008)	(1,636)
Proceeds from sale of property, plant and equipment and investment properties		-	10
Movement in fixed deposits - net		147	(20)
Investment in equity accounted investees	15	(14)	-
Payments against intangible assets		(32)	(24)
Dividend received		62	10
Finance income received		34	30
Net cash used in investing activities		**(811)**	**(1,630)**

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

(AED in millions)	Note	2020 Unaudited	2019 Unaudited
Cash flows from financing activities			
Short term loan granted to related parties		-	7
Short term loan received from a related party	17.3	44	50
Short term loan repaid to a related party	17.3	(141)	(355)
Long term loans received	20	5,205	5,539
Long term loans repaid	20	(2,107)	(5,677)
Short term loans received	19	235	584
Short term loans repaid	19	(235)	(620)
Capital (reduction)/contribution in a subsidiary by non-controlling interest		(4)	11
Payment against lease liabilities		(348)	(464)
Collateral received against derivative instruments - net		77	29
Realized fair value of derivative instruments - net		103	-
Finance cost paid		(290)	(321)
Coupon paid on hybrid equity instrument	21	(97)	(97)
Dividend paid to non-controlling interest		(18)	(44)
Net cash generated from/(used in) financing activities		**2,424**	**(1,358)**
Net (decrease)/increase in cash and cash equivalents		**2,810**	**(178)**
Cash and cash equivalents at the beginning of the period		1,251	1,228
Cash and cash equivalents at the end of the period		**4,061**	**1,050**
Cash and cash equivalents comprise:			
Cash in hand and at bank		4,081	1,511
Less: fixed deposits with an original maturity of more than three months		-	(216)
Less: bank overdraft		(20)	(245)
		4,061	**1,050**

The notes on pages 10 to 26 are an integral part of these condensed consolidated interim financial statements.

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

(AED in millions)	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
	Attributable to owners of the Company									
At 1 January 2019 (audited)	**2,671**	**2,984**	**18,410**	**9,199**	**(12)**	**(1,894)**	**31,358**	**3,292**	**590**	**35,240**
Total comprehensive income for the period										
Net (loss)/profit for the period	-	-	-	(448)	-	-	**(448)**	-	19	**(429)**
Other comprehensive income										
Net valuation loss on land and buildings (note 14)	-	-	(86)	-	-	-	**(86)**	-	-	**(86)**
Deferred tax liability arising on revaluation of land and buildings	-	-	(11)	-	-	-	**(11)**	-	-	**(11)**
Net change in fair value of cash flow hedges	-	-	-	-	(57)	-	**(57)**	-	-	**(57)**
Currency translation differences in foreign operations	-	-	-	-	-	115	**115**	-	-	**115**
Total comprehensive income for the period	**-**	**-**	**(97)**	**(448)**	**(57)**	**115**	**(487)**	**-**	**19**	**(468)**
Transactions with owners recorded directly in equity										
Contribution by and distributions to owners and other movement in equity										
Dividend declared and settled / paid	-	-	-	(420)	-	-	**(420)**	-	(44)	**(464)**
Capital contribution in subsidiaries by non-controlling interest	-	-	-	-	-	-	**-**	-	11	**11**
Total contribution by and distribution to owners	**-**	**-**	**-**	**(420)**	**-**	**-**	**(420)**	**-**	**(33)**	**(453)**
Hybrid prepetual note instruments										
Coupon paid on hybrid equity instrument (note 21)	-	-	-	(97)	-	-	**(97)**	-	-	**(97)**
	-	**-**	**-**	**(97)**	**-**	**-**	**(97)**	**-**	**-**	**(97)**
At 30 June 2019 (unaudited)	**2,671**	**2,984**	**18,313**	**8,234**	**(69)**	**(1,779)**	**30,354**	**3,292**	**576**	**34,222**

The notes on pages 10 to 26 are an integral part of these condensed consolidated interim financial statements.

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

(AED in millions)	Attributable to owners of the Company									
	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2020 (audited)	**2,671**	**2,984**	**18,148**	**6,194**	**(65)**	**(1,693)**	**28,239**	**3,292**	**543**	**32,074**
Total comprehensive income for the period										
Net loss for the period	-	-	-	(3,015)	-	-	**(3,015)**	-	(22)	**(3,037)**
Other comprehensive income										
Net valuation loss on land and buildings (note 14)	-	-	(526)	-	-	-	**(526)**	-	-	**(526)**
Deferred tax asset arising on revaluation of land and buildings	-	-	9	-	-	-	**9**	-	-	**9**
Net change in fair value of cash flow hedges	-	-	-	-	(110)	-	**(110)**	-	-	**(110)**
Currency translation differences in foreign operations	-	-	-	-	-	(9)	**(9)**	-	(1)	**(10)**
Total comprehensive income for the period	**-**	**-**	**(517)**	**(3,015)**	**(110)**	**(9)**	**(3,651)**	**-**	**(23)**	**(3,674)**
Transactions with owners recorded directly in equity										
Contributions and distributions										
Capital reduction in subsidiaries by non-controlling interest	-	-	-	-	-	-	**-**	-	(4)	**(4)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	**-**	-	(18)	**(18)**
Total contribution by and distribution to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22)**	**(22)**
Hybrid prepetual note instruments										
Coupon paid on hybrid equity instrument (note 21)	-	-	-	(97)	-	-	**(97)**	-	-	**(97)**
At 30 June 2020 (unaudited)	**2,671**	**2,984**	**17,631**	**3,082**	**(175)**	**(1,702)**	**24,491**	**3,292**	**498**	**28,281**

The notes on pages 10 to 26 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

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

The condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as "the Group"), and the Group's interest in jointly controlled entities and associates. The activities of its subsidiaries include establishment and management of shopping malls, hotels, residential projects, hypermarkets, supermarkets, fashion retailing, leisure and entertainment, credit cards operations, leasing and investment activities. The Company is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company").
The registered address of the Group and its Parent Company is P.O. Box 91100, Dubai, United Arab Emirates.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the financial position and performance of the Group since the last annual audited consolidated financial statements as at and for the year ended 31 December 2019. 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 2019.

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 that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2019, except for certain judgements and key sources of estimation and uncertainty from the COVID-19 pandemic which are detailed in note 24.

4. SEASONALITY AND CYCLICALITY

There is no material seasonality or cyclicality impacting interim financial reporting. However, 2020 annual results may significantly differ from annualized results due to asset closures during the period as a result of the COVID-19 pandemic.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual audited consolidated financial statements as at and for the year ended 31 December 2019, except to the extent of impact of amendments to IFRS 16, which provides relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19.

5.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The most significant of which relates to an amendment to IFRS 16, which has been early adopted by the Group. The impact of new or amended standards and their impact on the accounting policies are disclosed below. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2020.

5.1.1 Amendments to IFRS 16 Leases

The International Accounting Standards Board (IASB) issued amendments to IFRS 16 in May 2020, providing relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19. This is applicable for periods beginning on or after 1 June 2020, with early application permitted. The Group has early adopted the amendment to the standard and has applied the relief to eligible rent concessions received during the period.

The amendments provide the Group, as a lessee, with an exemption from the requirements to determine whether a COVID-19 related rent concession is a lease modification, provided the following conditions are met:

- The rent concessions are a direct consequence of the COVID-19 pandemic;
- The change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affect only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all eligible rent concessions and in applying this the Group has recognized rent concessions amounting to AED 65 million during the period within the operating expenses (note 10).

5.1.2 Other new or amended standards

The following new and revised standards, which became effective for annual periods on or after 1 January 2020, have been applied and considered in these condensed consolidated interim financial statements. These standards and amendments do not have any significant impact on these condensed consolidated interim financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Business Combinations relating to definition of a business
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

6. 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 2019.

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

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

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

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

Ventures: The principal activities include establishing, investing in and management of commercial projects. It also includes, through subsidiaries, the establishment and management of cinemas, retail fashion stores, family entertainment centers, leisure and entertainment activities, credit cards and food and beverage.

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

7.1 By business

The segment information provided to the Board of Directors for the reportable segments for the six month period ended 30 June 2020 are as follows:

7.1.1 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	Ventures	Total
For the period ended 30 June 2020 (unaudited):				
Gross revenue	1,700	15,085	690	**17,475**
Eliminations and adjustments	(171)	-	-	**(171)**
Revenue from external customers	**1,529**	**15,085**	**690**	**17,304**
External revenue from major service/product lines				
Sale of goods	-	13,875	155	**14,030**
Listing fees, gondola fees and commissions	-	1,159	-	**1,159**
Leisure and entertainment	39	-	402	**441**
Hospitality revenue	147	-	-	**147**
Others	19	36	4	**59**
	205	**15,070**	**561**	**15,836**
Rental income (note 8.1)	1,324	15	-	**1,339**
Financial services revenue	-	-	129	**129**
	1,529	**15,085**	**690**	**17,304**
For the period ended 30 June 2019 (unaudited):				
Gross revenue	2,265	14,565	1,287	**18,117**
Eliminations and adjustments	(196)	-	-	**(196)**
Revenue from external customers	**2,069**	**14,565**	**1,287**	**17,921**
External revenue from major service/product lines				
Sale of goods	-	13,307	272	**13,579**
Listing fees, gondola fees and commissions	-	1,199	-	**1,199**
Leisure and entertainment	97	-	856	**953**
Hospitality revenue	309	-	-	**309**
Others	19	30	-	**49**
	425	**14,536**	**1,128**	**16,089**
Rental income	1,644	29	-	**1,673**
Financial services revenue	-	-	159	**159**
	2,069	**14,565**	**1,287**	**17,921**

7.1.2 Disaggregation of results from operations by business

(AED in millions)	Properties	Retail	Ventures	Head office	Total
For the period ended 30 June 2020 (unaudited):					
EBITDA	1,069	992	(36)	(67)	1,958
Eliminations and adjustments	(5)	(283)	(100)	-	(388)
Adjusted EBITDA excluding the impact of IFRS 16	**1,064**	**709**	**(136)**	**(67)**	**1,570**
Depreciation and amortization expense	(223)	(580)	(329)	(14)	(1,146)
Eliminations and adjustments					54
					(1,092)
Valuation loss on land and buildings - net	(2,658)	(3)	-	-	(2,661)
Eliminations and adjustments					212
					(2,449)
Net finance (cost)/income	(178)	(114)	(140)	489	57
Eliminations and adjustments					(403)
					(346)
Net profit/(loss) after tax	(2,958)	354	(553)	417	(2,740)
Eliminations and adjustments					(297)
					(3,037)

(AED in millions)	Properties	Retail	Ventures	Head office	Total
For the period ended 30 June 2019 (unaudited):					
EBITDA	1,474	885	222	(61)	2,520
Eliminations and adjustments	(16)	(282)	(85)	-	(383)
Adjusted EBITDA excluding the impact of IFRS 16	**1,458**	**603**	**137**	**(61)**	**2,137**
Depreciation and amortization expense	(247)	(561)	(302)	(15)	(1,125)
Eliminations and adjustments					37
					(1,088)
Valuation loss on land and buildings - net	(946)	-	-	-	(946)
Eliminations and adjustments					86
					(860)
Net finance (cost)/income - external	(206)	(132)	(138)	83	(393)
Adjustments					(3)
					(396)
Net profit/(loss) after tax	(508)	245	(167)	13	(417)
Eliminations and adjustments					(12)
					(429)

7.1.3 Disaggregation of capital expenditure by business

(AED in millions)	Properties	Retail	Ventures	Head office	Total
For the period ended 30 June 2020 (unaudited):					
Capital expenditure	774	98	141	27	**1,040**
For the period ended 30 June 2019 (unaudited):					
Capital expenditure	1,387	165	265	49	**1,866**

7.1.4 Disaggregation of total assets by business

(AED in millions)	Properties	Retail	Ventures*	Head office	Total
At 30 June 2020 (unaudited)					
Total assets	43,373	11,900	5,016	3,860	64,149
Eliminations and adjustments					(2,300)
					61,849
At 31 December 2019 (audited)					
Total assets	47,048	12,477	5,591	471	65,587
Eliminations and adjustments					(2,502)
					63,085

* Includes assets with carrying amount of AED 486 million (31 December 2019: AED 671 million) classified as held for sale (note 24 D).

8. REVENUE

	Six month period ended 30 June	
(AED in millions)	**2020 Unaudited**	**2019 Unaudited**
Revenue from contract with customers	15,836	16,089
Other revenue		
- Rental income (note 8.1)	1,339	1,673
- Financial services revenue	129	159
	17,304	**17,921**

8.1 During the period, the impact of the pandemic evolved and to contain the virus the governments and other authorities across the geographies where the Group operates imposed strict measures that resulted in temporary closure of the Group’s assets. The Group assessed that under the applicable commercial laws in jurisdictions of the Group's operations, tenants have a legal entitlement to rent concession during the closure period. As a result, rental income of AED 334 million, pertaining to the closure period, was not recognized by the Group. This did not constitute as a lease modification.

9. COST OF SALES

(AED in millions)	Six month period ended 30 June 2020 Unaudited	2019 Unaudited
Opening inventories	(2,325)	(2,332)
Purchases	(13,451)	(13,084)
Closing inventories	2,274	2,059
Supplier rebates and discounts	1,017	991
	(12,485)	**(12,366)**

10. OPERATING EXPENSES

(AED in millions)	Six month period ended 30 June 2020 Unaudited	2019 Unaudited
Staff costs	(1,595)	(1,823)
Depreciation and amortization	(1,092)	(1,088)
Utilities	(210)	(231)
Repair and maintenance	(120)	(138)
Bank charges	(101)	(97)
Legal and consultancy expenses	(94)	(78)
Franchise and management fees	(72)	(90)
Security expenses	(71)	(78)
Advertising, selling and marketing expenses	(62)	(123)
House keeping and cleaning	(45)	(55)
Rent (note 5.1.1)	20	(43)
Other general and administrative expenses	(366)	(226)
	(3,808)	**(4,070)**

11. FINANCE COSTS - NET

(AED in millions)	Six month period ended 30 June 2020 Unaudited	2019 Unaudited
Finance costs:		
Arrangement and participation fee	(20)	(21)
Interest charges on bank loans*	(284)	(357)
Interest on lease obligations	(141)	(145)
Finance charges on related party balances	(7)	(9)
Capitalized interest on development expenditure	91	100
	(361)	**(432)**
Changes in the fair value/settlement of derivatives held as FVPL	-	(4)
Cash flow hedges reclassified from hedging reserve	(24)	(6)
Bond programme cost	(1)	(3)
	(386)	**(445)**
Finance income:		
Interest income on bank balances	34	30
Unwinding of discount on long term receivable balances	2	-
Interest income from operational financing	1	2
Cash flow hedges reclassified from hedging reserve	3	7
Changes in the fair value/settlement of derivatives held as FVPL	-	10
	40	**49**
	(346)	**(396)**

* Included within interest charges on bank loans are fair value gain of AED 456 million (30 June 2019: fair value loss of AED 133 million) in relation to derivatives used in fair value hedge relationship, with an offsetting fair value changes of the underlying debt being hedged.

12. IMPAIRMENT LOSS

	Six month period ended 30 June	
(AED in millions)	**2020 Unaudited**	**2019 Unaudited**
Impairment loss on trade and other receivables (note 24 C)	(147)	(54)
Impairment loss on assets held for sale	(8)	-
Impairment reversal of balance receivable from joint ventures	8	-
Impairment loss on financial assets - net	**(147)**	**(54)**
Impairment of investment property under construction - net (note 12.1)	(1,098)	(494)
Impairment of investment in equity accounted investees (note 12.2)	(16)	(31)
Impairment (loss)/reversal on/of property, plant and equipment - net (note 12.3)	(79)	4
Impairment of right-of-use assets (note 12.3)	(14)	-
Impairment of goodwill (note 12.3)	(2)	-
Impairment loss on non-financial assets - net	**(1,209)**	**(521)**

12.1 During the current period, a total impairment loss of AED 1,098 million (30 June 2019: AED 494 million) was recognized for shopping malls classified as properties under construction, as the carrying amount of each individual asset exceeded its recoverable amount. Following assessment of the COVID-19 impact and uncertainties in market conditions, the recoverable amounts of these properties under construction were reduced. Cash flow forecasts were revised to reflect the key changes including delays in anticipated opening dates ranging from 5 to 6 months (based on phased opening), increase in total development cost due to delays in construction, overall decrease in estimated lease and other income and occupancy levels as a result of challenges in leasing commitments. In addition, WACC rates used in discounting cash flows increased between 10 bps to 20 bps (versus the previous period) reflecting the risk incorporated in the cash flows and incremental borrowing costs were recognized and provided for.

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

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

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

	30 June 2020			**30 June 2019**		
(AED in millions)	**Asset 1**	**Asset 2**	**Asset 3***	**Asset 1**	**Asset 2**	**Asset 3***
Recoverable amount	440	1,047	-	684	1,293	-
Impairment loss	(715)	(382)	(1)	(212)	(83)	(199)
Discount rate	10.5%	9.8%	N/A	10.3%	9.7%	N/A
Yield rate	N/A	8.0%	N/A	N/A	8.0%	N/A

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

- the discount or yield rate were higher/(lower);
- the occupancy levels decreased/(increased);
- the expected mall opening dates are deferred/(advanced);
- the forecasted NOI and growth rate in NOI are lower/(higher); and
- the future development cost is higher/(lower).

* The Group re-assessed its strategic plan for this asset in 2019 and, as a result provided for an additional impairment loss of AED 1 million for the period ended 30 June 2020 (30 June 2019: AED 199 million), representing the cost of property under construction incurred as at 30 June 2020.

12.2 During 2019, management reviewed the carrying value of its investments in equity accounted investees and assessed that the investments have been eroded due to adverse market and business conditions and, as a result, provided for an additional impairment loss of AED 16 million (30 June 2019: AED 31 million). Also refer to note 15.

12.3 Various assets across the Group were severely impacted by the on-set of the COVID-19 pandemic and accordingly, the Group carried out an assessment of the recoverable amount of the affected cash generating units (CGUs). These CGUs mainly represent assets in leisure and entertainment, fashion and cinema operations and comprises assets classified under property, plant and equipment, right-of-use assets and goodwill.

For leisure and entertainment operating units pre-tax discount rates ranging from 11.5% to 29.5% (31 December 2019: 10% to 13%) and growth rates ranging from -18% to 2% (31 December 2019: 0% to 2.8%) were used. For fashion retail operating units discount rates of 10% to 14% (31 December 2019: 10% to 13.5%) and growth rates ranging from -18% to 5% (31 December 2019: 2%) were used. For cinema operating unit pre-tax discount rate of 10% to 28% (31 December 2019: 9% to 20.5%) and growth rates ranging from -34% to 4% (31 December 2019: 0% to 4%) were used.

13. INCOME TAX

13.1 As at the reporting date, deferred tax assets of AED 156 million (31 December 2019: 17 million), out of the total AED 200 million (31 December 2019: 55 million), mainly relates to the Group's subsidiaries in Egypt and Oman (31 December 2019: relate to its subsidiaries in Oman) as a result of temporary difference arising from the valuation loss on land and buildings. Consequently, deferred tax income of AED 145 million has been recorded and presented under 'income tax benefit' in the condensed consolidated statement of profit or loss for the period ended 30 June 2020.

13.2 Further, as at the reporting date, the Group has unrecognized deferred tax assets of AED 420 million (31 December 2019: AED 436 million) relating to its other subsidiaries in Egypt, Oman and Lebanon. Based on the Group's strategic plan and taking into account the local taxation laws and regulations in those countries, the recoverability of deferred tax assets is unlikely since the subsidiaries in Oman and Egypt are not expected to generate taxable profits and valuation gains in the foreseeable future. In the case of the subsidiary in Lebanon, the recoverability of deferred tax assets is unlikely since the subsidiary is not expected to generate valuation gains in the foreseeable future.

14. TANGIBLE FIXED ASSETS

14.1 PROPERTY, PLANT AND EQUIPMENT

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

(AED in millions)	**2020 Unaudited**	**2019 Unaudited**
Capital expenditure - net	237	506
Depreciation charge for the period	(681)	(676)
Transfer from investment property - net (note 14.1.1)	3	111
Right-of-use asset recognized on adoption of IFRS 16	-	114
Valuation (loss) / gain of land and buildings		
- recognized in other comprehensive income (note 24 A)	(526)	(86)
- recognized in profit or loss (note 24 A)	(170)	66
	(696)	**(20)**
Impairment (loss)/reversal - net (note 12.3 & 24 B)	(79)	4

14.1.1 Following transfers took place between property, plant and equipment and investment properties (note 14.2):

- During the current period, net balance amounting to AED 3 million (30 June 2019: AED 37 million) has been transferred from investment property to property, plant and equipment on account of changes in proportion of properties held for own use by the Group.
- During the prior period, the Group completed construction of shopping malls amounting to AED 157 million in Oman and AED 239 million in UAE. AED 74 million, representing owned use portion of these shopping malls has been transferred to property, plant and equipment.

14.2 INVESTMENT PROPERTY

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

(AED in millions)	2020 Unaudited	2019 Unaudited
Capital expenditure - net	519	1,513
Valuation loss recognized in profit or loss (note 24 A)	(2,279)	(926)
Impairment loss - net (note 12.1 & 24 B)	(1,098)	(494)
Transfer to property, plant and equipment - net (note 14.1.1)	(3)	(111)

14.3 MEASUREMENT OF FAIR VALUES

The fair value measurement for land and buildings, included under property, plant and equipment, of AED 6,547 million (31 December 2019: AED 7,446 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

The fair value measurement for investment property of AED 33,288 million (31 December 2019: AED 36,167 million) has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

During the period, there is a heightened degree of uncertainty in the valuation of the Group's property portfolio resulting from the COVID-19 pandemic that is disclosed in note 24 A of these condensed consolidated interim financial statements. For the period ended 30 June 2020, a net valuation loss of AED 2,975 million (30 June 2019: AED 946 million) has been recognized. This comprises a net valuation loss of AED 526 million (30 June 2019: AED 86 million) recognized in other comprehensive income and a net valuation loss of AED 2,449 million (30 June 2019: AED 860 million) recognized in profit or loss.

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

		Key unobservable inputs	
Class of asset		**30 June 2020 Unaudited**	**31 December 2019 Audited**
Shopping malls	Discount rates on income streams	7.00% to 25.00%	7.00% to 25.50%
	Compound annual growth rates of net operating income (CAGR)	1.32%	1.94%
Hotels	Discount rate	10.25% to 11.75%	10.00% to 11.50%
	Compounded annual growth rate of EBITDA	13.39%	5.49%
Offices	Equivalent yield	8.25% to 9.50%	8.00% 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).

15. EQUITY ACCOUNTED INVESTEES

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

	Associates		Joint Ventures	
(AED in millions)	**30 June 2020 Unaudited**	**30 June 2019 Unaudited**	**30 June 2020 Unaudited**	**30 June 2019 Unaudited**
At 1 January (audited)	64	60	732	814
Additions during the period	-	-	14	-
Share of profit/(loss) accounted through profit or loss	10	18	(14)	7
Transfer from assets held for sale	-	-	-	29
Dividend income received	(4)	(10)	-	-
Impairment charge - net (note 12.2)	(2)	(2)	(14)	(29)
	68	**66**	**718**	**821**

16. INTANGIBLE ASSETS AND GOODWILL

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

(AED in millions)	**30 June 2020 Unaudited**	**30 June 2019 Unaudited**
Additions	2	24
Amortization charge for the period	(64)	(57)
Impairment loss on goodwill (note 12.3)	(2)	-

17. 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.

17.1 Long term receivable from related parties

(AED in millions)	**30 June 2020 Unaudited**	**31 December 2019 Audited**
Receivable from a minority shareholder (note 17.2)	-	17

17.2 Short term loans to related parties

(AED in millions)	**30 June 2020 Unaudited**	**31 December 2019 Audited**
Receivable from a minority shareholder (note 17.1)	17	-
Receivable from joint ventures	81	162
	98	**162**

17.3 Short term loans from related parties

(AED in millions)	**30 June 2020 Unaudited**	**30 June 2019 Unaudited**
At 1 January	164	41
Borrowed during the period	44	50
Reclassified from long term loan from related parties (note 17.4)	30	-
Adjustment for dividend settlement	-	420
Payments/adjustments made during the period	(141)	(355)
	97	**156**

17.3.1 Short term loans from related parties includes loan from the Parent Company of AED 67 million (31 December 2019: AED 164 million), against a loan facility of AED 1,100 million (31 December 2019: AED 1,100 million), renewable every year.

17.4 Long term loan from a related party

Un secured loan amounting to AED 30 million (31 December 2019: AED 30 million) by a Group's subsidiary from it's non-controlling shareholder repayable upon the fifth anniversary of the agreement dated August 2015. Accordingly, this loan has been classified to short term loan from related parties (note 17.3).

17.5 Related party transactions

17.5.1 During the current period, certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs relating to such projects and a proportion of management time and travel costs, amounting to AED 65 million (30 June 2019: AED 24 million), incurred on these projects have been cross charged to the Parent Company.

17.5.2 At the reporting date, AED 101 million (31 December 2019: nil) was receivable from a fellow subsidiary of the Parent Company, with respect to net operating loss and capital expenditure incurred by the Group for e-commerce and omni channel initiatives.

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

(AED in millions)	**30 June 2020 Unaudited**	**30 June 2019 Unaudited**
Directors' fees and expenses	8	9
Employee benefits (salaries and allowances including provision for bonus)	30	54
Post employment benefits (provision for end of service benefits)	1	1
	39	**64**

18. BANK OVERDRAFT

(AED in millions)	**30 June 2020 Unaudited**	**31 December 2019 Audited**
Bank overdraft	20	8

18.1 The Group has bank overdraft facilities aggregating to AED 1,376 million (31 December 2019: AED 1,396 million). The facilities carry interest at 0.75% - 3.50% (31 December 2019: 0.75% - 3.50%) above the base lending equivalent and the drawn amounts are repayable on demand.

19. SHORT TERM LOAN

(AED in millions)	**30 June 2020 Unaudited**	**30 June 2019 Unaudited**
At 1 January	-	73
Borrowed during the period	235	584
Repaid during the period	(235)	(620)
	-	**37**

19.1 The loan is a revolving facility of USD 100 million with a margin of 1.10% - 1.25% (31 December 2019: 1.25%) per annum over base lending rate, maturing within 6 months from the date of each drawdown.

20. LONG TERM LOANS

(AED in millions)	**30 June 2020 Unaudited**	**30 June 2019 Unaudited**
At 1 January	13,884	13,786
Borrowed during the period	5,205	5,539
Repaid during the period	(2,107)	(5,677)
Interest payable converted to loan	-	47
Fair value movement	540	140
Net movement in unamortized arrangement and agency fee	3	(12)
Currency translation adjustment	-	20
	17,525	**13,843**
Less: Current maturity of long term loans	(97)	(1,940)
Non-current portion	**17,428**	**11,903**

20.1 Details of term loans from banks are as follows:

(AED in millions)

Loan facility 'in millions	Repayment interval	Repayment commencing	Maturity date	Note	30 June 2020 Unaudited	31 December 2019 Audited
LBP 170,633	Annual	20-Mar-16	20-Sep-22	20.1.1	212	251
PKR 1,850	Quarterly	6-Aug-18	6-May-21	20.1.2	-	18
USD 200	Quarterly	10-Jun-21	10-Mar-29	20.1.3	595	512
					807	**781**
Adjustments for:						
Unamortized fees on issuance					(3)	(5)
					804	**776**

The floating rate term loans carry margins ranging from 1.35% to 2.50% (31 December 2019: 1.00% to 2.50%) per annum over the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

20.1.1 The loan facility was obtained by a subsidiary in Lebanon during 2011 and is secured by way of a first ranking charge over the plot on which a shopping mall is constructed and the assignment of lease rentals of the shopping mall.

20.1.2 During 2016, a term loan facility of PKR 1,850 million was obtained by a subsidiary in Pakistan, secured by a bank guarantee issued to the lending bank amounting to PKR 1,575 million and a charge on inventory amounting to PKR 500 million. The facility has been paid in full prior to its maturity during the period.

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

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

(AED in millions)

Loan facility 'in millions	Maturity date	30 June 2020 Unaudited	31 December 2019 Audited
USD 560	26-Feb-23	1,102	-
AED 3,562	26-Feb-23	3,512	3,560
USD 100	30-Sep-23	-	367
USD 350	24-Sep-24	735	-
AED 2,387	24-Sep-24	-	-
USD 655	23-Jan-25	772	-
AED 1,267	23-Jan-25	850	-
KES 3,000	15-Jan-22	26	2
		6,997	**3,929**
Adjustments for:			
Unamortized fees on issuance		(36)	(42)
		6,961	**3,887**

The Group has unsecured revolving facilities aggregating to AED 13,436 million (31 December 2019: AED 13,441 million). These floating rate facilities carry margins ranging from 1.00% to 1.35% (31 December 2019: 1.00% to 1.35%) per annum over the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

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

				(AED in millions)	
Loan facility 'in millions	**Pricing**	**Maturity date**	**Note**	**30 June 2020 Unaudited**	**31 December 2019 Audited**
USD 500 million sukuk certificates	4.50% per annum, to be serviced every six months from returns generated from the Wakala portfolio	3-Nov-25	20.3.1	1,837	1,837
USD 600 million sukuk certificates	4.638% per annum, to be serviced every six months from returns generated from the Wakala portfolio	14-May-29	20.3.1	2,204	2,204
USD 600 million sukuk certificates	3.9325% per annum, to be serviced every six months from returns generated from the Wakala portfolio	28-Feb-30	20.3.2	2,204	2,204
USD 800 million unsecured notes	4.75% per annum, payable every six months	7-May-24	20.3.2	2,938	2,938
				9,183	**9,183**
Adjustments for:					
Unamortized fees, discounts and premium on issuance				(1)	(1)
Fair value adjustment on borrowings hedged by interest rate swaps				578	39
				9,760	**9,221**

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

In November 2015, the Group issued ten year Sukuk certificates ("bonds") under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,837 million). In May 2019 and October 2019, the Group issued additional long-ten year Sukuk certificates raising USD 1,200 million in tranches of USD 600 million each, to refinance existing eligible projects in accordance with the MAF Group's Green Finance Framework. These senior unsecured bonds issued in November 2015, May 2019 and October 2019 under this program are listed on the NASDAQ Dubai, UAE and on the Euronext Dublin.

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 are 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 1,000 million (31 December 2019: USD 1,200 million) is hedged by interest rate swaps and accordingly, carried at fair value.

20.3.2 In July 2012, under the USD 2,000 million Global Medium Term Note (GMTN) Program (increased to USD 3,000 million in 2015), the Group issued seven year fixed rate unsecured bonds of USD 500 million, 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 issued in July 2012 were listed on London and NASDAQ Dubai, UAE Stock Exchange and bonds issued in May 2014 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 375 million (31 December 2019: USD 375 million) is hedged by interest rate swaps and accordingly, carried at fair value.

During 2019, the Group repaid the July 2012 seven year unsecured bonds of USD 500 million on maturity.

21. HYBRID EQUITY INSTRUMENTS

(AED in millions)

Hybrid Perpetual Note Instruments	Amount	Interest rate	Call date	Reset terms	30 June 2020 Unaudited	31 December 2019 Audited
March 2017	USD 500 million	5.5% payable semi-annually in arrears	7-Sep-22	5.5 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,828	1,828
March 2018	USD 400 million	6.375% payable semi-annually in arrears	20-Mar-26	8 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,464	1,464
					3,292	**3,292**

The Group may elect at its sole and absolute discretion not to pay interest on interest payment dates. Pursuant to the requirements of IAS 32 and the terms/conditions, these are classified as equity net of transaction costs amounting to AED 14 million (31 December 2019: AED 14 million). These hybrid perpetual note instruments are listed on Euronext Dublin.

During the period, the Group paid coupon amounting to AED 97 million (30 June 2019: AED 97 million).

22. FINANCIAL INSTRUMENTS

22.1 Fair values

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

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

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

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

At 30 June 2020 (Unaudited)	**Carrying**	**Fair value**		
(AED in millions)	**amount**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Interest rate derivatives	501	-	501	-
Financial liabilities				
Interest rate derivatives	168	-	168	-
Sukuk and Note liabilities	9,760	-	9,536	-
	9,928	**-**	**9,704**	**-**

At 31 December 2019 (Audited) *(AED in millions)*	**Carrying amount**	**Fair value** **Level 1**	**Level 2**	**Level 3**
Financial assets				
Interest rate swaps used for hedging	101	-	101	-
Financial liabilities				
Interest rate derivatives	119	-	119	-
Sukuk and Note liabilities	9,221	-	9,764	-
	9,340	**-**	**9,883**	**-**

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 are 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.

23. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

(AED in millions)	**30 June 2020 Unaudited**	**31 December 2019 Audited**
Capital commitments	1,263	1,628
Group's share of capital commitments in relation to its equity accounted investees	447	442
Letters of credit outstanding	13	13
Bank guarantees outstanding	133	119

24. COVID-19 IMPACT

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. The business outlook for 2020 is significantly impacted by associated risks and uncertainties. There has been a significant reduction in movement and discretionary spending, impacting businesses and economy.

During the reporting period, the impact of the pandemic has evolved rapidly and to contain the virus, the governments and other authorities across the world, including the geographies where the Group operates, imposed strict measures. These included restrictions on movement, group gatherings, travel bans, border closings, business closures, quarantines, stay-at-home, shelter-in-place orders, density limitations and social distancing measures. The Group's businesses in shopping malls, hospitality, cinemas and leisure and entertainment have been impacted by the mandated closures to affect social distancing. As a result, the Group experienced material reductions in income associated with these businesses. The majority of the Group's business is consumer driven and the current situation has impacted the consumer confidence and purchasing power. Consequently, the Group is experiencing reduction in income and revenues.

The full impact of COVID-19 remains uncertain and will be determined by factors that continue to evolve, including but not limited to: the success of support measures introduced by governments; the volume and velocity of the tourism trade; customer and tenant behavior and sentiment; the ability of the wider economy to recover; and the timing and manner of the easing of restrictions (such as lockdowns and social distancing).

The Group has a documented business continuity plan (BCP) that has been activated to ensure safe and stable continuation of its business operations as well as safety of all internal and external stakeholders. The Group has proactively introduced comprehensive measures to address and mitigate key operational and financial issues arising from the current situation. Management continues to assess and monitor the impact of COVID-19 on its businesses, particularly the effect on its operations. The crisis management plan, including stress testing under adverse scenario and enterprise risk management, aim at protecting core businesses. The Group has a strong governance model which focuses on cost efficiency, operational excellence, liquidity management and careful assessment of priorities and returns.

The Group has assessed the impact of COVID-19 on its businesses and how it is reflected in its consolidated financial position and performance, which involved significant judgements, estimates and assumptions that were subject to a lesser degree of certainty as compared to those made in the prior year. The significant areas of estimates and judgments are given below:

A ***Valuation of properties***

The Group's property portfolio was valued at 30 June 2020 by independent external valuers (note 14.3). The independent external valuers adopted consistent valuations methodology consistent with the previous cycles with specific adjustments made to the Shopping Malls portfolio to reflect the impact of COVID-19, as follows:

- Estimated rental value reduced by 4% across the portfolio and reflected subdued renewal prospects for 2020, including the impact of reduced tenant performance.
- Short-term vacancy increased to up to 36 months and long term vacancy increased between 0.5% and 3%.
- Overall 10-year CAGR has reduced by 62 bps.

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 independent external valuers have made specific adjustments to exit cap. rates to reflect the more cautious investor sentiment for hotel assets as a result of the income stream being purely unsecured. A 25 basis point increase in discount rate has been reflected across the board for the hotel portfolio. EBITDA projections reflected in Year 1 have been adversely impacted by asset closures and decline in occupancy levels as a result of COVID-19. Consequently, overall CAGR has been impacted due to ramp up in forecasted EBITDA in the succeeding periods.

With the heightened degree of uncertainty resulting from the COVID-19 pandemic, there is increased difficulty in exercising professional judgements to determine asset values when there are few, if any, comparable transactions in the new environment. Consequently, the external valuation contains the following material uncertainty statement as part of their valuation which is consistent with the guidance issued by RICS Valuation Global Standards.

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation(s) is / are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the portfolio under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation."

Management has critically assessed the asset valuations and, in the current environment, are satisfied with the assumptions adopted and valuations reported.

B ***Impairment of non-financial assets***

Non-financial assets are tested for impairment when there is an indication of impairment. An impairment review is carried out by determining the recoverable amount. Given the impact of the pandemic, recoverable amounts of properties under construction, completed properties and other cash generating units (including goodwill) were reassessed internally using discounted cash flows.

Cash flows are determined with reference to recent market conditions, prices existing at the end of reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using range of discount rates that reflect current market assessment of the time value of money and the risks specific to these assets. The net present values are compared to the carrying amounts to assess any probable impairment. As a result of the assessment performed, the Group recorded an impairment loss of AED 1,209 million (30 June 2019: AED 521 million). Details of impairment loss are given in note 12 to these condensed consolidated interim financial statements.

C ***Impairment of financial assets***

The Group assesses the impairment of its financial assets carried at amortized cost based on the expected credit loss ("ECL") model. The ECL model was revisited for the impact of COVID-19, mainly relating to operational disruption faced by the tenants, volatility in potential economic conditions, incidence of defaults etc. which has led to an increase in ECL allowance for trade receivables.

Given the increase in counterparty risk (risk of default) of tenants and customers, the Group has recognized impairment loss on its trade receivables for the period amounting to AED 147 million (30 June 2019: AED 54 million).

D ***Assets held for sale***

During 2019, the Group finalized plans to sell the credit card portfolio of a wholly owned subsidiary. The plans to sell the portfolio slowed down in the first half due to the outbreak of COVID-19. At the reporting date, the Group is still committed in pursuing the plan and accordingly, there is no change in classification and the credit card portfolio and associated liabilities continue to be presented as held for sale separately in these condensed consolidated interim financial statements. The carrying value of the credit card portfolio in the statement of financial position as at 30 June 2020 is AED 538 million (31 December 2019: AED 714 million), net of ECL provision of AED 52 million (31 December 2019: 43 million).

E ***Rental Income***

As disclosed in note 8, the Group assessed the revenue recognition criteria for rental income under the applicable commercial laws in jurisdictions of the Group's operations. Based on the assessment, the Group concluded that the tenants have a legal entitlement to rent concession during the temporary closure period. As a result, rental income of AED 334 million was not recognized during the government mandated closure period. This did not constitute a lease modification.

In July 2020, the Group has introduced discretionary tenant relief measures as part of the Group's commitment to support its retail partners post re-opening of the Group's shopping malls. The incentives program will be awarded through modification of lease terms and, hence, will be amortized over the remaining/modified term of the lease in accordance with IFRS 16.

Except as disclosed above, based on the assessment performed, the Group has concluded that there are no significant changes to its key accounting judgements and estimates from those applied in the annual consolidated financial statements as of and for the year ended 31 December 2019.

Funding and Liquidity

In response to the crisis, the Group continues to monitor and respond to all liquidity and funding requirements. To secure the Group's financial health, duty of care, brand equity and business performance, the Group has introduced and integrated COVID-19 response plans at the very early signs of the pandemic. The plans cover multiple streams of action cutting across business and regions, including health and safety, business continuity, brand protection and financial mitigation plan. The financial mitigation plans aims to:

- maximize liquidity and increase available cash on hand;
- conduct on-going scenario-based risk analyses, considering the high level of uncertainty, to anticipate the potential impacts on: revenue, working capital, and asset values;
- come up with a roadmap to mitigate the impacts through action plans for revenue, operating expenses, working capital, dividends, and capital expenditures/investments. Such action plans are continuously updated according to the changing circumstances and anticipated impacts; and
- establish a mechanism to monitor the execution of the defined action plans and ensure progression as planned.

The Group is also adapting its strategy over medium and long term to enable and continue sustainable growth in the changing landscape through investments in digital assets, omni-channel, agile business model and operational excellence programs.

At 30 June 2020, the Group has net current liabilities of AED 752 million (31 December 2019: AED 4,684 million) which includes debt maturing in the short-term of AED 214 million (31 December 2019: AED 255 million) and current maturity of lease liabilities of AED 548 million (31 December 2019: 536 million). Further, at 30 June 2020 debt maturing in the long term is AED 21,668 million (31 December 2019: AED 18,146 million), including lease liabilities of AED 4,240 million (31 December 2019: AED 4,315 million).

During the period, as a precautionary measure to maximize liquidity and increase available cash on hand, the Group drew down on its committed facilities. At 30 June 2020, the Group has undrawn committed facilities of AED 6,580 million (31 December 2019: AED 9,736 million) and cash in hand and at bank of AED 4,081 million (31 December 2019: AED 1,406 million) to cover its liquidity needs for at least the next 18 months.

The Group has a strong asset base of AED 61,849 million (31 December 2019: AED 63,085 million) and equity of AED 28,281 million (31 December 2019: AED 32,074 million) and manages liquidity to ensure that the Group is able to meet its obligations when they become due without incurring losses or risking damage to the Group's reputation. The Group's assessment of funding and liquidity shows sufficient liquidity for the foreseeable future through its cash and available committed lines. Despite short-term reduction in income due to the circumstances illustrated above, the Group continues to maintain sufficient headroom on its debt covenants relating to net worth, net debt to equity and interest coverage.

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

25. SUBSEQUENT EVENTS

Lebanon political and economic crisis has worsened through the period. In June 2020, the central bank started foreign exchange rate management with the help of regulated exchange houses to stabilize the economy and attract foreign inflow and subsequently introduced a secondary exchange rate, referred to as "Sayrafa" rate. This secondary exchange rate trades at a discount of approximately 60% to the official pegged rate suggesting that the peg is extremely stressed and is likely to break. At the reporting period, the Group's subsidiaries in Lebanon have total assets of AED 1,399 million (31 December 2019: AED 1,793 million), net assets of AED 631 million (31 December 2019: AED 939 million) and revenue of AED 296 million (30 June 2019: AED 306 million), translated at the official pegged rate. The Group is assessing the full implication of the change in the exchange rate, in tandem with the current economic crisis, on Group's financial position and performance. The impact of any change in exchange rate will be reflected in the full year results for year ending 31 December 2020.

Aside from the matters noted above and in particular the ongoing impact of COVID-19, there has been no significant event subsequent to the reporting date and up to the date of authorization on **18 August 2020**, which would have a material effect on the condensed consolidated interim financial statements.