

SUPPLEMENTARY DISCLOSURE REPORTING OF FINANCIAL IMPACT OF COVID-19 AS AT 30 JUNE 2020

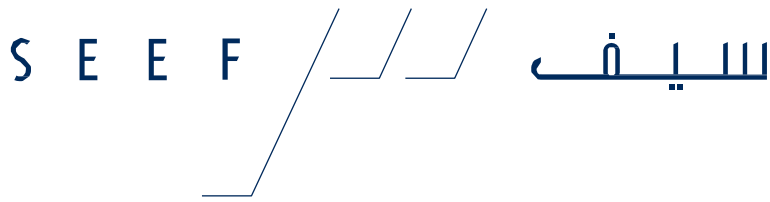
Date: 10 August 2020
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The initial outbreak of COVID-19 in Bahrain in February 2020, followed by the declaration of the World Health Organisation of the COVID-19 as a global pandemic, resulted in significant global short-term and long-term implications, the full extent and scale of which remains indeterminable. Due to the unprecedented nature of the pandemic, mass official precautionary measures and directives were issued both locally and globally to combat the spread of COVID-19, including but not limited to, travel restrictions, isolation and quarantine procedures, full and/or partial cessation of certain commercial activities, enhanced disinfection procedures for public places and commercial outlets and the heralding of specific ministerial and/or government resolutions to this effect.

Seef Properties B.S.C. ("**Company**") and its subsidiaries, affiliates and joint venture companies (collectively, the "**Group**") operate within the retail, hospitality and entertainment sectors, all of which have been significantly affected by this pandemic. The Group has accordingly benefited from the commendable economic stimulus packages introduced by the Government of the Kingdom of Bahrain, which included wage support for Bahrainis in the private sector, payment of utilities (electricity and water), exemption from municipality and Labour Market Regulatory Authority (LMRA) fees, suspension of tourism levies, postponement of loan installments for individuals and businesses and targeted Tamkeen support, amongst others. The Company has also made a donation of BD 50,000 towards the national campaign for combating COVID-19 as part of the its approved Corporate Social Responsibility allocations for 2020.

While the full extent of the financial impact cannot be concluded with certainty at this time due to the ongoing volatility of the situation and the market fluctuations, the following is a narrative of the key areas of impact on the Group's operations and financial performance:

1. The Group recognised a reduction of expenses to the extent of support provided by the Government during the months of April, May and June of 2020 as indicated above, which included, wage support for Bahrainis, waiver of LMRA and municipality fees, and utility (electricity and water) charges, in addition to the successful implementation of a transitional strategy of cost reduction across its operations.
2. The Company reported a net profit attributable to the parent of BD 2.71 million for the six (6) month period ended 30 June 2020, compared to BD 4.72 million for the same period of last year, with a decrease of 42.63%. This decrease when compared to last year is mainly attributable to the following:
 - a. The full/partial closure of retail, food and beverage and entertainment outlets has resulted in significant disruption to the Group's commercial mall tenants, necessitating the introduction of a critical tenant support fund amounting to BD 1 million, as previously announced to the market on 16 March 2020, to alleviate their financial burdens, which resulted in a direct proportional impact on the Company's profit and loss statement for the period ended 30 June 2020.
 - b. The Group's revenue during the second quarter of 2020 from its hospitality activities has faced a sharp decline due to low occupancy rates caused by regional and international travel restrictions, cancellation/rescheduling of all major events and increased consumer cautionary behaviours.
 - c. The Group's revenue during the second quarter of 2020 derived from its family entertainment centres has ceased from March 2020 due to the Government mandated closures of all such facilities.
3. The Group did not observe any significant impact on the value of its total assets for the period ended 30 June 2020. Nonetheless, a comprehensive revaluation will be conducted at the end of the financial year.



A financial summary of the estimated COVID-19 impact on the consolidated interim financial statement for the six (6) month period ended 30 June 2020 is as follows:

COMPONENT	IMPACT	AMOUNT (BD)
Revenue (retail, hospitality and entertainment)	Negative	(2,174,556)
Government Subsidy	Positive	550,741
Net Impact	Negative	(1,623,815)

Note:

This Supplementary Disclosure is issued in compliance with the Central Bank of Bahrain Circular dated 14 July 2020 (Ref: OG/259/2020) relating to the reporting of financial impact of COVID-19, and should not be construed or considered as an indication of the results for the entire year or relied upon for any other purpose. Due to the evolving and unpredictable nature of the COVID-19 pandemic, the information contained herein does not represent a precise and/or comprehensive assessment of its impact on the Group. This Supplementary Disclosure has not been subject to a formal review by the external auditors.

Mohamed Baqi
Acting Chief Financial Officer

