ماجد الفطيم
MAJID AL FUTTAIM

GREAT MOMENTS
FOR EVERYONE,
EVERYDAY

Majid Al Futtaim

Annual Report and Accounts 2023

Directors' Report

The Directors' report and consolidated financial statements of Majid Al Futtaim Holding LLC (the Company) and its subsidiaries (collectively referred to as "the Group"), are presented for the year ended 31 December 2023. The consolidated financial statements were prepared by the Management. The Board of Directors take responsibility for fairly presenting them in accordance with the applicable financial reporting framework and recommended issuance of the financial statements on 12 March 2024.

Activities

Majid Al Futtaim is a leading shopping mall, residential community, retail and leisure pioneer across the Middle East, Africa and Asia. Through its investment in various subsidiaries, the Group:

- Owns, develops and operates 29 destination shopping malls across 5 countries, 13 hotels that are operated by international hotel brands and 4 mixed used communities in UAE, Oman and Lebanon, including the iconic Tilal Al Ghaf Community in Dubai, with further developments underway in the region. The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, Mall of Oman, City Centre malls and My City Centre neighborhood centers, and 5 community malls which are in joint venture with the Government of Sharjah.
- Operates a portfolio of more than 470 Carrefour outlets with geographical footprint in 15 countries across Middle East, Africa and Asia.
- Owns more than 600 VOX Cinema screens and Magic Planet centres across the region, in addition to iconic leisure and entertainment facilities such as Ski Dubai, Ski Egypt and Snow Oman, among others.
- Operates world-class fashion and retail brands with stores across the MENA region, including Lululemon, Lego, Abercrombie & Fitch, Shiseido, CB2 and Crate & Barrel.
- Operates Enova, a facility and energy management company, through a joint arrangement with Veolia, a global leader in optimized environment resource management.

Financial Results and Highlights

The Financial Results of the Group have been presented on pages 42-51 of the Annual Report.

Dividend

During the year, AED 300 million was declared as dividend (2022: AED 625 million).

Directors

The following comprise the Board of Directors:

- Sir Michael Rake (Chairman)
- Sir Ian Davis (Senior Independent Director)
- Alan Keir
- Tariq Al Futtaim
- Alain Bejjani (up to 12 January 2023)
- Ahmed Galal Ismail (since 13 January 2023)
- Victor Chu
- Philip Bowman
- Lord Stuart Rose
- Luc Vandevelde

Auditors

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

By the order of the Board

Company Secretary
Majid Al Futtaim Holding LLC

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Letter from the Chair

Sir Michael Rake

> We are determined to use the firm footing of our 2023 financial performance to remain agile, vigilant and prepared for the challenges ahead

Majid Al Futtaim's strong performance through 2023 is the result of a concerted effort to build on Mr. Majid's legacy, and refound the organisation, following his passing two years ago, supported by a refreshed strategy focused on securing long-term, sustainable growth through values-led leadership. This performance has been delivered despite challenging macroeconomic dynamics in Europe and the Middle East, as well as the humanitarian crisis in Gaza.

I am delighted that the business has returned a solid set of results with EBITDA growing to AED 4.6bn and NOPAT growing to AED 2.9bn (23% and 37% respectively on a comparable basis*) and that we have not only maintained balance sheet strength but reduced our net debt to equity ratio to 46%. We have also preserved our BBB credit rating for another year with a stable outlook.

As a business, we have not been immune to the economic fallout of the regional unrest, the impact of which is likely to continue into 2024. We are determined to use the firm footing of our 2023 financial performance to remain agile, vigilant and prepared for the challenges ahead.

Mr Majid had a vision for Majid Al Futtaim to be a centennial institution. We are working hard to take the next step toward this vision in pursuing our revised strategy and reshaping our businesses to remain relevant, efficient, and sustainable for the future.

We will continue to work with our Shareholders to implement our new strategy and to deliver a long-term sustainable governance solution appropriate for a business of the size, value, and complexity of Majid Al Futtaim, that is built upon the principles of a clear separation of roles and responsibilities of Shareholders, Board and Management.

We have a proud tradition as one of the largest, entirely locally-owned private companies in the region with a strong balance sheet and credit rating. This gives us good standing to continue the remarkable success story begun by Mr Majid. As the Company targets continued growth in shareholder value, and to continue to positively impact the communities in which we operate, I am confident in Majid Al Futtaim's ability to deliver.

I offer my personal thanks on behalf of the Board of Directors to all our stakeholders, including our loyal customers, our hard working employees, our trusted suppliers, our bond holders and banks, and of course, our Shareholders for their support in 2023.

Sir Michael Rake
Chairman

> We are working hard to take the next step toward this vision in pursuing our revised strategy and reshaping our businesses to remain relevant, efficient, and sustainable for the future

** Further details outlined in the Management Discussion and Analysis*

Letter from the CEO

Ahmed Galal Ismail

As we embark on our fourth decade of growth, I am pleased to share highlights of our progress towards creating meaningful and long-term sustainable value for the stakeholders we serve and delivering the centennial institution that our late Founder, Mr Majid, envisioned.

2023 marked an inflection point for Majid Al Futtaim, a refounding moment that has seen us collectively take stock of our company, reset our aspirations and map a clear path to achieving them.

Thanks to the collective efforts of MAFers throughout the year, we have delivered a strong financial performance, reporting double digit EBITDA growth for the first time in over a decade.

The resilience of our balance sheet is matched only by the resilience and resourcefulness of our people.

As an organisation anchored in the Arab world, the ongoing crisis in Gaza has shocked and dismayed our company, our people and our communities. We extend our support to those impacted by these events and are working with the official institutions to ensure we effectively support humanitarian aid efforts.

We are not immune to the impact of regional geopolitical challenges on consumer sentiment and behaviour nor the various economic headwinds that have led to currency devaluations in Egypt, Kenya, Lebanon and Pakistan.

Despite these challenges, Majid Al Futtaim delivered +1% revenue, +23% EBITDA and +37% NOPAT growth on a comparable basis. At constant currency, revenue would have grown by +8%, EBITDA +31% and NOPAT +45% against that same basis.

We continue to navigate these headwinds, which we expect to feature through 2024.

> We remain one company with one culture, rallying the strength of our 43,000 MAFers to meaningfully contribute to the region's long-term economic and social prosperity

It has been a record year for our Properties business, our Retail Digital business is now fully consolidated in our results and has delivered significantly improved profitability, and both our Entertainment and Lifestyle businesses reported solid growth.

Our unrelenting focus on creating great moments for our customers and tenants is further evident in the continued growth of our SHARE loyalty programme, which welcomed more than 3.7 million new members over the past 12 months, making it one of the UAE's top 3 loyalty programmes.

Our company performance is due in no small part to the three values that guide our actions and the strong sense of responsibility we have as MAFers to build on our late Founder's legacy.

As we reshape our strategic priorities to drive long-term value for our Shareholders, we remain one company with one culture, rallying the strength of our 43,000 MAFers to meaningfully contribute to the region's long-term economic and social prosperity.

Our commitment to elevating regional talent and encouraging greater equity has seen us deliver significant improvement to representation across our organisation. We maintained 99% localisation in Egypt, 54% in KSA and increased Emiratisation to 8.9%, which is expected to reach 10% for the first time in Q1 2024. We have also retained 99% of our top talent and achieved 25% gender diversity among senior leaders.

Our commitment to understanding the impact of our operations on our environment has led us to further embrace the need to ensure our choices reflect the needs of both people and planet in building a profitable and sustainable business.

Our green credentials continue to set new benchmarks in the region. Mall of the Emirates is now the largest LEED Platinum operational mall in the world bringing the total number of LEED Gold and Platinum certified malls in our portfolio to 20. We issued USD 500 million in Green Sukuk at the tightest ever 10-year pricing margin for a BBB Corporate Issuer from the GCC, cementing our position as the lead corporate issuer of green financing instruments in the region, and we retained both our Sustainalytics 'low risk' and BBB credit rating by S&P and Fitch with a stable outlook.

We remain steadfast in our commitment to creating long-term profitable growth, to deliver robust shareholder returns throughout our fourth decade.

Ahmed Galal Ismail
Chief Executive Officer

Introduction

Since opening the doors to our first mall in 1995, Majid Al Futtaim has continued to reshape the landscape of retail, leisure, hospitality and entertainment in the Middle East.

We have pioneered the region's most engaging experiences, brought global brands to the region and created space for local talent to thrive. In doing so we have become a regional institution powered by market-leading businesses, world-class competencies and billion-dirham brands.

To further strengthen our standing, and ensure we are focusing our efforts in the right way, in 2023 we set about to refound our organisation, defining our strategic priorities and an operating model to best support them, and recommitting to the culture and core values that will enable our success.

As we progress on this shared journey with our shareholders, our leadership, and every one of our 43,000 MAFers, we stay curious, exploring and discovering to understand what the future holds and remaining agile to ensure we are able to seize the right opportunities in the right way to create great moments for everyone, everyday.

BOLD

We promote a creative environment where there is courage to challenge convention and make the impossible possible, celebrating progress through innovation.

PASSIONATE

We nurture a spirit of excellence and perseverance. We take pride in what we do, how we do it, and who we do it for.

TOGETHER

We cultivate synergy where the whole is greater than the sum of the parts. We shape and deliver the future together in an atmosphere of support and openness that respects diversity, facilitates communication and makes collaboration constructive.

2023 Performance Highlights

Our strategy has momentum, delivering top-and bottom- line results through consistent execution across our portfolio of trusted brands.

EBITDA
AED 4.6bn
(+23% vs comparable)*

Group Revenue
AED 34.5bn
(+1% vs 2022)

Net Profit
AED2.7bn
(+38% vs comparable)*

NOPAT
AED2.9bn
(+37% vs comparable)*

Asset Value
AED 69.7bn

Employees
43,000

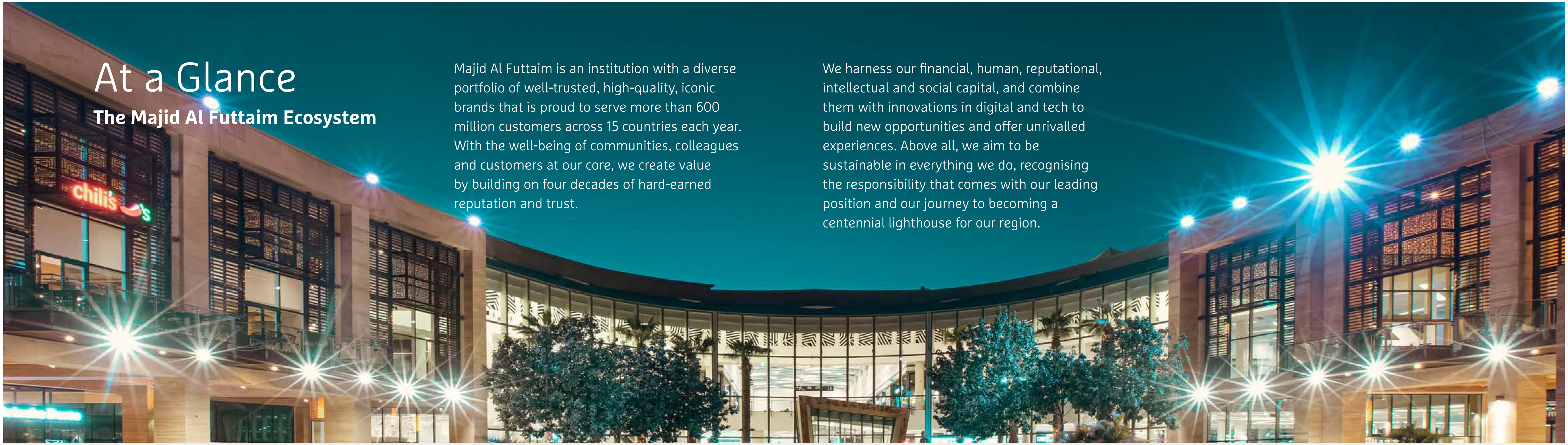
Credit Rating
BBB

Cashflow from Operations
AED 3.3bn

** Further details outlined in the Management Discussion and Analysis*

At a Glance

The Majid Al Futtaim Ecosystem



Majid Al Futtaim is an institution with a diverse portfolio of well-trusted, high-quality, iconic brands that is proud to serve more than 600 million customers across 15 countries each year. With the well-being of communities, colleagues and customers at our core, we create value by building on four decades of hard-earned reputation and trust.

We harness our financial, human, reputational, intellectual and social capital, and combine them with innovations in digital and tech to build new opportunities and offer unrivalled experiences. Above all, we aim to be sustainable in everything we do, recognising the responsibility that comes with our leading position and our journey to becoming a centennial lighthouse for our region.

Properties

Matajer, City Centre, Mall of Egypt, Mall of the Emirates, Mall of Oman, City Centre

Retail

Carrefour, Carrefour city, Carrefour business, Carrefour market, Carrefour marine, Supeco

Leisure & Entertainment

Yalla! Bowling Lanes & Lounge, Magic Planet, iFLY Dubai, little explorers, VOX Cinemas, Snow Abu Dhabi, Snow Oman, Ski Egypt, Ski Dubai

Energy Management

ENOVA by Veolia

Loyalty

SHARE

Lifestyle

THAT, ALLSAINTS, Crate&Barrel, ele ven ty, SHISEIDO, LEGO, Abercrombie & Fitch, ALESSI, Psycho Bunny, Poltrona Frau, lululemon, CB2, HOLLISTER, CECCOTTICOLLEZIONI

Mixed-use Communities

Tilal Al Ghaf, Al Zahia, al mouj muscat, DISTRIKT, Waterfront City

Hospitality

ibis Dubai City Centre, ibis Dubai Al Rigga, ibis Dubai Mall of the Emirates, Kempinski Hotel Mall of the Emirates, The Westin Bahrain City Centre, pullman, Novotel Suites Dubai Mall of the Emirates, Novotel Dubai Deira City Centre, Sheraton Mall of the Emirates Hotel Dubai, Hilton Garden Inn Dubai Mall of the Emirates, aloft Dubai Creek, pullman, pullman

Our Business Model

In 2023, we set out to refound Majid Al Futtaim, reshaping our strategy and refining our business model to deliver value-accretive, profitable long-term growth. That model has set out clear strategic priorities for the Group, reducing the complexity inherent to large ecosystems and improving accountability and encouraging ownership.

Today, Majid Al Futtaim is powered by four businesses lines: Properties, Retail, Lifestyle and Entertainment and augmented by Solutions units that act as hubs for digital and tech incubation and shared services support.

Properties

29 Shopping malls in 5 countries across the Middle East

22k People living in our mixed-use communities

96% Leasing occupancy in malls

Retail

478 Stores

15 Markets across the region

Entertainment

4 Global Snow locations

612 Screens across MENA

35 Family Entertainment Centres

Lifestyle

71 Stores across GCC

In addition to investing in our core real estate assets and grocery retailing businesses, cultivating our Lifestyle and Entertainment businesses, and nurturing our tech and digital capabilities to enhance our customer offering, we continue to explore opportunities to unlock our five types of capital — financial, intellectual, reputational, social and human. In doing so, we build a sustainable, ever-more resilient organisation.

Our financial capital is underpinned by strong balance sheet and BBB credit rating. It allows us to recycle and deploy capital faster to create value as well as access investment capital.

In this data and technology-driven age, we rely on our intellectual capital to drive market-beating, innovative approaches to create great moments for colleagues and customers, opportunities to build an ever-more sustainable business and drive value for all stakeholders.

Our reputation capital is our ability to build trust and advocacy among stakeholder groups enabling us to grow both our organisation and our ability to make a meaningful contribution to regional prosperity.

Our social capital stems from our ability to run our business sustainably for the long-term through socially and environmentally responsible policies and practices, working in collaboration with regulators, partners and civil society.

> We have reinforced our commitment to hire Emirati talent, supporting their professional development and the economic growth of the UAE

Our human capital equips Majid Al Futtaim with essential abilities to navigate towards the future. Some 43,000 people strong, we continue to invest in skills, training, motivation and well-being.

A core pillar of our People Agenda is the business imperative of building and maintaining a pipeline of local talent. Our commitment to support the upskilling, reskilling and career development of talent is rooted in the understanding of the strength that comes from working in partnership with our communities and the resulting competitive advantage that is integral to our long-term success.

Through programmes like NAFIS, we have reinforced our commitment to hire Emirati talent, supporting their professional development and the economic growth of the UAE. Since its inception in September 2021, we are proud to have welcomed over 1,700 Emiratis to Majid Al Futtaim.

The impact of our business model is reflected in our increased agility, resilience, competitiveness and performance.

Get to Know Us

Majid Al Futtaim Properties

Majid Al Futtaim Properties develops and manages some of the most exciting destinations in the Middle East. We're seeing a high demand for luxury properties across the UAE, and this overall trend is reflected in our communities business, where we saw properties selling for record breaking figures.

> 2023 was not only a record-breaking year for footfall and tenant sales, but also saw international and luxury brands introduce global-firsts to the region

Key Financial Highlights

Revenue	EBITDA	Total Assets	Net Profit
AED 6.9bn	AED 3.6bn	AED 56bn	AED 4.2bn
(+20% vs 2022)	(+21% vs 2022)	(+9% vs 2022)	(+34% vs 2022)

**Revenue from external customers*

Majid Al Futtaim Shopping Malls

Majid Al Futtaim's Shopping Malls business develops and operates 29 destination malls, across five countries: the UAE, Oman, Lebanon, Egypt and Bahrain, anchored by long-term leases to over 4,500 high-quality tenants.

Our malls are world renowned for innovation and more than just great shopping – including world-class immersive entertainment and lifestyle experiences. 2023 was not only a record-breaking year for footfall and tenant sales, but also saw international and luxury brands introduce global-firsts to the region.

Our Business In Numbers

232mn	AED 30bn	96%
Footfall (+8% vs 2022)	**Tenant Sales** (+5% vs 2022)	**Overall occupancy** (+2% vs 2022)

Dior — The largest one floor Dior store in the world

ZARA — Features the world's first Zara Cafe

Majid Al Futtaim Hotels

Majid Al Futtaim's hotels portfolio offers value, convenience and experience to guests from overseas, the region and the surrounding business community.

With 11 of our 13 hotels located in Dubai, performance continues to benefit from the UAE's position as a regional hub for tourism and events. In 2023, major international events such COP28 and the Dubai Airshow saw our hotels business report a 4% year-on-year increase in revenue to AED700 million with RevPAR increasing by 5%.

Our Business In Numbers

Revenue	AED 700mn (+4% vs 2022)
Occupancy	82% **Occupancy** (excl. Sheraton as was under renovation for the majority of the year)

Majid Al Futtaim Communities

When it comes to creating great moments, building homes that will hold a lifetime of memories is hard to beat.

Majid Al Futtaim's communities centre on building human-centric destinations, uniting people and culture to create world-class developments and sustainable environments that enable businesses to flourish and families to thrive.

2023 was another stellar year for the business, which reported revenue of AED 2.7 billion, up 46% on 2022. Our newest community, Tilal Al Ghaf recorded gross sales value of AED 4.7 billion driven by continued strong demand for the luxury segment and setting a new price benchmark, with an ultra-luxury mansion in the community's Lanai Islands selling for AED 200 million.

Our Business In Numbers

تلال الغاف Tilal Al Ghaf

900+ units
Successful completion and handover in Elan

AED 4.7bn
Gross Sales Value

AED 200mn
record breaking sales at Lanai Island

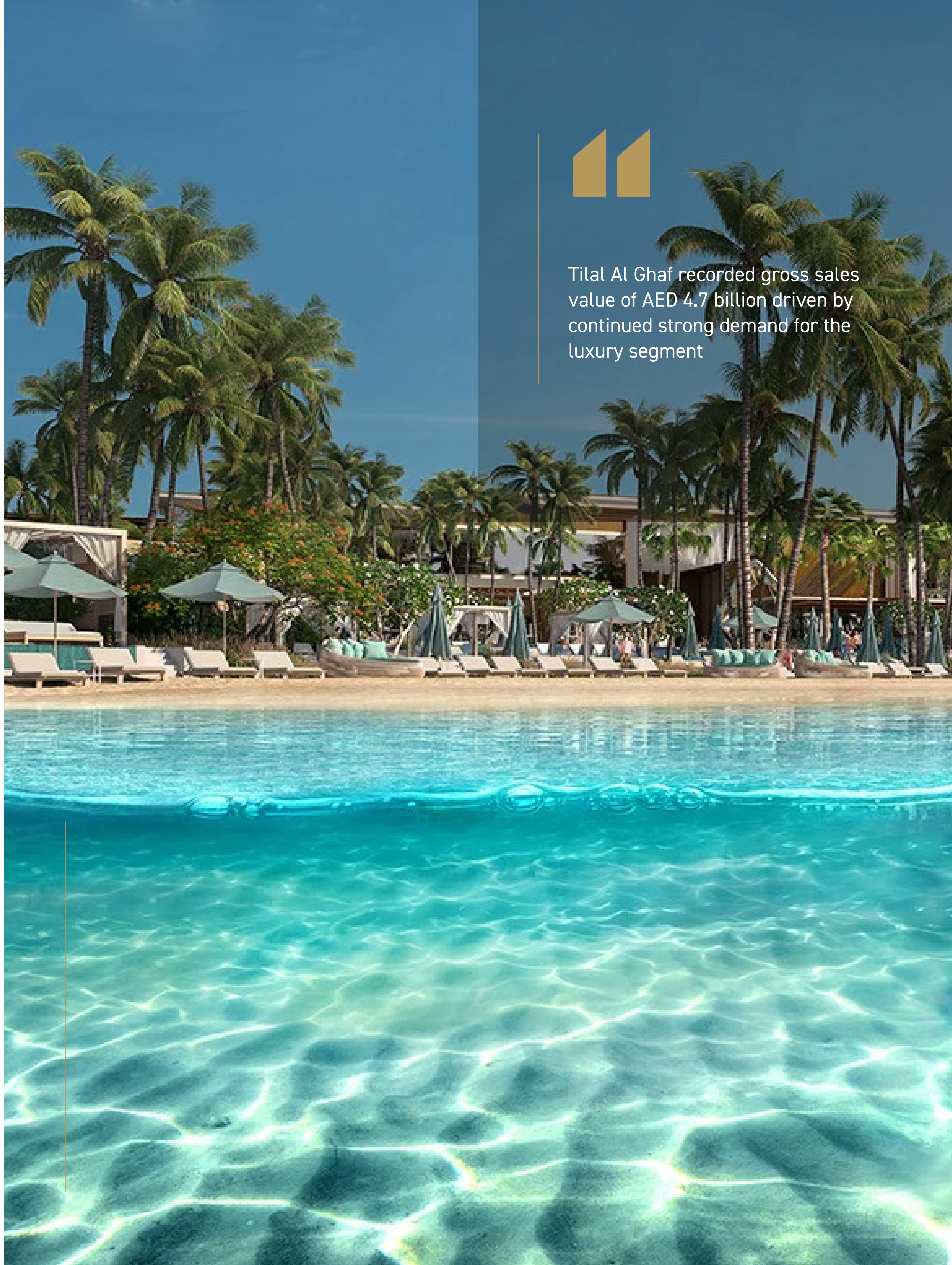
الزاهية Al Zahia

400 units
handed over in Uptown

200%
of Sales target achieved

الموج al mouj muscat مسقط

- Real Estate Asia Awards 2023 "Best Office Development Asia"
- Luxury Development on the Year - Sarai
- World Golf Awards "Best Golf Course in Oman"



> Tilal Al Ghaf recorded gross sales value of AED 4.7 billion driven by continued strong demand for the luxury segment

Spotlight on Launchpad X

In September 2023, Majid Al Futtaim opened the Launchpad X at its City Centre Mirdif mall. The concept store acts as a dynamic outlet for the retail entrepreneurs nurtured through the company's Launchpad Accelerator Programme.

The Programme, a collaboration between Majid Al Futtaim, Astrolabs, DIFC Launchpad and Microsoft, aims to support and uplift MENA's SME and startup communities by offering access to innovative technology, mentorship, training programmes, and market opportunities.

Home to a diverse range of local brands that have displayed outstanding innovation, creativity, and growth potential, Launchpad X connects budding businesses with the unparalleled go-to-market opportunities offered by Majid Al Futtaim shopping malls.

Wallace and Company Fine Fragrances — sustainable luxury fashion

healthy snacks for families

bambah — women's boutique

hypeselection — sneakers and streetwear

L/C — premium active and loungewear

REFORM STUDIO — home essentials

blu matcha cafe — premium matcha and coffee spot

KILIIM — sustainable and ethnic crafts

Majid Al Futtaim Retail

Majid Al Futtaim's Retail operations span 478 stores in 15 countries across the Middle East, Africa and Asia, employing 35,000 colleagues and serving 770,000 customers daily.

Offering an unrivalled choice of more than 500,000 food and non-food products, and a locally inspired customer experience to create great moments for everyone, everyday, we're proud to work in partnership with local growers and suppliers, sourcing more than 80% of our products from the MENA region.

To protect the long-term sustainability and growth of our company, we are committed to continuously reviewing our business portfolio. This ensures we are agile in responding to market conditions and evolving consumer sentiments, investing in the right locations to best serve our customers needs.

Our ability to deliver a world class digital experience was critical to meet our customer demands. Our sustained focus of listening to customer feedback and adapting to meet their needs saw a transformation of our digital business, with revenue from online activities increasing by 17% from AED 2.2bn to AED 2.6bn over the past year.

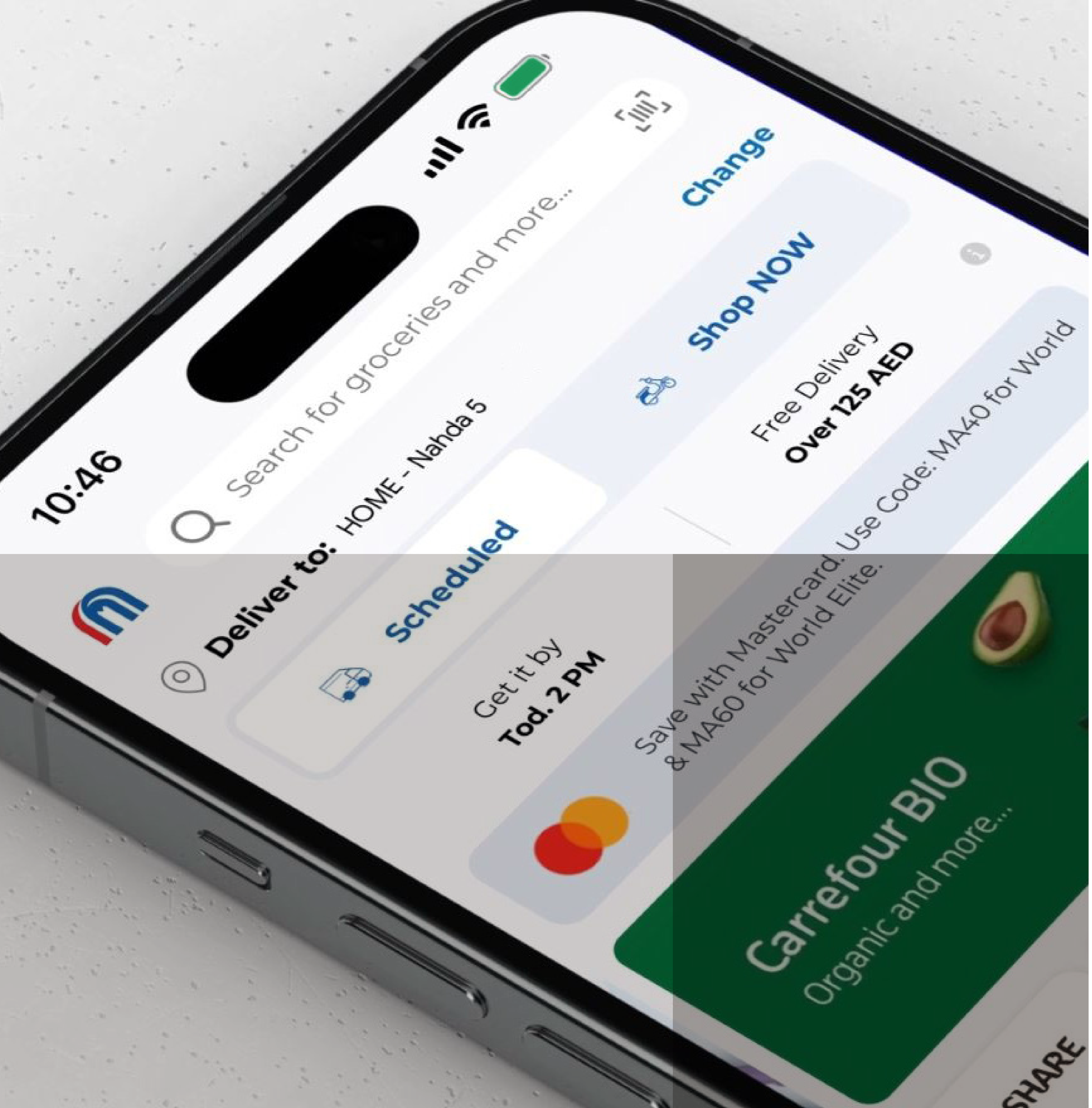
With customers becoming ever more price conscious, Majid Al Futtaim has continued to innovate new concepts in order to meet consumer requirements. In addition to a focused drive to deliver a best-in-class onminchannel experience, we've also seen strong demand for our SUPECO store format. Designed specifically to cater for the Egyptian market, the low-cost hybrid concept store was launched in 2022, and combines a traditional supermarket and a wholesale warehouse, as well as the flexibility to choose between online and in person shopping. In 2023 we opened a further 5 stores to meet demand for Supeco's unique services from Egyptian consumers.

Key Financial Highlights

Overall Revenue	Online Revenue	EBITDA
AED 24.7bn	AED 2.6bn	AED 1.1bn
(-4% vs 2022)	(+17% vs 2022)	(+21% vs 2022 (comparable))

Note: Retail's overall revenue declined by 4% to AED 24.7 billion compared to AED 25.8 billion (as explained in the Management Discussion and Analysis section of this report) for the year ending 31 December 2022, driven primarily by the adverse consumer sentiment in the region following the geopolitical tensions in the region and currency devaluations in Egypt, Pakistan, Kenya, and Lebanon.

Offering an unrivalled choice of more than 500,000 food and non-food products, and a locally inspired customer experience to create great moments for everyone everyday



Spotlight on
Retail Digital

At Majid Al Futtaim we pride ourselves on putting people at the heart of everything we do. When it comes to our customers, we tap into our deep understanding of consumer trends, and customer behaviours to design experiences that deliver on our Founder's vision. The demand for high quality digital retailing continues to gather pace, and with it the need to create seamless omnichannel experiences. For our online grocery retailing business, that has translated to double digit growth over the last four consecutive years. Our digital business grew by 17% in 2023, with 8 out of 15 countries registering +20% revenue growth.

Our data shows that our grocery retailing customers that shop both online and instore spend more than those who exclusively shop our physical stores, making the need to create flawless, quality online experiences a critical aspect of our success.

In line with our 'experience-led' growth strategy, we invested significantly in upgrading our technology and operations to bring superior digital shopping experiences to our customers. As a result, our digital business improved its NPS by 17 points over the course of the year, and average monthly spending per customer increased 15% vs 2022. With a mindset of continuous improvement, regular app upgrades ensured a more engaging, more stable shopping experience. We shifted from text-based to a more visual shopping experience and reconfigured our search experience with AI and more sophisticated algorithms. We complemented these technology changes with improvements to operations to positively impact delivery, packaging, and customer service. Retail Digital sales contributed nearly 11% of overall Majid Al Futtaim Retail revenue in 2023.

Registered visitors in 2023	320mn
The average online basket size (vs 2022)	+31%
Plastic bag usage reduced by	70%

Majid Al Futtaim Entertainment

Our Entertainment business comprises 612 cinema screens across 8 countries, 4 ski and snow parks and 35 family entertainment centres.

Key Financial Highlights

Revenue	EBITDA	Cashflow from Operations
AED 2bn	AED 193mn	AED 385mn
(+7% vs 2022)	(+53% vs 2022)	(+77% vs 2022)

Our Business In Numbers

38mn	108k	2,500
Swipes at Magic Planet	Ski lessons delivered in 2023	Online F&B orders per day +3% vs 2022

In 2023, we celebrated a number of important milestones reflecting the evolution of the business.

The inauguration of Snow Oman at the start of the year, the region's largest snow park, was quickly followed by the opening of Snow Abu Dhabi, making our Global Snow business the largest indoor snow sports operator in the world.

Our Cinemas business continued to grow, with new movie theatres opening in Abu Dhabi, Dubai and Riyadh. Offering movie-lovers world class audio visual technology, and unprecendented levels of comfort, VOX Cinemas continues to set the bar for silver-screen experiences.

> The inauguration of Snow Oman, the region's largest snow park, was quickly followed by the opening of Snow Abu Dhabi, making our Global Snow business the largest indoor snow sports operator in the world.

Meanwhile, our film production team at VOX Studios continued their mission to expand the reach of Arabic culture and storytelling by bringing authentic homegrown productions from script to screen. Our first foray into Egyptian film, 3Al Zero, opened as the number one Arabic movie in the UAE, Bahrain and Oman, and was quickly followed by Egyptian drama-comedy, VOY! VOY! VOY!, which enjoyed both commercial success and critical acclaim. Our upcoming release, HWJN, based on the best-selling Saudi fantasy novel, made its world premiere at the Red Sea International Film Festival, becoming the first Saudi film to open the prestigious event.

The industry recognised our feats in entertainment, and we were honoured with more than 30 awards in 2023. Ski Dubai retained the title of the World's Best Indoor Ski Resort at the World Ski Awards for the 8th consecutive year, while Ski Egypt was awarded World's Best Snow Day by the International Ski Federation, beating 126 ski resorts from 41 countries around the globe.

Spotlight on Sustainability at VOX Cinemas

Visitors to VOX Cinemas are not only treated to world-class entertainment but they experience it in some of the world's most sustainable cinemas.

In 2023, VOX Cinemas, City Centre Mirdif became the first cinema ever to receive the highest sustainability award from the US Green Building Council (USGBC), an international standard for environmental building design and management.

In the months that followed, VOX Cinema, Mall of the Emirates was awarded gold certification by USGBC Leadership in Energy and Environmental Design becoming the 7th cineplex in our portfolio to achieve LEED certification. Our dedication to green innovation and environmental stewardship was also recognised at the MENA Green Building Awards for our energy efficiency retrofit project across our cinemas.

Admission to VOX Cinemas (+6% vs 2022)	20mn
Tonnes of popcorn sold (+10% vs 2022)	1.3k
VOX Transactions carried out online (+2% vs 2022)	59%

Majid Al Futtaim Lifestyle

Majid Al Futtaim Lifestyle continues to act as a gateway to the Middle East for global brands, bringing fresh and exciting shopping experiences to people across the Middle East. Today, it holds exclusive licensing rights in the region for lululemon, LEGO, Abercrombie & Fitch, Hollister, AllSaints, CB2, Shiseido, Crate & Barrel, Psycho Bunny, Poltrona Frau, Ceccotti, Eleventy, and Alessi.

In 2023, Lifestyle opened its first Poltrona Frau luxury Italian furniture store in Dubai. It also began a landmark partnership with Alessi, one of the most prominent and internationally renowned Italian design factories. The collaboration marks Majid Al Futtaim Lifestyle's first foray into distribution and will expand the Alessi brand in the Middle East.

We also opened our first Shiseido beauty boutique. Located at Mall of the Emirates, the store is the Japanese cosmetic company's only boutique outside Asia. Meanwhile, City Centre Mirdif launched Sneakers Lab, a pop-up store offering some of the coolest sneakers on the market today.

Key Highlights

Revenue

AED 1bn

(+29% vs 2022)

EBITDA

AED 67mn

(+168% vs 2022)

Store data

71
Stores across GCC

11.1mn
Footfall
(+20% vs 2022)

AED 928mn
Store Revenue
(+25% vs 2022)

AED 104mn
Digital Revenue
(+79% vs 2022)

Majid Al Futtaim Lifestyle has brought fresh and exciting shopping experiences to people across the Middle East.

Spotlight on
Hitting A Billion

In 2023, Majid Al Futtaim Lifestyle celebrated reaching its target of AED 1 billion in sales, including more than AED 100 million in digital sales, rising from AED 801 million in 2022, and representing an increase of 38% from 2021 sales.

With a strong focus on enhanced and new customer experiences, 2023 saw Lifestyle successfully debut Luxury Home with Poltrona Frau and Ceccotti, as well as beauty store Shiseido. We expanded our brand family to include Psycho Bunny, Eleventy and Alessi, and Our LEGO Certified Store was named the best performing in the CEEMEA region.

UAE Ministry of Human Resources and Emiratisation, Emirates Labour Market Award
1st place winner

UAE Ministry of Human Resources and Emiratisation, Skilled Worker Category
1st place winner

Majid Al Futtaim Solutions

As we set about refounding our company, we have taken the opportunity to reshape how we work, ensuring we are structured in a way that encourages innovation, collaboration and connectivity while reducing duplication and driving better efficiencies. Our Solutions teams are the operations and digital incubator engines of our company, managing our physical and digital platforms and processes. While Global Solutions strives to provide efficiency gains and reduce costs to serve for our businesses, Future Solutions delivers tech and digital solutions that aid our businesses in truly putting the customers at the heart of everything we do.

Global Solutions

With service delivery hubs strategically located in the UAE and Egypt, Global Solutions is our shared service and business solutions provider.

By standardising processes, implementing common standards, and fostering collaboration across key functions such as Technology, Finance, Procurement, Government Relations, and Human Capital, Global Solutions plays a pivotal role in driving innovation and operational efficiency. Our GS teams are instrumental in enabling our business growth through the adoption of more effective and streamlined ways of working.

Future Solutions

This growth engine is designed to maximise revenue, profitability and sustainable growth across Majid Al Futtaim's ecosystem. Acting as an incubator of top-notch digital talent and capabilities, Future Solutions core capabilities in Data, Loyalty, Digital, and Fintech Solutions to boost customer and employee lifetime value through innovation and expertise.

Future Solutions is also the custodian of SHARE, bringing the full weight of the team's digital and tech capabilities to our award winning loyalty programme.

> We have taken the opportunity to reshape how we work, ensuring we are structured in a way that encourages innovation, collaboration and connectivity

> Our Global Solutions teams play a critical role in innovating and implementing more effective and efficient ways of working

Spotlight on SHARE

SHARE is more than a customer loyalty programme; it is a passport to the ever-growing digital realm of Majid Al Futtaim. Knowing and understanding our customers is vital to our success and the way we deliver value. As our Loyalty Lifestyle Rewards Programme, SHARE helps us connect with our customers by bringing consumer insights into our business decision-making. With more than 3.7 million SHARE users, we aim to build a long-term understanding of trends and consumer behaviours which then allows us to innovate and develop products and offerings that suit their needs.

We are leveraging the unique insights offered by SHARE to drive customer lifetime value by offering an enhanced and personalised shopping experience. This increased level of personalisation also allows us to build incremental revenue opportunities across our portfolio of brands, contributing to our bottom line.

2023 saw us introduce SHARE Tiers, three levels of increasing rewards, points and benefits, helping us drive AED 150M in annualised incremental revenue from our external partners into our eco-system, while our partnership with First Abu Dhabi Bank saw us launch our first co-branded credit card, and cementing SHARE’s position as one of the top three loyalty programmes in the UAE.

SHARE Members (+23% vs 2022)	3.7mn
Points issued (+28% vs 2022)	877mn
Voted in the top 3 loyalty programmes in the UAE	

> We leveraged our position as an established, regional leader in sustainability to contribute to the global dialogue on climate change

Sustainability

2023 was a milestone year for the Middle East, marking a renewed commitment and acceleration of Majid Al Futtaim's sustainability work, bookmarked by the 28th meeting of the Conference of the Parties to the UNFCCC (COP28), held for the first time in the UAE.

Our position as a regional leader in sustainability enabled us to contribute to the global dialogue on climate change. Our focus areas, aligned with the regional agenda, included sustainable finance, food security, education, and decarbonisation, connecting public and private sector stakeholders to drive progress.

Highlights and Outcomes
In 2023, we launched a new phase of our sustainability, setting out revised Sustainable Business Commitments as we Dare Today, Change Tomorrow.

Sustainability Highlights

11
Green certified assets in 2023 (**65** in total)[1]

92%
Group-wide annual sustainability targets achieved

2mn litres
Sustainable solar-pumped water for Kenyan community[2]

USD 4.9bn
Raised in sustainable finance

Collaborated with Dubai Financial Market to launch Dubai's first carbon credit voluntary trading platform[3]

100+
Mall tenants provided sustainability training[4]

1 *https://tools.breeam.com/projects/explore/buildings.jsp and https://www.usgbc.org/projects*
2 *Project Maji*
3 *https://mediaoffice.ae/en/news/2023/December/05-12/Dubai-Financial-Market*
4 *GRI Report 2023*

Under the auspices of the UAE Ministry of Climate Change and Environment, Majid Al Futtaim launched its Supplier Sustainability Forum, bringing together 16 of our largest FMCG partners to collectively align and commit to end-to-end sustainable operations. In doing so, together with our partners, we have taken the lead in future proofing modern retail, contributing to more eco-conscious operations and supporting customers to make better buying choices. The joint efforts of the Forum members will support delivery of our grocery retailing business' target of eliminating 1 billion kilograms of CO_2 from its operations by 2030.

In line with our commitment to become Net Positive in water and carbon by 2040, COP28 also saw us sign groundbreaking agreements, including one with solar water company engazaat, which will see solar panels installed on four Majid Al Futtaim properties in Egypt and Lebanon.

Engazaat's solar plants are set to generate 737 million kilowatt-hours of clean electricity over the project's lifetime to power Majid Al Futtaim Properties retail assets including Mall of Egypt, City Centre Maadi, City Centre Alexandria, and City Centre Beirut. The solar systems on the rooftops and carports of the four properties are expected to reduce over 3 million metric tons of CO_2 emissions over 25 years.

Majid Al Futtaim is also an early adopter of Science Based Targets, which set clear milestones on our road to Net Positive carbon by 2040.

2023 also saw us announce our fourth green capital markets issuance. In doing so, we raised $500 million through the issuance of a green sukuk, partially refinancing an older $800 million bond commitment.

Since Majid Al Futtaim's debut green sukuk issuance in May 2019, we have demonstrated a prudent preference for sustainability linked funding. The second green sukuk was raised in October 2019, which was followed by a $1.5 billion sustainability linked loan (SLL) in July 2021, making Majid Al Futtaim the first privately-owned Dubai corporation to borrow through such a facility. We continue to be the region's only "penalty-only" borrower.

In 2023, we have maintained a low-risk rating by Sustainalytics, as one of the top-rated ESG companies for the MENA region and food retailer industry.[1]

Rethinking Resources

The Company also secured new green certificates in 2023. Today, 65 assets hold a LEED, BREEAM or equivalent certification, up from 54 in 2022. In 2023, Al Mouj Muscat's Golf Beach Residences has earned Oman's first BREEAM certification, demonstrating our focus on long-term energy efficiency, health and well-being, and premier lifestyle offerings both within our community and across the Sultanate. Majid Al Futtaim's Tower 2 was the first commercial building in the UAE to be awarded a Gold TRUE zero-waste certification, diverting over 95% of its waste from landfill.

[1] https://www.sustainalytics.com/esg-rating/majid-al-futtaim-holding-llc/1030568986

Transforming Lives

A new collaboration between Ministry of Education and Majid Al Futtaim has opened doors for Emirati university students with 100 internship opportunities. It is the beginning of a broader, more comprehensive, and effective set of initiatives between the Ministry and the private sector across the country, to enhance the skills of students and provide them with extensive experience within the private sector. We also supported the development of skills and entrepreneurship through initiatives such as the Launchpad Programme, which selected 14 start-ups to join the Majid Al Futtaim innovation ecosystem and strengthen their commercial viability across the region.

> Majid Al Futtaim's Tower 2 was the first commercial building in the UAE to be awarded a Gold TRUE zero-waste certification

We believe the key to advancing our shared sustainability objectives lies in achieving alignment and fostering a common understanding of our collective goals. To do so, it is our responsibility at Majid Al Futtaim to educate and upskill our workforce, partners and supply chain to best deliver on the global sustainability commitments. Therefore, we extend our sustainability approach to mitigate and adapt to regional climate risks, thereby reshaping the regional landscape towards a more sustainable agenda and mindset.

We work alongside our suppliers to help them assess their ESG performance and ensure standards are met through training, ongoing surveys and identifying areas of improvement. This has included a dedicated Sustainable Business Commitment to provide sustainability training to employees and suppliers throughout the value chain.

Other programmes include training on green building certifications, sustainable supply chain, financial wellness, climate risk, health and safety, employment conditions and diversity and inclusion.

Furthermore, we have forged strategic partnerships with renowned universities and industry titans to execute our learning strategy and we collaborated closely with key stakeholders, including local governments and universities to craft tailor-made modules to upskill and reskill our community. This included a bespoke Sustainability Diploma developed in partnership with the American University in Cairo.

Empowering Our People

As of 2023, 25% of senior management positions across the Company were held by women.[2] The representation of people of determination across the business also increased.

[2] PowerBi Internal Data Platform

Spotlight on
Marking 25 years in Egypt

Over the past quarter century Majid Al Futtaim has been honoured to support the shaping of Egypt's retail, real estate and entertainment sectors, and in doing so build unshakable connections with the country and its people. From our first market entry in 1998, the past 25 years have seen Majid Al Futtaim invest more than USD2.5 billion to ensure it is able to bring world-class modern retailing experiences to the country.

Today, Majid Al Futtaim operates in 14 cities across the country, offering four destination malls, 68 Carrefour stores, 6 Supeco and 5 Myli stores. In leisure, we operate a third of Egypt's modern cinema screens (44) via VOX Cinemas and 6 family entertainment centers, including an indoor ski experience.

In 2023, Majid Al Futtaim welcomed 90 million visitors to its assets in the country, representing 21% market share within the Egyptian retail sector.

Beyond capital deployment and investment, Majid Al Futtaim has established partnerships and launched key initiatives in support of the country's Vision 2030 priorities, including education, employment, sustainability and economic prosperity.

Its elevation as a core market for Majid Al Futtaim further serves to highlight our belief in the country's potential. With all the elements needed to become a future economic lighthouse for the region, Egypt holds the ability to deliver robust and sustainable growth, and as it continues to unlock its full potential, Majid Al Futtaim is immensely proud to continue to contribute to the Republic's people, its progress, and its long-term prosperity.

Board of Directors

Sir Mike Rake
Chairman

Sir Ian Davis
HC & Remuneration Committee Chairman

Tariq Al Futtaim
Non-Executive Director

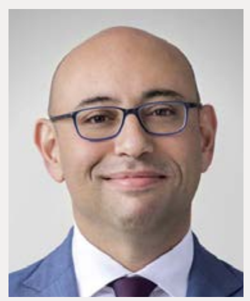
Alan Keir
Audit & Risk Committee Chairman

Victor Chu
Non-Executive Director

Lord Stuart Rose
Non-Executive Director

Luc Vandevelde
Non-Executive Director

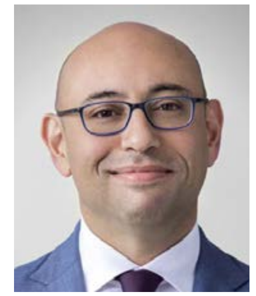
Philip Bowman
Non-Executive Director



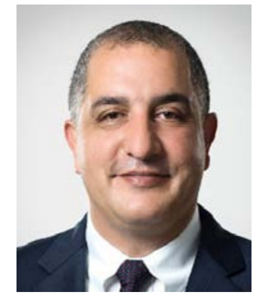
Ahmed Galal Ismail
Chief Executive Officer

Peter Davison
Company Secretary

Executive Team

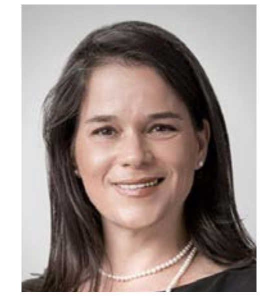


Ahmed Galal Ismail
Chief Executive Officer



Ziad Chalhoub
Chief Financial Officer

Hassan Basil Hassan
General Counsel

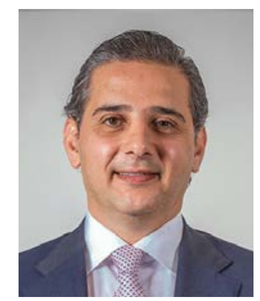


Viviana Alberu
Chief Human Capital Officer

Charles Awad
Chief Customer Officer

Elham Al Qasim
Chief Strategy & Technology Officer

Ignace Lahoud
Chief Executive Officer Entertainment



Fahed Ghanim
Chief Executive Officer Lifestyle

Ahmed El Shamy
Chief Executive Officer Properties

Hani Weiss
Chief Executive Officer Retail

Financial Results and Highlights

During 2023, the Group has taken significant steps to renew its focus on operational excellence, in particular driving efficiencies and productivity to deliver sustainable, profitable organisational growth and value to its stakeholders. These efforts are reflected in the Group's robust financial performance for the year ended 2023.

2023 Business Performance: Management Discussion and Analysis

This Management Discussion and Analysis is designed to provide the reader with a narrative explanation from management of how we performed, as well as information about our financial condition. We recommend that you read this in conjunction with our consolidated financial statements.

Overview

Unless otherwise indicated or the context otherwise requires, references in this discussion to "we," "our," "us" and "the Group" are to Majid Al Futtaim Holding LLC and its subsidiaries. Any reference to "Parent Company" shall mean Majid Al Futtaim Capital LLC.

We prepare our consolidated financial statements in United Arab Emirates Dirhams ("AED") in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

In this management's discussion and analysis, we discuss our results on both an IFRS and non-IFRS basis. We use non-IFRS measures as supplemental indicators of our operating performance and financial position. We believe non-IFRS financial measures provide insight into our performance. Non-IFRS measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS.

Our non-IFRS financial measures include:
- NOPAT[1] and related margin;
- Adjusted EBITDA[2] (referred to as EBITDA) and related margin; and
- Net debt

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

[2] TThe Group's measure of segment performance, adjusted EBITDA (non-GAAP measure), is defined as NOPAT, as defined earlier, which is adjusted for depreciation and amortization, equity accounted income (loss) – net, other 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.

Majid Al Futtaim Holding Consolidated

Majid Al Futtaim's 2023 financial results reflect financial discipline and the Group's focus on its portfolio of businesses which complement each other through different economic cycles. The Group continues to deliver sustainable performance from its core businesses, reporting growth on a consolidated like for like basis in all financial performance indicators, while maintaining robust cash flows and a strong balance sheet despite increasing economic challenges stemming from the geopolitical volatility impacting the region.

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

Furthermore, during the year the Group has undertaken a reassessment of its accounting policy in respect of supplier benefits by reviewing the nature of the agreements with its suppliers considering IFRS and developing industry practice. Consequently, certain supplier-related income is now recognized as credit against the cost of sales. This change in accounting policy has resulted in reclassification of service and commission income amounting to AED 2,212 million (2022: AED 2,233 million) from revenue to cost of sales. FY 2022 reclassification has been presented as a restatement in the consolidated statement of profit and loss. This restatement has no impact on the Group's net profit, EBITDA and NOPAT.

For 2023, the Group has reported a 1% increase in revenue to AED 34,497 million compared to the prior year. EBITDA increased by 12% vs reported and 23%, on a like-for-like basis, reaching AED 4,553 million. NOPAT, introduced as a performance measure in 2023 amounted to AED 2,920 million an increase of 14% vs the reported number and by 37% against the comparable amount.

Net profit of AED 2,701 million represents a 12% increase on the reported number. On a like-for-like basis net profit grew by 38% from AED 1,954 million.

Consolidated Income Statement Analysis

The following are key financial highlights from Group's performance for the year ending 31 December 2023 and 31 December 2022:

(AED in Millions)	31 Dec 23	31 Dec 22 (Reported)	31 Dec 22 (Comparable)	Change vs Reported	Change vs Comparable
Revenue (FY 2022 as restated)	34,497	34,086	34,086	411	411
Valuation gains on property portfolio	1,848	1,153	1,153	695	695
Impairment loss - net	(921)	(135)	(135)	(786)	(786)
Net profit	2,701	2,406	1,954	295	747
EBITDA	4,553	4,066	3,703	487	850
NOPAT	2,920	2,560	2,127	360	793
EBITDA margin	13.2%	11.9%	10.9%	1.3%	2.3%
NOPAT margin	8.5%	7.5%	6.2%	1.0%	2.3%

Overall Group **revenue** grew by 1% to AED 34,497 million. Properties revenue increased by 19%, reaching AED 7,383 million. Lifestyle and Entertainment also registered impressive growth rates of 29% and 7%, respectively. However, this increase was largely offset by a decline of 4% in Retail's revenue due to currency devaluations in Egypt, Pakistan, Kenya, and Lebanon coupled with an adverse impact on consumer sentiment towards the later part of the year due to geopolitical tensions within the region.

Valuation gains on land and buildings amounted to AED 2,313 million (2022: AED 1,455 million), of which AED 1,848 million (2022: AED 1,153 million) is recognized in profit and loss and a gain of AED 465 million (2022: AED 391 million) is recorded under revaluation reserve in other comprehensive income. The valuation gains were largely due to strong performance across our UAE assets, with valuations remaining largely stable across other jurisdictions.

Impairment mainly relates to a AED 654 million provision recognized (net of previously recognized accumulated impairment) by the Properties business in respect to certain development projects, as a result of an ongoing reassessment of alternative strategies for these projects.

Additionally, the Entertainment business recognized an impairment charge of AED 419 million on certain sites, as a result of decline in performance and a challenging competitive environment.

The impairment charges were partially offset by AED 321 million reversal of some of the Group's equity accounted investments, which were fully impaired in prior years as the management seeks to negotiate settlements for these investments.

EBITDA increased by 12% to AED 4,553 million vs. the reported AED 4,066 million for 2022, with EBITDA margin increasing by 130 basis points. In comparison with the comparative EBITDA for 2022, there was an increase of 23% from AED 3,703 million, with EBITDA margin increasing by 230 bps.

The strong margin growth reflects improvements in profitability across all our businesses, helped with incremental contributions from residential units with high margin revenue from in the Group's property development business (Communities).

Furthermore, Retail EBITDA margin also improved as the impact of rising costs and supply chain challenges in prior years flattened out.

NOPAT increased by 14% to AED 2,920 million vs the reported AED 2,560 million for the year ending 31 December 2022, with NOPAT margin increasing from 7.5% to 8.5%. Whereas NOPAT increased by 37% vs the comparable NOPAT for the prior year and the margin increased from 6.2% to 8.5%.

The following table shows a reconciliation of Group's EBITDA and NOPAT to profit/(loss) as shown in the consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2023 and 2022, respectively:

(AED in Millions)	31 Dec 23	31 Dec 22 (Reported)	31 Dec 22 (Comparable)	Change vs Reported	Change vs Comparable
Net profit Adjustments for:	**2,701**	**2,406**	**1,954**	**295**	**747**
Fair value changes	(1,848)	(1,153)	(1,153)	(695)	(695)
Finance costs - net	1,016	798	798	218	218
Foreign exchange loss - net	151	391	392	(240)	(241)
Net loss from investments carried at FVTPL	23	-	18	23	5
Impairment loss on non-financial assets - net	877	118	118	759	759
NOPAT	**2,920**	**2,560**	**2,127**	**360**	**793**
Depreciation and amortization	2,146	2,154	2,224	(8)	(78)
Equity accounted income - net	(100)	(60)	(60)	(40)	(40)
Income tax expense	328	191	191	137	137
Other non recurring items	80	49	49	31	31
Rent expense de-recognized on adoption of IFRS 16	(821)	(828)	(828)	7	7
Adjusted EBITDA	**4,553**	**4,066**	**3,703**	**487**	**850**

Analysis of Operating Companies

The following is a discussion of our reportable segments and corporate costs.

	(AED in Millions)	Properties	Retail	Entertainment	Lifestyle	HO / unallocated	Total Segments	Adjustments/ Eliminations	Total
Revenue	2023	7,383	24,654	1,777	1,032	116	34,962	(465)	34,497
Revenue	2022 (restated)	6,197	25,784	1,663	801	109	34,554	(468)	34,086
Revenue	2022 (comparable)	6,197	25,784	1,663	801	109	34,554	(468)	34,086
Revenue	Change vs restated	1,186	(1,130)	114	231	7	408	3	411
Revenue	Change vs comparable	1,186	(1,130)	114	231	7	408	3	411
EBITDA	2023	3,649	1,061	193	67	(417)	4,553	-	4,553
EBITDA	2022 (reported)	3,011	1,242	126	25	(338)	4,066	-	4,066
EBITDA	2022 (comparable)	3,011	879	126	25	(338)	3,703	-	3,703
EBITDA	Change vs reported	638	(181)	67	42	(79)	487	-	487
EBITDA	Change vs comparable	638	182	67	42	(79)	850	-	850
NOPAT	2023	3,291	543	(105)	23	(523)	3,229	(309)	2,920
NOPAT	2022 (reported)	2,652	799	(166)	(26)	(428)	2,831	(271)	2,560
NOPAT	2022 (comparable)	2,652	366	(166)	(26)	(428)	2,398	(271)	2,127
NOPAT	Change vs reported	639	(256)	61	49	(95)	398	(38)	360
NOPAT	Change vs comparable	639	177	61	49	(95)	831	(38)	793
Net Profit	2023	4,189	418	(865)	(129)	(513)	3,100	(399)	2,701
Net Profit	2022 (reported)	3,126	540	(387)	(67)	(988)	2,224	182	2,406
Net Profit	2022 (comparable)	3,126	106	(387)	(67)	(1,006)	1,772	182	1,954
Net Profit	Change vs reported	1,063	(122)	(478)	(62)	475	876	(581)	295
Net Profit	Change vs comparable	1,063	312	(478)	(62)	493	1,328	(581)	747

Majid Al Futtaim Properties ("Properties")

Overall, Properties revenue increased by 19% to AED 7,383 million compared to AED 6,197 million for 2022.

The strong increase in revenue was driven mainly by Tilal Al Ghaf which reported 46% increase in revenue. Furthermore, our UAE-based shopping malls benefited from increases in rental income driven by strong tenant sales.

Properties EBITDA increased by 21% to AED 3,649 million compared to AED 3,011 million for the prior year and NOPAT increased by 24% from AED 2,654 million to AED 3,291 million in the current year.

The overall EBITDA margin increased by 0.8% to 49.4% mainly due to an increase in margin for the communities business as the Group commenced recognizing revenue on higher margin units.

Net Profit for Properties increased by 34% to AED 4,189 million from AED 3,126 million in 2022. The increase is primarily attributed to valuation gains recognized in the income statement of AED 2,016 million in Properties which were partially offset by AED 378 million impairment charges.

Shopping Malls business

The key business performance metrics remain positive with strong overall occupancy at 96% (up 2% vs prior year) and footfall up by 8%. This resulted in shopping malls revenue of AED 3,692 million vs AED 3,431 million for 2022.

Overall shopping malls valuation continued the positive trajectory contributing to majority of the valuation gain of AED 2,313 million. This is driven by the Group's flagship Mall of the Emirates ('MoE'), which recorded its highest valuation since its inception.

Hotels business

The fundamentals remained steady, and the business benefitted from events such as COP28 and the Dubai Airshow. This was partially offset by refurbishment works in Sheraton MoE. The hotel business reported a 4% increase in revenue to AED 700 million vs 2022 with RevPAR increasing by 5% vs 2022.

Communities business

The business continues to deliver robust performance and reported revenue of AED 2,700 million, up 46% vs 2022. The Group's premium lifestyle destination, Tilal Al Ghaf, recorded gross sale value of AED 4.7 billion driven by continued strong demand for the luxury and ultra luxury segments during the year.

Majid Al Futtaim Retail ("Retail")

Retail's overall revenue declined by 4% to AED 24,654 million compared to AED 25,784 million (restated) for the year ending 31 December 2022, primarily impacted by consumer sentiment following geopolitical tensions in the region and currency devaluations in Egypt, Pakistan, Kenya, and Lebanon.

Offline revenue decreased 6% to AED 22,104 million, while online revenue increased 17% to AED 2,550 million from AED 2,175 million last year.

Retail's EBITDA declined by 15% to AED 1,061 million, compared to AED 1,242 million reported for the prior year. Against comparable numbers with Retail Digital operating costs considered, EBITDA increased by 20% from AED 879 million. The improvement in EBITDA was driven by lower operating costs and an improvement in total commercial margin of 80 bps.

NOPAT for Retail increased by 48% to AED 543 million from the comparable NOPAT of AED 366 million for 2022. Against the reported number the NOPAT declined by 32% from AED 799 million as losses from online operations were reported under the Parent Company in 2022.

Majid Al Futtaim Entertainment ("Entertainment")
Revenue increased by 7% to AED 1,777 million from AED 1,663 million as the cinemas business continues to recover from delays and adjustments to its content pipeline. Improved performance from sites due to 6% higher admissions 3% higher spend per head were offset by a decline in revenue from Egypt as a result of currency devaluation.

EBITDA registered 53% growth to AED 193 million vs AED 126 million in the prior year. The business reported negative NOPAT of AED 105 million, an improvement of 37% vs the negative NOPAT of AED 166 million in the comparable period.

Net loss for the year amounted to AED 865 million, which deteriorated by AED 478 million from the prior year. The increase is mainly attributed to impairment charges recognized on sites mainly in the UAE, KSA and Oman, due to a decline in performance and increased competition.

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

Majid Al Futtaim Lifestyle ("Lifestyle")
Lifestyle revenue increased by 29% to AED 1,032 million from AED 801 million in 2022 and EBITDA improved by 168% from AED 25 million in 2022 to AED 67 million in the current year. NOPAT also improved by AED 49 million to AED 23 million NOPAT vs AED 26 million negative NOPAT in prior year.

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

Majid Al Futtaim Global Solutions ("Global Solutions")
Global Solutions continued to build and scale its offering to become the Group's shared services hub for key support functions. The operating and unallocated cost of Global Solutions in 2023 amounted to AED 46 million, down from AED 54 million in the prior year, representing ongoing investments in technology and capability-building to drive process improvements and realize greater efficiencies for the Group.

(AED in Million)	31 Dec 2023	31 Dec 2022	Change
Total assets	69,749	66,102	3,647
Net debt	14,947	14,163	784
Total equity	33,358	30,795	2,563
Total equity excluding goodwill	32,218	29,582	2,635
Net debt to equity*	46%	48%	-2%

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

Analysis of Financial Position

Total assets increase to AED 69,749 million was driven by valuation gains of AED 2,313 million on the Group's property portfolio.

Total equity increased from AED 30,795 million at 31 December 2022 to AED 33,358 million. The increase was mainly driven by net profit for the year of AED 2,701 million, valuation gains of AED 465 million and net impact of common control transactions of AED 453 million. These were partly offset by currency translation losses of AED 449 million and dividend and hybrid coupon payments of AED 349 million and AED 238 million, respectively.

Capital Expenditure

For the year 2023, gross capital spending amounted to AED 1,968 million (2022: AED 2,506 million). Capital expenditure from Properties amounted to AED 1,074 million for the year and was mainly focused on Shopping Malls operational and routine CAPEX.

Retail spent AED 407 million to grow its physical footprint, opening net 20 stores across the region along with continued investment in fulfilment and last mile capabilities.

Capital spending on intangible assets across the Global Solutions and Xsight Future Solutions platforms continued. These investments, amounting to AED 181 million, represent the focus of the Group on growth, productivity and transformation catalyzed by these platforms to enable our businesses to accelerate their digital aspirations through the implementation of a 'One ERP' and the integration of data, analytics and digital infrastructure.

The Group's capital commitments amounted to AED 2,184 million as of 31 December 2023 and were mainly in relation to Tilal Al Ghaf community development. The Group has cash held in escrow accounts amounting to AED 3,686 million (2022: AED 2,572 million) to cover the development costs for the project.

Liquidity and Capital Expenditure

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

The Group's increase in net debt by AED 784 million to AED 14,947 million (2022: AED 14,163 million) was primarily due to cash utilized in working capital during the period in both Properties and Retail businesses.

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

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

For the year, operating activities generated AED 3,349 million of cash, compared to AED 3,776 million of cash in 2022. The cash flow from operations continues to be impacted by working capital drag from the long-term working cycle in Tilal Al Ghaf. Furthermore, the slowdown in Retail sales towards the latter part of the year also impacted the working capital results.

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

(AED in Millions)	31 Dec 23	31 Dec 22 (Reported)	31 Dec 22 (Comparable)	Change vs Reported	Change vs Comparable
Operating activities	3,349	3,776	3,296	(427)	53
Investing activities	(1,725)	(2,398)	(2,461)	673	736
Financing activities	(1,411)	(1,060)	(517)	(351)	(894)

(AED in Million)	31 Dec 2023	31 Dec 2022	Change
Committed credit facilities	14,260	14,260	-
Drawings on committed credit facilities	(6,841)	(5,755)	(1,086)
Undrawn committed facilities	7,419	8,505	(1,086)
Net finance cost	(1,016)	(798)	(218)
Net finance cost ex lease obligations	(796)	(588)	(208)

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

The amount drawn on the Group's committed credit facilities increased to AED 6,841 million on 31 December 2023, compared to AED 5,755 million at 31 December 2022. The increase comes from liquidity used in working capital.

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

As at 31 December 2023, the Group was in compliance with all financial and non-financial covenants as illustrated in the table.

Covenant	31 Dec 2023	31 Dec 2022
Net worth must be greater than AED 15 billion*	32.2	29.6
Net debt to equity ratio must be 70% or less	46%	48%
Interest cover must be greater than 2:1	8.4:1	6.9:1
Percentage of assets pledged not to exceed 49%	0.0%	0.0%

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MAJID AL FUTTAIM HOLDING LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Majid Al Futtaim Holding LLC (the "Company'') and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements in their report dated 2 March 2023, before the effects of the restatement as disclosed in note 10.1 to the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment properties and certain categories of property, plant and equipment (land and buildings)	
Key Audit Matter	**How the Key Audit Matter was addressed in our Audit**
The Group's properties segment includes shopping malls, hotels and certain parcels of land. These properties are classified as investment properties and property, plant and equipment based on its underlying nature. As at 31 December 2023, the carrying value of the investment properties amounts to AED 35,687 million and property, plant and equipment amounts to AED 7,660 million. In accordance with the Group's accounting policy, such properties are carried at fair value as at each reporting date as determined by an independent real estate valuer (the "valuer") engaged by the Group. The valuation process involves significant judgements and estimates in determining the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the significant unobservable inputs and changes in such assumptions can have a significant impact to the valuation of the underlying properties. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of properties has a high degree of estimation uncertainty, with a potentially significant range of reasonable outcomes on the underlying valuation.	We have performed the following procedures: - Obtained and understood the Group's processes and underlying controls to undertake valuation of investment properties and certain categories of property, plant and equipment. We performed walkthrough over the process and design of those controls. - We assessed the competence and capabilities of the external valuers engaged by the Group and considered their objectivity, independence and scope of work to determine whether the valuation approach and methodology was appropriate in determining the fair value of those properties. - We involved our internal valuation specialists to review the valuation methodology, key assumptions and critical judgements used in determining the fair value. - We carried out procedures on selected properties of the portfolio to test whether the property-specific information supplied to the valuer by the Group's management are accurate and complete. - We evaluated year on year movements of significant valuation assumptions with reference to published benchmarks, if any. We undertook further inquiries and, where necessary, held further discussions with the Group's management and the valuer in order to challenge those assumptions. - Ensured that the disclosures in the consolidated financial statements are appropriate in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MAJID AL FUTTAIM HOLDING LLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Supplier rebates, incentives, benefits and other considerations ("supplier rebates")	
Key Audit Matter	**How the Key Audit Matter was addressed in our Audit**
As part of the Group's retail operations, the Group received supplier rebates, incentives, benefits and other considerations amounting to AED 5,267 million during the year ended 31 December 2023. These supplier rebates are based on contractual arrangements with suppliers and are primarily related to the purchases made from such suppliers and incentives, benefits and other considerations received as well. There are a large number of such contractual arrangements with suppliers from whom the Group receives such rebates. Each such arrangement is intricate with its own terms of the buying arrangements, performance conditions and relates to high volume, variety and categorization of items of different nature. This requires a detailed understanding of the contractual arrangements as well as the process put in place to ensure that the supplier rebates is appropriately calculated taking into consideration such contract terms, complete and accurate source data. Considering the large number of supplier contracts and the inherent complexity in estimating the supplier rebates, we considered accounting for supplier rebates to be a key audit matter.	We have performed the following procedures: - Read the Group's revenue recognition accounting policy and assessed whether it is in accordance with the requirements of IFRSs. - Obtained and understood the Group's processes and underlying controls to evaluate contractual arrangements with suppliers and estimate the rebates We performed walkthrough over the process and design of those controls. - We involved our specialists to test the information technology (IT) general controls and access controls relating to the merchandising and supplier benefits application employed by the Group's management. We verified the accuracy of the configuration to calculate such rebates, the restriction over access to configure or update terms of supplier rebates in the IT application and the related interface to the financial application. - On a sample basis, we verified the accuracy of the calculation of the supplier rebates to the underlying contractual arrangements. We tested the underlying source data and basis thereof for the calculation of such supplier rebates. - On a sample basis, we tested the supplier reconciliations (or, alternatively the supplier statement of accounts, as required) and verified that the supplier balances are recorded in the correct period, and reconciliation items if any are reviewed and recorded by the Group's management. - We performed revenue and gross margin analysis to understand trends by product category in order to identify, and test anomalies, if any, which may indicate potential errors in accounting for supplier rebates and benefits. - Ensured that the disclosures in the consolidated financial statements are appropriate in accordance with the requirements of IFRSs.

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

Other information comprises the information included in the Directors' report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Company's Memorandum of Association and the UAE Federal Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MAJID AL FUTTAIM HOLDING LLC (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. 32 of 2021, we report that for the year ended 31 December 2023:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Memorandum of Association and the UAE Federal Law No. 32 of 2021;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2023, if any, are disclosed in note 18.2 and 19.3 to the consolidated financial statements;

vi) note 28 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Memorandum of Association which would have a material impact on its activities or its consolidated financial position as at 31 December 2023; and

viii) note 12.4 reflects the social contributions, if any, made during the year ended 31 December 2023.

For Ernst & Young

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

12 March 2024

Dubai, United Arab Emirates

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

(AED in millions)	Note	2023	2022 (Restated)*
Revenue	10.4	34,497	34,086
Cost of sales	11.2	(21,790)	(22,179)
Operating expenses	12	(9,443)	(9,157)
Finance costs - net	13.2	(1,016)	(798)
Other expense - net	14	(223)	(433)
Net loss from investments carried at fair value through profit or loss	19.3	(23)	-
Impairment loss on non-financial assets - net	15.3	(877)	(118)
Impairment loss on financial assets - net	15.4	(44)	(17)
Share of profit in equity-accounted investees - net of tax	18.3 & 18.4	100	60
Profit before net valuation gains on land and buildings		**1,181**	**1,444**
Net valuation gain on land and buildings	17.5.1	1,848	1,153
Profit before tax		**3,029**	**2,597**
Income tax expense - net	16.2	(328)	(191)
Profit for the year		**2,701**	**2,406**
Profit for the year attributable to:			
- Owners of the Company		2,755	2,372
- Non-controlling interests	7.3	(54)	34
Profit for the year		**2,701**	**2,406**
Profit for the year		**2,701**	**2,406**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net valuation gain on land and buildings	17.4.2	465	391
Deferred tax on revaluation of land and buildings	16.4 & 16.5	2	(1)
Remeasurement (loss)/gain on defined benefit plans - net	32.2.3	(4)	46
		463	**436**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	33.7	(449)	(269)
Net change in fair value of cash flow hedges	13.4	(18)	187
		(467)	**(82)**
Total other comprehensive income for the year		**(4)**	**354**
Total comprehensive income for the year		**2,697**	**2,760**
Total comprehensive income for the year attributable to:			
- Owners of the Company		2,748	2,728
- Non-controlling interests		(51)	32
Total comprehensive income for the year		**2,697**	**2,760**

* Certain amounts shown here do not correspond to 2022 consolidated financial statements and reflect adjustments made as detailed in Note 10.1

The notes on pages 65 to 133 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 52 to 57.

Consolidated statement of financial position as at 31 December

(AED in millions)	Note	2023	2022
Non-current assets			
Property, plant and equipment	17.4	11,457	11,635
Investment property	17.5	35,687	34,688
Right-of-use assets	17.6	3,016	3,451
Equity-accounted investees	18.2	845	864
Investments held at fair value through profit or loss	19.3	14	-
Intangible assets and goodwill	20.2	1,688	1,693
Deferred tax assets	16.4	125	140
Due from related parties	28.4	-	34
Other non-current assets	21	1,673	1,153
Total non-current assets		**54,505**	**53,658**
Current assets			
Development property	17.7	2,690	2,253
Inventories	22.2	3,137	2,924
Trade and other receivables	23	3,621	2,828
Short term receivable from related parties	28.1	-	27
Due from related parties	28.4	69	112
Restricted cash	24.2	3,686	2,572
Cash in hand and at bank	24.2	2,041	1,728
Total current assets		**15,244**	**12,444**
Total assets		**69,749**	**66,102**
Current liabilities			
Trade and other payables	25	8,635	9,319
Tax payable		142	139
Provisions	26.2	633	574
Other liabilities	27	4,740	3,717
Short term loan from a related party	28.2	498	66
Due to related parties	28.5	72	434
Bank overdraft	29	230	123
Current maturity of long term loans	30	1,044	58
Current maturity of lease liabilities	31.3	663	638
Total current liabilities		**16,657**	**15,068**
Non-current liabilities			
Long term loans	30	15,108	15,542
Long term loan from a related party	28.3	6	-
Lease liabilities	31.3	3,188	3,392
Deferred tax liabilities	16.5	393	276
Provisions	26.2	164	147
Post employment benefit obligations	32.2	790	778
Other liabilities	27	85	104
Total non-current liabilities		**19,734**	**20,239**
Total liabilities		**36,391**	**35,307**
Net assets		**33,358**	**30,795**

Consolidated statement of financial position as at 31 December (continued)

(AED in millions)	Note	2023	2022
Equity			
Share capital	33.2	4,869	2,671
Statutory reserve	33.5	3,336	3,198
Revaluation reserve		19,016	18,549
Retained earnings		5,760	5,430
Hedging reserve	33.6	119	137
Currency translation reserve	33.7	(3,318)	(2,866)
Total equity attributable to the owners of the Company		**29,782**	**27,119**
Hybrid equity instrument	34	3,283	3,283
Non-controlling interests	7.3	293	393
Total equity		**33,358**	**30,795**

The consolidated financial statements were approved by the General Assembly and signed on their behalf on 12 March 2024:

Majid Al Futtaim Holding LLC
Authorized Signatory

Majid Al Futtaim Holding LLC
Authorized Signatory

The notes on pages 65 to 133 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 52 to 57.

Consolidated statement of cash flows for the year ended 31 December

(AED in millions)	Note	2023	2022
Cash flows from operating activities			
Profit for the year after tax		2,701	2,406
Adjustments for:			
Depreciation and amortization	12	2,146	2,154
Finance costs - net	13.2	1,016	798
Foreign exchange loss - net	14	151	391
Gain on acquisition of an equity-accounted investee - net of tax	14	(31)	-
Gain on lease termination	31.3.1	(28)	-
Loss on disposal of property, plant and equipment	14	27	12
Impairment loss on non-financial assets - net	15.3	877	118
Impairment loss on financial assets - net	15.4	44	17
Net valuation gain on land and buildings	17.5.1	(1,848)	(1,153)
Share of profit in equity-accounted investees - net of tax	18.3 & 18.4	(100)	(60)
Net loss from investments carried at fair value through profit or loss	19.3	23	-
Changes to post employment benefit obligations		1	46
Income tax expense - net	16.2	328	191
		5,307	**4,920**
Changes to working capital			
Inventories		(208)	(455)
Development property		(161)	53
Trade and other receivables		(1,168)	(855)
Trade and other payables		865	1,485
Restricted cash		(1,114)	(1,230)
Due from/to related parties - net		(12)	(16)
		(1,798)	**(1,018)**
Tax paid		(160)	(126)
Net cash from operating activities		**3,349**	**3,776**
Cash flow from investing activities			
Acquisition of property, plant and equipment and investment property		(1,672)	(2,200)
Payments against intangible assets	20.2	(192)	(272)
Lease premium paid		(45)	-
Payment of deferred consideration for acquisition of a business	27.3	(32)	(34)
Payment of consideration for acquisition of a business	8.2.2	(11)	-
Investment in equity accounted investees	18.3	(13)	-
Cash (paid)/received upon acquisition of subsidiaries		(3)	6
Cash received in common control transaction		-	4
Proceeds from sale of property, plant and equipment and investment property		58	15
Cash received from an equity accounted investee	18.4	5	-
Dividend received from equity-accounted investees	18.3, 18.4 & 18.4.7	52	33
Finance income received		128	50
Net cash used in investing activities		**(1,725)**	**(2,398)**

Consolidated statement of cash flows for the year ended 31 December (continued)

(AED in millions)	Note	2023	2022
Cash flow from financing activities			
Proceeds from term loan received from related parties	28.2 & 28.3	994	233
Repayment of term loan to related parties	28.2	(856)	(2,100)
Long term loans received	30	6,335	8,337
Long term loans repaid	30	(5,853)	(5,498)
Issuance of hybrid equity instrument - net		-	1,819
Repurchase of hybrid equity instrument - net		-	(1,841)
Payment against lease liabilities	31.3	(872)	(841)
Collateral received/(paid) against derivative instruments - net		73	(209)
Finance cost paid		(945)	(688)
Repayment of shareholder contribution		-	(25)
Coupon paid on hybrid equity instrument	34	(238)	(214)
Dividend paid to non-controlling interest		(49)	(33)
Net cash flows used in financing activities		**(1,411)**	**(1,060)**
Net increase in cash and cash equivalents		**213**	**318**
Cash and cash equivalents at the beginning of the year*		1,605	1,376
Effect of movements in exchange rates on cash held		(7)	(89)
Cash and cash equivalents at the end of the year	**24.6**	**1,811**	**1,605**

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 65 to 133 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 52 to 57.

Consolidated statement of changes in equity for the year ended 31 December

	Attributable to the owners of the Company									
(AED in millions)	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2022	**2,671**	**2,984**	**18,159**	**4,174**	**(50)**	**(2,599)**	**25,339**	**3,292**	**419**	**29,050**
Total comprehensive income for the year										
Net profit for the year	-	-	-	2,372	-	-	**2,372**	-	34	**2,406**
Other comprehensive income										
Net valuation gain on land and buildings (note 17.4.2)	-	-	391	-	-	-	**391**	-	-	**391**
Deferred tax liability on revaluation of land and buildings (note 16.4 & 16.5)	-	-	(1)	-	-	-	**(1)**	-	-	**(1)**
Remeasurement gain on defined benefit plans - net (note 32.2.3)	-	-	-	46	-	-	**46**	-	-	**46**
Net change in fair value of cash flow hedges (note 13.4)	-	-	-	-	187	-	**187**	-	-	**187**
Currency translation differences in foreign operations (note 33.7)	-	-	-	-	-	(267)	**(267)**	-	(2)	**(269)**
Total comprehensive income for the year	**-**	**-**	**390**	**2,418**	**187**	**(267)**	**2,728**	**-**	**32**	**2,760**
Transactions with owners recorded directly in equity										
Contribution by and distributions to owners and other movement in equity										
Dividend declared and settled / paid (note 33.4)	-	-	-	(625)	-	-	**(625)**	-	(33)	**(658)**
Repayment of shareholder contribution	-	-	-	-	-	-	**-**	-	(25)	**(25)**
Transfer to statutory reserve (note 33.5)	-	214	-	(214)	-	-	**-**	-	-	**-**
Acquisition of a subsidiary under common control transaction (note 8.3.1)	-	-	-	(96)	-	-	**(96)**	-	-	**(96)**
Total contribution by and distribution to owners	**-**	**214**	**-**	**(935)**	**-**	**-**	**(721)**	**-**	**(58)**	**(779)**
Hybrid prepetual note instruments										
Issuance of hybrid equity instrument (note 34)	-	-	-	-	-		**-**	1,819	-	**1,819**
Buy back of hybrid equity instrument (note 34)	-	-	-	(9)	-		**(9)**	(1,828)	-	**(1,837)**
Premium paid on buy back of hybrid equity instrument (note 34)	-	-	-	(4)	-		**(4)**	-	-	**(4)**
Coupon paid on hybrid equity instrument (note 34)	-	-	-	(214)	-		**(214)**	-	-	**(214)**
	-	**-**	**-**	**(227)**	**-**	**-**	**(227)**	**(9)**	**-**	**(236)**
At 31 December 2022	**2,671**	**3,198**	**18,549**	**5,430**	**137**	**(2,866)**	**27,119**	**3,283**	**393**	**30,795**

The notes on pages 65 to 133 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December (continued)

	Attributable to the owners of the Company									
(AED in millions)	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2023	**2,671**	**3,198**	**18,549**	**5,430**	**137**	**(2,866)**	**27,119**	**3,283**	**393**	**30,795**
Total comprehensive income for the year										
Net profit/(loss) for the year	-	-	-	2,755	-	-	2,755	-	(54)	2,701
Other comprehensive income										
Net valuation gain on land and buildings (note 17.4.2)	-	-	465	-	-	-	465	-	-	465
Deferred tax liability on revaluation of land and buildings (note 16.4 & 16.5)	-	-	2	-	-	-	2	-	-	2
Remeasurement loss on defined benefit plans - net (note 32.2.3)	-	-	-	(4)	-	-	(4)	-	-	(4)
Net change in fair value of cash flow hedges (note 13.4)	-	-	-	-	(18)	-	(18)	-	-	(18)
Currency translation differences in foreign operations (note 33.7)	-	-	-	-	-	(452)	(452)	-	3	(449)
Total comprehensive income for the year	**-**	**-**	**467**	**2,751**	**(18)**	**(452)**	**2,748**	**-**	**(51)**	**2,697**
Transactions with owners recorded directly in equity										
Contribution by and distributions to owners an other movement in equity										
Dividend declared and settled / paid (note 33.4)	-	-	-	(300)	-	-	(300)	-	(49)	(349)
Transfer to statutory reserve (note 33.5)	-	138	-	(138)	-	-	-	-	-	-
Acquisition of a subsidiary under common control transaction (note 8.3.1)	2,198	-	-	(1,745)	-	-	453	-	-	453
Total contribution by and distribution to owners	**2,198**	**138**	**-**	**(2,183)**	**-**	**-**	**153**	**-**	**(49)**	**104**
Hybrid prepetual note instruments										
Coupon paid on hybrid equity instrument (note 34)	-	-	-	(238)	-	-	(238)	-	-	(238)
	-	**-**	**-**	**(238)**	**-**	**-**	**(238)**	**-**	**-**	**(238)**
At 31 December 2023	**4,869**	**3,336**	**19,016**	**5,760**	**119**	**(3,318)**	**29,782**	**3,283**	**293**	**33,358**

The notes on pages 65 to 133 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

Majid Al Futtaim Holding LLC ("the Company") is registered as a limited liability company in the Emirate of Dubai under the UAE Federal Decree Law No. (32) of 2021 as applicable to commercial companies.

The principal activity of the Company is to invest in subsidiaries that are involved in establishing, investing in and managing commercial projects. The activities of its subsidiaries include establishment and management of shopping malls, hotels, residential projects, hypermarkets, supermarkets, fashion retailing, leisure and entertainment, cinemas and investment activities. The Company and its subsidiaries are collectively referred to as "the Group". The Company is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company").

The registered address of the Group and its Parent Company is P.O. Box 91100, Dubai, United Arab Emirates.

2. BASIS OF PREPARATION

These consolidated financial statements, which include the financial position and performance of the Company, its subsidiaries, associates and joint ventures, have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS(s)") and the requirements of the UAE Federal Decree Law No. (32) of 2021, and the relevant laws applicable to the various entities comprising the Group. These are presented in United Arab Emirates Dirhams ("AED") (rounded to the nearest millions unless otherwise stated), which is the Company's functional currency.

On 20 September 2021, the UAE Federal Law No. (32) of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015. Companies were given one year from 2 January 2022 to comply with the provisions of the UAE Federal Law No. (32) of 2021. The General Assembly of the Parent Company has approved the amendments to its Articles of Association required for compliance with the UAE Federal Decree Law No. (32) of 2021.

These consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.

The following assets and liabilities are measured at fair value:

- Investment properties
- Certain classes of property, plant and equipment
- Certain non-derivative financial instruments at fair value through profit or loss
- Derivative financial instruments

These consolidated financial statements were authorized for issue by the General Assembly on 12 March 2024.

3. IMPACT OF GLOBAL EVENTS

3.1 INFLATION AND GLOBAL CENTRAL BANKS TIGHTENING PROGRAMS

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

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

As a consequence, the Group's financial statements for the year have been impacted by currency movements across developing economies, in particular Egypt and Lebanon (refer to Note 33.7).

3.2 CONFLICT IN MIDDLE EAST

The ongoing conflict in the Middle East which began in later half of the year has resulted in heightened uncertainty and tensions in the region. This instability has led to and continues to impact consumer sentiment and appetite in the region. As of the reporting date, the conflict has been largely contained but could potentially spillover to wider region and adversely impact the territories in which the Group operates.

As per Group's assessment, the conflict has not materially impacted our financial position or operations as of the reporting date. Nonetheless, the Group continues to evaluate the situation to mitigate any impact that may emerge over time.

3.3 RUSSIA-UKRAINE CONFLICT

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

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

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

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the consolidated financial statements, management has made judgements, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have most significant effect on the amounts recognized in these consolidated financial statements are set out in the respective notes and are summarized below.

• Recognition of property sale revenue	Note 10.3
• Classification of properties	Note 17.2
• Valuation of properties and apportionment of fair values between land and buildings	Note 17.2
• Estimation or forecast of cost to complete	Note 17.2
• Net realizable values of development property and real estate inventory	Note 17.2
• Impairment of non-financial assets	Note 15.2 & 15.3.1
• Supplier balances and sourcing (rebates)	Note 11.2
• Impairment testing of goodwill	Note 20.4
• Determining lease term, payments & incremental borrowing rates in calculating lease liabilities	Note 31.2
• Measurement of defined benefit obligations	Note 32.1.1
• Foreign currency exchange rate for translation of foreign operations	Note 35.5.1

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a liability reflects its non-performance risk. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 or liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs for assets or liabilities 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.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

6. MATERIAL ACCOUNTING POLICIES INFORMATION

The Group has applied the accounting policies given below in these consolidated financial statements.

Accounting policy	Note reference	Page No.
Foreign currency	6.3.1	69
Offsetting	6.3.2	70
Basis of consolidation	7.1	70
Business combinations	8.1	72
Operating segments	9.1	75
Revenue recognition	10.2	81
Cost of sales	11.1	85
Finance costs and income	13.1	87
Impairment of equity-accounted investees	15.1.1	88
Impairment of non-financial assets	15.1.2	88
Impairment of financial assets	15.1.3	88
Tax	16.1	91
Property, plant and equipment	17.1.1	93
Capital work in progress	17.1.2	94
Investment property	17.1.3	95
Right-of-use assets	17.1.4	95
Development property	17.1.5	95
Investments	18.1	103
Investments held at fair value through profit or loss	19.1	106
Intangible assets and goodwill	20.1	107
Inventories	22.1	110
Cash and cash equivalents	24.1	111
Provisions	26.1.1	112
Employee benefits (long term and short term)	26.1.2 & 26.1.3	112
Leases	31.1	117
Post employment benefit obligations	32.1	121
Share capital	33.1	122
Non-derivative financial assets	35.1.1	124
Non-derivative financial liabilities	35.1.2	125
Derivative financial instruments	35.1.3	125

6.1 Amendments to IFRSs that are mandatorily effective for the current year

Several amendments apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group.

The accounting policies adopted in the preparation of the Group 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 2022, except for the adoption of new standards and / or amendments effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

6.1.1 IFRS 17 Insurance Contracts

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

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

This new standard had no impact on the Group's consolidated financial statements.

6.1.2 Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements. Based on the amendments, the Group now discloses material accounting policies instead of significant accounting policies.

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

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

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements as the Group did not apply the exemptions relating to deferred tax arising on transactions that on initial recognition, give rise to equal taxable and deductible temporary differences.

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

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

In line with IAS 12 (as amended), the Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes (note 16.7).

6.2 Standards Issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier adoption is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements.

	Effective date
• *Classification of Liabilities as Current or Non-current and non-current liabilities with covenants (Amendments to IAS 1)*	1 January 2024
• *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*	1 January 2024
• *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*	1 January 2024
• *Lack of exchangeability – Amendments to IAS 21*	1 January 2025

6.3 General accounting policies

6.3.1 Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into respective functional currencies of the Group's entities at the rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into functional currency at the exchange rates prevailing at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to functional currency at the exchange rates prevailing at the dates when the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies, which are measured in terms of historical cost, are translated into functional currency at the exchange rates prevailing at the date of the transaction. Foreign exchange differences arising on the translation of non-monetary assets and liabilities carried at fair value are recognized in profit or loss.

Foreign exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income are recognized directly in consolidated statement of other comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at foreign exchange rates at the reporting date. Share capital is translated at historical rate. The income and expenses of foreign operations are translated at average rates of exchange for the year. Foreign exchange differences arising on retranslation are recognized directly in other comprehensive income, and are presented in currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed-off partially or in its entirety such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the currency translation reserve in equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

In 2020, Lebanon became a hyperinflationary economy. Management performed a detailed assessment of the impact of applying IAS 29 Financial Reporting in Hyperinflationary Economies. Based on these assessments, the consolidated financial statements in 2022 and 2023, management determined that the impact of applying IAS 29 is not material to the Group (note 33.7).

6.3.2 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or of gains and losses arising from a group of similar transactions.

7. SUBSIDIARIES

7.1 Material accounting policy information

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is re-measured at fair value on the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

The accounting policies of subsidiaries have been changed, where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests which may cause the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in full in preparing these consolidated financial statements. Unrealized gains arising from transactions with jointly controlled entities and associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interests ('NCI') are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Interests in other entities

The Group does not hold any direct ownership interest in MAF Sukuk Ltd. (limited liability company incorporated in the Cayman Islands) which is a structured entity. However, based on the terms of the agreement under which this entity is established, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct the entity's activities that most significantly affect these returns. MAF Sukuk Ltd. has issued Sukuk Certificates which are listed on NASDAQ Dubai and Euronext Dublin, except for the USD 100 million. Accordingly, the results and financial performance of the structured entity are consolidated in these financial statements.

7.2 Principal subsidiaries

The Group had the following principal subsidiaries at 31 December 2023 and 2022:

			Effective ownership	
Name of subsidiary	Country of incorporation	Nature of business	2023	2022
Majid Al Futtaim Properties LLC*	United Arab Emirates	Operating and managing commercial projects including shopping malls, hotels, leisure and entertainment, residential units and investing in joint ventures and associates	100%	100%
Majid Al Futtaim Retail LLC	United Arab Emirates	Establishment and management of hypermarkets and other retail format stores	100%	100%
Majid Al Futtaim Entertainment LLC* (previously known as Majid Al Futtaim Ventures LLC)	United Arab Emirates	Establishment and management of cinemas, leisure and entertainment and food and beverage	100%	100%
Majid Al Futtaim Lifestyle LLC* (previously known as Majid Al Futtaim Fashion LLC)	United Arab Emirates	Establishment and management of fashion retail and home furniture stores	100%	100%
MAF Global Securities Limited	Cayman Islands	Structured entity established for issuance of bonds	100%	100%
Majid Al Futtaim Rewards LLC	United Arab Emirates	Operating and managing of Group's loyalty program	-	100%
Majid Al Futtaim Global Solutions LLC	United Arab Emirates	Operating and managing Group's shared services	100%	100%
Xsight Future Solutions LLC	United Arab Emirates	Operating and managing Group's technology solutions	100%	100%
Majid Al Futtaim Technology LLC	United Arab Emirates	Holding minority investments	100%	-

* These subsidiaries have certain interest in entities which are consolidated by the Group and the portion of non-controlling interest in these entities for the year ended 31 December 2023 amounts to AED 293 million (2022: AED 393 million).

Certain percentage of the Group's ownership stake in certain entities is held through beneficial ownership arrangements with the legal owner. In light of recent changes in the relevant laws governing legal ownership the Group is working to remove such arrangements where possible.

7.3 Non-controlling interests

The following subsidiaries within the Group have material non-controlling interests:

(AED in millions)		Proportion of ownership and voting rights held by NCI		Profit/(loss) allocated to Non-controlling interest		Accumulated Non-controlling interest	
Name of subsidiary	Country	2023	2022	2023	2022	2023	2022
Fujairah City Centre Investment Company LLC	UAE	37.5%	37.5%	22	17	154	151
Aswaq Al Emarat Trading CJSC	KSA	15.0%	15.0%	(100)	(6)	125	225
The Avenues Cinema Bahrain W.L.L	Bahrain	50.0%	50.0%	(1)	(6)	(13)	(11)
VOX Cinemas for Movie Screening W.L.L	Kuwait	50.0%	50.0%	16	15	15	18
Individually immaterial subsidiaries with NCI		Various	Various	9	14	12	10
				(54)	**34**	**293**	**393**

8. BUSINESS COMBINATIONS

8.1 Material accounting policy information

All business combinations are accounted for by applying the acquisition method except for acquisition of entities under common control. The excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition is recorded as goodwill. Negative goodwill arising on acquisition is immediately recognized in the profit or loss. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses, if any. On disposal of a subsidiary / joint venture / associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the common control of the Parent Company are accounted 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.

8.2 ACQUISITIONS

8.2.1 Egyptian Emirates Malls S.A.E. (TEEM)

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

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

On acquisition, the Group recognized gain on acquisition of AED 31 million (note 14) representing the net of assets transferred of AED 48 million net of reversal of impairment provision on investment in TEEM of AED 14 million (note 15.3) and net consideration paid of AED 3 million.

8.2.2 Poltrona Frau

During the current year, the Group entered a distribution agreement with Poltrona Frau, a luxury Italian Furniture brand, and acquired all assets of PF Emirates Interiors LLC (PFE), a company based in the UAE. The following table summarizes the fair value of assets acquired on acquisition date.

(AED in millions)	At date of transfer
Assets	
Property, plant and equipment	4
Inventories	5
Fair value of identifiable assets acquired (A)	9
Fair value of exclusive distribution rights of Poltrona Faru products identified on acquisition (B)	2
Consideration paid (A + B)	11

8.2.3 WATERFRONT CITY S.A.L.

During the prior year, the Group acquired the remaining 50% shareholding in Waterfront City SAL, an equity accounted joint venture, for a net consideration of AED 1 million, thus increasing its ownership from 50% to 100%. The carrying value, approximating the fair value, of Waterfront City SAL net assets at the date of acquisition amounted to AED 2 million (note 18.4). Accordingly, these financial statements consolidate the results of Waterfront City SAL from the acquisition date until the reporting date.

Subsequent to the acquisition, in accordance with the prevailing market trend where real estate transactions in Lebanon are predominantly valued in USD, the acquired investment property was revalued prior to the year ended 31 December 2022 and the gain from fair value and currency translation have been recognized accordingly (note 17.5).

8.3 COMMON CONTROL TRANSACTIONS

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

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

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

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

The Group did not apply IFRS 3 Business Combination as the acquisitions are common control transactions at book value defined under the Group's accounting policy (note 8.1).

In line with the Group's accounting policy, the Group did not restate the comparatives for prior year, as the impact on the date of transfer has been accounted for in the consolidated retained earnings within the consolidated statement of changes in equity. The table below provides the bridge between the reported and adjusted numbers, in the consolidated statement of profit or loss for year ending 31 December 2022, had the comparatives been adjusted to reflect the transfer of businesses from the earliest comparative period i.e. 1 January 2022.

	For the year ending 31 December 2022			
(AED in millions)	(Restated)*	Digital	Technology	Adjusted
Revenue	34,086	-	-	34,086
Cost of sales	(22,179)	-	-	(22,179)
Operating expenses	(9,157)	(433)	-	(9,590)
Finance costs - net	(798)	-	-	(798)
Other expense - net	(433)	(1)	-	(434)
Net loss from investments carried at fair value through profit or loss	-	-	(18)	(18)
Impairment loss on financial assets - net	(118)	-	-	(118)
Impairment loss on non-financial assets - net	(17)	-	-	(17)
Share of profit in equity accounted investees - net of tax	60	-	-	60
Profit before valuation gain on land and buildings	1,444	(434)	(18)	992
Net valuation gain on land and buildings	1,153	-	-	1,153
Profit before tax	2,597	(434)	(18)	2,145
Income tax expense - net	(191)	-	-	(191)
Profit for the year	2,406	(434)	(18)	1,954
Adjusted EBITDA	4,066	(363)	-	3,703
NOPAT	2,560	(433)	-	2,127
Profit for the period attributable to:				
- Owners of the Company	2,372	(434)	(18)	1,920
- Non-controlling interests	34	-	-	34
Profit for the year	2,406	(434)	(18)	1,954

* Certain amounts shown here do not correspond to 2022 consolidated financial statements and reflect adjustments made as detailed in Note 10.1

During the previous year, the operations of fintech, advanced analytics and Group wide loyalty program were brought under Xsight Future Solutions LLC (Xsight FS), a wholly owned subsidiary of Majid Al Futtaim Investments LLC (a wholly owned subsidiary of the Parent Company), with a view to integrate these as part of the Group's operations.

Accordingly, the beneficial ownership of Xsight FS has been transferred to the Group and is reported under the Others segment in these consolidated financial statements. The impact of this transfer is as follows:

- XSight FS, includes results of Beam Portal LLC ("Beam Portal"). The consolidated statements of changes in equity has been adjusted with AED 96 million, representing its net liability position, in accounting for the common control transaction.
- Xsight FS and its subsidiaries, contributed net loss of AED 103 million (EBITDA loss of AED 35 million) to the prior year consolidated financial statements.

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

As part of this transfer, the intercompany balances in these entities are novated to the Company, and the Parent Company 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 (note 33.2).

8.3.2 Tilal Al Ghaf Development LLC

At 31 December 2022, investment in Tilal Al Ghaf Development LLC is transferred from Tilal Al Ghaf LLC, a wholly owned subsidiary of the Parent Company, to the Group. Accordingly, these consolidated financial statements capture the results of Tilal Al Ghaf Development LLC. The following table summarizes the financial position of Tilal Al Ghaf Development LLC transferred on 31 December 2022:

(AED in millions)	31 December 2022
Assets	
Development property (note 17.7)	912
Due from related parties	891
Cash and bank balances	1
Total assets	**1,804**
Liabilities	
Trade and other payables	2
Due to related parties	86
Total liabilities	**88**
Net assets	**1,716**

The Group did not apply IFRS 3 Business Combination as the acquisition is a common control transaction at book value defined under the Group's accounting policy (note 8.1).

8.4 DISPOSALS

8.4.1 During the year, the Group disposed off its operations in Uzbekistan for consideration of AED 18 million and recognized gain of AED 3 million on disposal, representing the difference between the consideration received, net assets of AED 6 million and contingency provision amounting to AED 9 million. The operations in Uzbekistan, operated through Majid Al Futtaim Hypermarkets Limited Liability Company, a wholly owned subsidiary of Majid Al Futtaim Hypermarkets LLC (UAE based wholly owned subsidiary of Majid Al Futtaim Retail LLC) are not considered material for the Group and hence have not been disclosed separately as discontinued operations.

9. OPERATING SEGMENTS

9.1 Material accounting policy information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The operating results of all operating segments are reviewed regularly by senior management and the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Group has five segments, consistent with internal reporting and are considered the Group's strategic business units. The strategic business units offer different services and are managed separately because they have different strategic requirements. Inter-segment pricing is determined on agreed terms.

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

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

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

The segment note for current period includes results from digital operations of Retail (note 8) and hence, the disclosure is not comparable.

Entertainment: Previously referred to as Leisure Entertainment and Cinemas. The principal activities include establishing, through subsidiaries, establishment and management of cinemas, family entertainment centers, leisure and entertainment activities and food and beverage.

Lifestyle: The principal activities include establishing, investing in and operating fashion, home furniture and retail stores through its subsidiaries and associates.

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

- The principal activities of **Head Office** include acting as the holding company of the Group's subsidiaries, arranging the Group's financing requirements and providing strategic guidance and certain support services to the subsidiaries. The results and the balances include the results of Xsight Future Solutions and Global Solutions (GS) in the following tables.
- The principal activities of **GS** include providing finance, human capital, technology and procurement services across the Group.
- The principal activities of **XSight** include providing fintech and advance analytics solutions to other Group companies along with management of the Group wide loyalty program.

NOPAT (non-GAAP measure)

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

NOPAT is calculated based on the net profit after tax for the financial period, adjusted for unrealized valuation gains or losses on investments (if any) and land and buildings, 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, tax expense, equity accounted income (loss) – net, other non-recurring items, and to remove the impact on operating profit of IFRS 16 Leases as if IAS 17 Leases applied. The adjustment to remove the impact of IFRS 16 accounting also recognizes lease costs within operating profit as if IAS 17 Leases applied. IAS 17 was the predecessor lease accounting standard and was replaced by IFRS 16 for financial periods beginning on or after 1 January 2019. Management excludes one-off exceptional items as part of its adjustments on other non-recurring items in order to focus on results excluding items affecting comparability from one period to the next.

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

9.2 Segment reporting by business

The segment information provided to the stakeholders for reportable segments for the year ended 31 December 2023 and 31 December 2022 are as follows:

9.2.1 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
31 December 2023						
Gross revenue	7,383	24,654	1,777	1,032	116	**34,962**
Eliminations of intercompany income	(398)	-	-	-	(67)	**(465)**
Revenue from external customers	**6,985**	**24,654**	**1,777**	**1,032**	**49**	**34,497**
External revenue from major service/product lines						
Sale of goods	-	24,273	-	1,032	-	**25,305**
Service income and commissions	-	219	-	-	-	**219**
Sale of property	2,671	-	-	-	-	**2,671**
Leisure and entertainment	281	-	1,777	-	-	**2,058**
Hospitality revenue	700	-	-	-	-	**700**
Others	20	120	-	-	48	**188**
	3,672	**24,612**	**1,777**	**1,032**	**48**	**31,141**
Rental income	3,313	42	-	-	-	**3,355**
Financial services revenue	-	-	-	-	1	**1**
	6,985	**24,654**	**1,777**	**1,032**	**49**	**34,497**
31 December 2022 (restated)*						
Gross revenue	6,197	25,784	1,663	801	109	**34,554**
Eliminations of intercompany income	(379)	-	-	-	(89)	**(468)**
Revenue from external customers	**5,818**	**25,784**	**1,663**	**801**	**20**	**34,086**
External revenue from major service/product lines						
Sale of goods	-	25,442	-	801	-	**26,243**
Service income and commissions	-	198	-	-	-	**198**
Sale of property	1,819	-	-	-	-	**1,819**
Leisure and entertainment	224	-	1,654	-	-	**1,878**
Hospitality revenue	671	-	-	-	-	**671**
Others	35	101	-	-	7	**143**
	2,749	**25,741**	**1,654**	**801**	**7**	**30,952**
Rental income	3,069	43	-	-	-	**3,112**
Financial services revenue	-	-	9	-	13	**22**
	5,818	**25,784**	**1,663**	**801**	**20**	**34,086**

(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.

9.2.2 Disaggregation of revenue from contracts with customers

(AED in millions)	Properties	Retail*	Entertainment	Lifestyle	Others(i)	Total
31 December 2023						
Over period of time	2,671	219	-	-	48	**2,938**
At a point in time	1,001	24,393	1,777	1,032	-	**28,203**
	3,672	**24,612**	**1,777**	**1,032**	**48**	**31,141**
*31 December 2022 (restated)**						
Over period of time	1,819	198	-	-	7	**2,024**
At a point in time	930	25,543	1,654	801	-	**28,928**
	2,749	**25,741**	**1,654**	**801**	**7**	**30,952**

* Certain amounts shown here for Retail segment do not correspond to 2022 consolidated financial statements and reflect adjustments made as detailed in Note 10.1. Prior to the restatement, Retail segment's reported revenue for 2022 amounted to AED 28,017 million and revenue from contracts with customers of AED 27,974 million.

9.2.3 Disaggregation of non-GAAP measures by business

(AED in millions)	Properties	Retail (ii)	Entertainment	Lifestyle	Others (i)	Eliminations / adjustments	Total
31 December 2023							
Net profit/(loss) after tax	4,189	418	(865)	(129)	(513)	(399)	2,701
Adjustments for:							
Valuation gain on land and buildings - net	(2,016)	(4)	-	-	-	172	(1,848)
Net finance costs	637	123	307	104	(118)	(37)	1,016
Foreign exchange loss - net	103	31	17	3	7	(10)	151
Net loss from investments carried at fair value through profit or loss	-	-	-	-	23	-	23
Net impairment on non-financial assets	378	(25)	436	45	78	(35)	877
NOPAT	**3,291**	**543**	**(105)**	**23**	**(523)**	**(309)**	**2,920**
Adjustments for:							
Depreciation and amortization	356	1,067	496	153	89	(15)	2,146
Equity accounted income - net	(93)	-	-	(7)	-	-	(100)
Income tax expense	126	177	11	5	2	7	328
Other non-recurring items	(14)	27	42	(1)	26	-	80
Rent expense de-recognized on adoption of IFRS 16							
- External	(17)	(577)	(158)	(68)	(1)	-	(821)
- Internal	-	(176)	(93)	(38)	(10)	317	-
Adjusted EBITDA	**3,649**	**1,061**	**193**	**67**	**(417)**	**-**	**4,553**

(AED in millions)	Properties	Retail (ii)	Entertainment	Lifestyle	Others (i)	Eliminations / adjustments	Total
31 December 2022							
Net profit/(loss) after tax	3,126	540	(387)	(67)	(988)	182	2,406
Adjustments for:							
Valuation gain on land and buildings - net	(1,202)	(4)	-	-	-	53	(1,153)
Net finance costs	431	198	159	37	466	(493)	798
Foreign exchange loss - net	283	64	22	3	22	(3)	391
Net Impairment on non-financial assets	14	1	40	1	72	(10)	118
NOPAT	**2,652**	**799**	**(166)**	**(26)**	**(428)**	**(271)**	**2,560**
Adjustments for:							
Depreciation and amortization	324	1,092	537	131	102	(32)	2,154
Equity accounted income - net	(54)	-	-	(6)	-	-	(60)
Income tax expense	87	110	(12)	7	-	(1)	191
Other non-recurring items	19	8	25	3	(6)	-	49
Rent expense de-recognized on adoption of IFRS 16							
- External	(17)	(588)	(172)	(51)	-	-	(828)
- Internal	-	(179)	(86)	(33)	(6)	304	-
Adjusted EBITDA	**3,011**	**1,242**	**126**	**25**	**(338)**	**-**	**4,066**

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

(ii) The current year operating results, include results from the digital operations of Retail hence not comparable with the prior period. For details refer to note 8.3.1. Including digital operations, the comparable EBITDA and NOPAT for the Group for 31 December 2022 would be AED 3,703 million and AED 2,127 million, respectively.

9.2.4 Disaggregation of capital expenditure by business

(AED in millions)	Properties	Retail*	Entertainment	Lifestyle	Others	Eliminations / adjustments	Total
31 December 2023							
Capital expenditure	(1,074)	(407)	(185)	(121)	(181)	-	(1,968)
31 December 2022							
Capital expenditure	(1,512)	(353)	(268)	(84)	(289)	-	(2,506)

9.2.5 Disaggregation of assets & liabilities by business

(AED in millions)	Properties	Retail*	Entertainment	Lifestyle	Others	Eliminations / adjustments	Total
31 December 2023							
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)
Net assets							33,358
31 December 2022							
Total assets	51,502	12,256	3,426	1,219	14,603	(16,904)	66,102
Total liabilities	(18,753)	(11,414)	(5,434)	(1,942)	(12,097)	14,333	(35,307)
Net assets							30,795

9.3 Segment revenue and assets by geography

(AED in millions)	Total revenue 2023	Total revenue 2022 (Restated)*	Total assets 2023	Total assets 2022
UAE (country of domicile)	18,785	17,334	49,690	44,528
Saudi Arabia	3,009	3,097	4,076	4,846
Egypt	2,751	3,399	3,960	4,219
Qatar	2,232	2,352	975	897
Oman	1,349	1,386	4,200	4,437
Jordan	1,131	1,230	338	452
Bahrain	969	1,061	3,511	3,532
Kuwait	942	915	551	599
Pakistan	450	556	218	239
Georgia	1,140	952	333	290
Lebanon	212	191	1,359	1,399
Kenya	1,054	1,102	325	403
Iraq	248	261	92	76
Armenia	59	61	20	26
Uganda	144	142	101	133
Uzbekistan (note 8.4.1)	22	47	-	26
	34,497	34,086	69,749	66,102

10. REVENUE

10.1 Restatement and reclassification

The Group has 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 has 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 a result of this change in accounting policy an amount of AED 2,212 million for the year ended 31 December 2023, has been reduced from cost of sales that under the previous policy would have been incorporated in revenue.

As required by IFRS and in order to ensure the comparability of the consolidated financial statements for the year ended 31 December 2022, an amount of AED 2,233 million was reclassified from revenue to cost of sales in respect of the comparative period as follows:

(AED in millions)	For the year ending 31 December 2022 As previously reported	Adjustments	As restated
Revenue	36,319	(2,233)	34,086
Cost of sales	(24,412)	2,233	(22,179)
Adjusted EBITDA	4,066	-	4,066
NOPAT	2,560	-	2,560
Profit for the year	2,406	-	2,406

There is no impact on the Group's profit for the year, operating, investing or financing cash flows, total net assets, and total equity for the year ended 31 December 2022.

10.2 Material accounting policy information

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five steps model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration the Group expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate transaction price to the performance obligations in a contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled to in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability. Contract asset is currently presented as "Unbilled receivables" under trade and other receivables. Contract liabilities is currently presented as "Advances from customers" under trade and other payables.

Revenue is measured at the fair value of the consideration received or receivable, taking into consideration the contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent, The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognized in the income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Sale of goods

Revenue from the sale of goods is recognized when the Group sells a product to the customer. For goods sold in store, revenue is recognized at the point of sale. For online or wholesale sale of goods, revenue is recognized on collection by, or delivery to, the customer. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in store.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Group and are recognized at the time of check-out sales when persuasive evidence exists that the control passes from the Group to the customer satisfying the performance obligation, and the amount of revenue can be measured reliably. Discounts are recognized as a reduction of revenue as the sales are recognized.

For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognized.

Sale of property

Revenue from property sales is recognized upon satisfaction of performance obligation by delivering the promised goods or services.

During the period of construction, the Group has no alternative use of the unit being created and where the local law permits has an enforceable right to force the collection in full over customers. Accordingly, in these circumstances the Group recognizes revenue over the period of construction based on percentage of completion. The percentage of completion is obtained from the commercial team.

Where the above criteria are not fulfilled, revenue is recognized at a point in time. In these cases, revenue is recognized when the control over the asset that is subject of the contract is transferred to the customer. In case of contracts to sell real estate assets this is generally when the unit has been handed over to the customer.

Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission earned by the Group. The agency relationship is established where the Group does not take title of the goods, has no responsibility in respect of the goods sold and the Group does not have control on the selling prices set by the supplier.

Loyalty programmes

The Group has customer loyalty programmes whereby customers are awarded credits known as “tickets/ loyalty points”. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the reward credit and the other components of the sale. The amount allocated to the tickets/ loyalty points is considered to be the fair value for which they could be redeemed. Such amount is deferred and revenue is recognized only when the tickets/ loyalty points are redeemed and the Group has fulfilled its obligations to supply the products.
The amount of revenue recognized in those circumstances is based on the number of tickets/loyalty points that have been redeemed in exchange for products, relative to the total number of tickets/loyalty points that are expected to be redeemed. Deferred liability in respect of outstanding loyalty points is also released to profit or loss when it is no longer considered probable that the tickets/ loyalty points will be redeemed.

Rental income

Rental income, including fixed rental uplifts, from properties leased out under an operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives being offered to lessees to enter into a lease, such as an initial rent-free period or a cash contribution to fit-out or similar costs, are an integral part of the net rental income and are therefore recognized on the same straight-line basis. Contingent rents, being lease payments that are not fixed at the inception of the lease, for example turnover rents, are recorded as income in the periods in which they are earned. Refer to note 31.1 for accounting policy on leases.

Services

Revenue from hospitality, leisure and entertainment and other activities is recognized on rendering the services and when the revenue can be measured reliably. The Group assesses its performance against obligations conditional on earning the income, with income recognized either over time as the obligations are met, or recognized at the point when all obligations are met, depending on contractual requirements. Revenue from services is recognized as income in the periods in which it is earned.

Sale of alcohol

The purchase of alcohol for hotels and residence is the responsibility of the relevant Hotel Management Company, and the revenue derived from sale is deemed to be that of the Hotel Management Company. The profit resulting from the sales of alcoholic beverages forms part of the Hotel Management Company’s incentive fee.

10.3 Critical accounting estimate and judgement

Revenue from contracts with customers is recognized in accordance with IFRS 15 which requires management to make the following judgements and estimations:

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets, the Group creates an asset with no alternative use to the Group and has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognizes revenue over time. Where this is not the case, revenue is recognized at a point in time.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Existence of a significant financing component in the contract

In determining the transaction price, the Group adjusts the amount of consideration for the effects of the time value of money if the timing of payments agreed upon provides the customer with a significant benefit of financing the transfer of units to the customer and is applicable at individual contracts. The Group uses the discount rate that reflects a separate financing transaction between the Group and its customer at contract inception. The rate reflects the credit characteristics of the customer as well as any collateral, including assets to be transferred. The discounting only applies to collections received after the delivery of units due to timing difference between the completion of performance obligation and payments deferred over multiple years post-handover date. The discount calculated at the inception will be offset against revenue and unbilled receivables. The amortization of the discount is expected to be over period of up to 3 years post-handover date.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the asset that is the subject of the contract is transferred to the customer. In case of contracts to sell real estate assets, this is generally when the unit has been handed over to the customer and when the consideration for the unit has been substantially received.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognized over time. The Group considers that the use of the input method which requires revenue recognition based on the Group's efforts to satisfaction of the performance obligation provides the best reference of revenue earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognized.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project management business unit and the cost of meeting other contractual obligations to the customers.

10.4

(AED in millions)	2023	2022 (Restated)
Revenue from contract with customers	31,141	30,952
Other revenue		
- Rental income	3,355	3,112
- Financial services revenue	1	22
	34,497	34,086

10.4.1 Revenue from contract with customers includes revenue from Retail's online business amounting to AED 2,550 million (2022: AED 2,175 million). Until 31 December 2022, investments made in Retail online business were supported by the Parent Company as set out in note 28.7.2.

10.4.2 Revenue from contract with customers include revenue from sale of properties of AED 2,671 million (2022: AED 1,819 million), net of AED 19 million (2022: AED 29 million) transfer fees to a government authority, which met the revenue recognition criteria.

10.4.3 Revenue from property sales during the year is net of AED 30 million (2022: AED 42 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.

10.4.4 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 13 million (2022: AED 24 million). These sale transactions are carried out at market comparable terms.

11. COST OF SALES

11.1 Material accounting policy information

Cost of sales corresponds to the cost of purchases net of rebates (volume-related allowances) and commercial income from suppliers, changes in inventories (including impairments), logistics costs and other costs.

The Group has agreements with suppliers whereby volume-related rebates and various other fees and discounts are received in connection with the purchase of goods. This income received from suppliers relates to adjustments to the core cost price of a product and is considered part of the purchase price for that product. In certain cases, receipt of the income is conditional on the Group satisfying certain performance obligations associated with the purchase of the product. These include achieving agreed purchases or sales volume targets. Income is recognized on an accrual basis when earned by the Group, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. For the purpose of presentation, cost of sales is shown net of rebates and discounts.

Where the income earned relates to inventories which are held by the Group at the end of a period, the income is deducted from the cost of those inventories, and recognized in cost of sales upon sale of those inventories. The Group offsets amounts due from suppliers against amounts owed to those suppliers and only the net amount payable or receivable is recognized.

Rebates are calculated based on immediate or deferred discount rates on purchases, as specified in the contractual terms negotiated each year. Rebates can be:

- unconditional, i.e., proportionate to total purchases and subject to no other conditions; or
- conditional, i.e., dependent on meeting certain conditions (e.g., growth in the supplier's net sales with the Group).

Commercial income from the suppliers is recognised as a reduction of the cost of the related products when the Group has performed the activities specified in the contract with the suppliers. If the contract does not specify any performance criteria, the income is recognised over the term of the contract.

11.2 Critical accounting estimate and judgement

Management applies judgement in estimating the rebate eligibility and determining the period over which the reduction in cost of sales should be recognized. Management estimates the rebates eligibility and the period, in relation to strategic volume moves and some annual volume based rebates, over which cost of sales is reduced based on the individual contractual arrangement with the suppliers.

11.2

(AED in millions)	**2023**	**2022** (Restated)
Cost of goods sold		
Opening inventories (note 22.2)	(2,924)	(2,469)
Purchases	(25,497)	(26,695)
Closing inventories (note 22.2)	3,137	2,924
Supplier rebates, fees and discounts	5,268	5,391
	(20,016)	**(20,849)**
Cost of revenue from property sales	(1,774)	(1,330)
	(21,790)	**(22,179)**

11.3 Cost of revenue from property sales and sales commission amounting to AED 1,774 million (2022: AED 1,330 million) and AED 110 million (2022: AED 84 million) (note 12), respectively, relates to Tilal Al Ghaf revenue recognized during the year.

12. OPERATING EXPENSES

(AED in millions)	2023	2022
Staff costs (note 12.1)	(3,875)	(3,888)
Depreciation and amortization (note 12.2)	(2,146)	(2,154)
Utilities	(522)	(536)
Advertising, selling and marketing expenses	(372)	(382)
Legal and consultancy expenses (note 12.6)	(327)	(370)
Repair and maintenance	(356)	(347)
Franchise and management fees	(195)	(182)
Bank charges	(250)	(231)
Delivery and transportation	(222)	(301)
Security expenses	(136)	(157)
Rent - short term leases and contingent rent (note 31.3.3)	(177)	(147)
House keeping and cleaning	(127)	(130)
Sales commission (note 11.3)	(110)	(84)
Business travel expenses	(45)	(44)
Insurance charges	(53)	(44)
Other general and administrative expenses (note 12.5)	(530)	(160)
	(9,443)	**(9,157)**

12.1 Staff cost (includes)/is net of the following:

(AED in millions)	2023	2022
Gratuity cost	(134)	(153)
Pension cost	(35)	(30)
Staff cost capitalized	130	121

12.2 Depreciation and amortization includes following:

(AED in millions)	2023	2022
Property, plant and equipment (note 17.4)	(1,242)	(1,274)
Right-of-assets (note 17.6)	(665)	(672)
Intangible assets (note 20.2)	(177)	(163)
Prepaid lease premium (note 21.2)	(62)	(60)
Recharged out to related parties (note 28.7.2)	-	15
	(2,146)	**(2,154)**

12.3 The number of employees at 31 December 2023 was 42,786 (2022: 46,174).

12.4 During the year, the Group paid AED 3 million (2022: AED 5 million) for various social contribution purposes.

12.5 Includes offset of AED 22 million (2022: AED 334 million) recharged to related parties (note 28.7.2)

12.6 Fees for external auditors with respect to both statutory audit and other non-audit fees are classified under legal and consultancy expenses. The table below shows the total fees and costs related to audit and other services provided by external auditors, including nature of services provided.

(AED in thousands)	2023
Total audit fees charged	
Majid Al Futtaim Holding LLC	374
Consolidated controlling entities	11,361
	11,735

(AED in thousands)	2023
Total non-audit fees charged	
Assurance services (note 12.6.1)	1,104
Tax services	1,009
Consultancy services	1,011
	3,124

12.6.1 Fees for review of financial statements are included in the "Assurance services" category.

12.6.2 In April 2021, International Ethics Standards Board for Accountants (IESBA) released changes to the fee-related provisions of the IESBA Code which are effective for audit periods beginning on or after 15 December 2022. As per these revised requirements the Group has given the above mentioned disclosures. The fees disclosed for non-audit services relates to all engagements that were contracted after 15 December 2022.

13. FINANCE COSTS - NET

13.1 Material accounting policy information

Interest income and expense

Interest income and expense for all interest bearing financial instruments except for those designated at fair value through profit or loss, are recognized in 'interest income' and 'interest expense' in profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

Capitalization of borrowing costs continues until the assets are ready for the intended use. The capitalization rate is arrived at by reference to either the actual rate payable on specific borrowings for development purposes; or, with regard to that part of the development cost financed out of general funds, the overall effective borrowing rate for the Group. Borrowing costs that do not meet the criteria of capitalization are recognized as expenses in the period in which they are incurred.

13.2

	(AED in millions)	2023	2022
(i)	*Finance costs:*		
	Arrangement and participation fee	(46)	(60)
	Interest charges on bank loans (note 13.3)	(980)	(548)
	Interest expense on lease liabilities (note 31.3)	(220)	(210)
	Interest charges on related party balances	(9)	(5)
	Capitalized interest on development expenditure	3	-
		(1,252)	**(823)**
	Changes in the fair value/settlement of derivatives held as FVTPL	(1)	(3)
	Cash flow hedges reclassified from hedging reserve	(14)	(31)
	Bond programme cost	(8)	(8)
	Total finance costs	**(1,275)**	**(865)**
(ii)	*Finance income:*		
	Interest income on bank balances	128	50
	Unwinding of discount on long term receivable balances	5	4
	Cash flow hedges reclassified from hedging reserve	126	13
	Total finance income	**259**	**67**
	Finance costs - net	**(1,016)**	**(798)**

13.3 Included within interest charges on bank loans is fair value gain of AED 103 million (2022: fair value loss of AED 299 million) in relation to derivatives used in fair value hedge relationship, with an offsetting fair value change of AED 103 million (2022: AED 299 million) for the underlying debt being hedged.

13.4 Net changes in fair value recognized directly in other comprehensive income:

(AED in millions)	2023	2022
Effective portion of changes in fair value of cash flow hedges	94	169
Cash flow hedges reclassified to profit or loss - net	(112)	18
	(18)	**187**

14. OTHER INCOME/EXPENSES - NET

(AED in millions)	2023	2022
Foreign exchange loss - net (note 14.1)	(151)	(391)
Project costs written-off	(31)	(2)
Development expenses written-off	(50)	(29)
Loss on disposal of non-current assets	(27)	(12)
Gain on acquisition of joint venture (note 8.2.1)	31	-
Other income - net	5	1
	(223)	**(433)**

14.1 Foreign exchange loss is primarily driven by translation of a USD denominated loan to EGP that has been fully settled during the year.

15. IMPAIRMENT

15.1 Material accounting policy information

15.1.1 *Equity-accounted investees*

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

15.1.2 *Non-financial assets*

The carrying amounts of the Group's non-financial assets except investment properties and certain categories of property, plant and equipment where fair value is reliably measurable, deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

15.1.3 *Financial assets*

Financial instruments and contract assets

The Group recognizes loss allowances for ECL's on financial assets measured at amortized cost.
The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date;
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition; and
- trade receivables measured at amortized cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Group measures loss allowances for its financial assets measured at amortized cost at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Assets that are individually significant are tested individually whereas others are grouped together with financial assets of similar credit risk characteristics and assessed collectively. Impairment loss is reversed if the reversal can be objectively related to an event that has occurred after the impairment loss was recognized. For financial assets that are measured at amortized cost, the reversal is recognized in profit or loss account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default of being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL on the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

15.2 Critical accounting estimate and judgement for non-financial assets

Management assesses impairment loss on assets, other than investment property and certain categories of property, plant and equipment carried at fair value and inventories, whenever there are indicators of impairment. In assessing impairment of assets based on value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

15.3 IMPAIRMENT LOSS ON NON-FINANCIAL ASSETS - NET

(AED in millions)	2023	2022
Impairment of property, plant and equipment:		
- Furniture and fixtures (note 15.3.1)	(312)	(59)
- Capital work in progress (note 15.3.1)	(53)	(2)
Impairment of investment properties (note 15.3.3)	(612)	(17)
Impairment of development property (note 17.7)	(7)	-
Impairment of right-of-use assets (note 15.3.1 and 17.6)	(125)	(3)
Impairment of intangible assets		
- Goodwill (note 20.2 and 15.3.1)	(70)	(11)
- Other intangible assets (note 20.2 and 15.3.2)	(71)	(76)
Impairment of equity accounted investees (note 18.3)	(1)	(1)
Reversal of impairment of equity accounted investees (note 18.4)	321	5
Reversal of impairment of property, plant and equipment (note 15.3.4)	53	46
	(877)	(118)

15.3.1 Impairment losses on assets (including right-of-use assets) pertaining to certain operating units (Retail, Entertainment and Lifestyle) were recognized when the recoverable amounts, estimated based on the value in use of the cash generating units, were lower than the carrying amount of the assets.

For the Group's Retail business the cash flow projections include specific estimates for five years at an average growth rate of 4.9% (2022: 4.8%) and a stable growth rate of 2.8% (2022: 2.9%) thereafter. The stable growth rate was determined based on management's estimate of the long-term standard inflation rate, consistent with the assumptions that a market participant would use. The Group used post-tax industry average Weighted Average Cost of Capital ('WACC') which reflects the country specific risk adjusted discount rate. Discount rates ranging from 8% to 49.5% (2022: 8.5% to 43.5%) have been determined and applied.

For entertainment operating unit pre-tax discount rates ranging from 9.5% to 15% (2022: 10% to 20.5%) and growth rates ranging from 5% to 13% (2022: 3% to 38%) were used. For lifestyle operating unit discount rates of 9.5% to 13.5% (2022: 9.5% to 13.5%) and growth rates from 2% to 12% (2022: 2% to 12%) were used.

15.3.2 Impairment loss of AED 67 million (2022: AED 57 million) on development of intangible assets relating to Group's technology stack was recognized, as the assets were no longer considered to be recoverable due to revised business plans. AED 4 million (2022: Nil) pertains to impairment of under production movie where the carrying amount exceeds its recoverable amount. In the prior year, AED 19 million impairment loss relates to intangible assets in Oman.

15.3.3 The Group has recognized impairment of AED 654 million (net of previously recognized accumulated impairment), in respect of certain development projects, as a result of an ongoing reassessment of alternative strategies for these specific projects.

15.3.4 AED 53 million (2022: AED 46 million) impairment was reversed due to improved performance and future projections of certain operating units.

15.4 IMPAIRMENT OF FINANCIAL ASSETS

(AED in millions)	2023	2022
Impairment of trade receivables - net (note 35.3)	(44)	(17)

16. TAX

16.1 Material accounting policy information

Income tax expense comprises current and deferred tax calculated in accordance with the income tax laws applicable. Income tax expense is recognized in profit or loss except to the extent it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

The Group calculates current income taxes according to the tax laws applicable to each subsidiary in the countries in which such subsidiary operates. In some cases, certain adjustments can only be determined after the consolidated statement of financial position is issued. In cases in which the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.
Current tax for the current and prior periods is recognized as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due. Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) taxation authorities, using the rates/laws that have been enacted or substantively enacted as of the consolidated statement of financial position date.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of properties measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.
Deferred tax assets and liabilities are offset only if certain criteria are met.

16.2 INCOME TAX EXPENSE - NET

(AED in millions)	2023	2022
Current tax		
Current year	(153)	(159)
Adjustment for prior years	(10)	(16)
	(163)	**(175)**
Deferred tax		
Origination of temporary differences - net	(165)	(16)
	(165)	**(16)**
	(328)	**(191)**

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.

16.3 Reconciliation of effective tax rate

(AED in millions)		2023		2022
Profit after tax for the year		2,701		2,406
Income tax charge - net		(328)		(191)
Profit before tax for the year		**3,029**		**2,597**
Effect of tax rates in foreign jurisdictions	-5.1%	(153)	-6.1%	(159)
Deferred tax for temporary differences	-5.4%	(165)	-0.6%	(16)
Prior period adjustments	-0.3%	(10)	-0.6%	(16)
Total	**-10.8%**	**(328)**	**-7.4%**	**(191)**

16.4 DEFERRED TAX ASSETS

(AED in millions)	2023	2022
At 1 January	140	150
Credited in profit or loss	(8)	18
Credited to equity	5	-
Foreign currency translation difference from foreign operations	(12)	(28)
At 31 December	**125**	**140**

16.4.1 Deferred tax asset amounting to AED 66 million (2022: AED 69 million) is in respect of tax losses carried forward and temporary differences on depreciation of assets and provisions. Deferred tax asset amounting to AED 59 million (2022: AED 71 million) pertains to valuation losses on investment property.

During the year, the Group has unrecognized deferred tax assets of AED 305 million (2022: AED 207 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 and full recoverability of deferred tax asset is unlikely since these subsidiaries are not expected to generate sufficient taxable profits and valuation gains in the foreseeable future.

16.5 DEFERRED TAX LIABILITIES

(AED in millions)	2023	2022
At 1 January	276	352
Charged to profit or loss	157	34
Charged to equity	3	1
Foreign currency translation difference from foreign operations	(43)	(111)
At 31 December	**393**	**276**

16.5.1 A portion of the deferred tax liability amounting to AED 319 million (2022: AED 274 million) has been computed on the taxable temporary differences arising as a result of valuation gains on properties in Oman, Egypt and Lebanon (2022: Oman and Egypt). The tax rates in these countries are 15%, 22.5% and 17%, respectively (2022: 15% and 22.5%, respectively). Furthermore, deferred tax liability amounting to AED 74 million has been recognized on goodwill and other intangible assets on transition to corporate tax regime in the UAE (note 16.6).

16.6 UAE Corporate Income Tax

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. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority 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.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the consolidated financial statements for the financial year beginning 1 January 2024.

Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Group has considered related deferred tax accounting impact as at the reporting date, as follows:

- The Group considers that taxable temporary differences arise in respect of Purchase Price Allocation (PPA) adjustments carried out on the Group's consolidated statement of financial position and relating to business combinations undertaken in UAE prior to 16 January 2023. The Group has recognized a deferred tax liability of AED 74 million relating to such business combinations.

No other potential deferred tax assets or liabilities have been identified as at the reporting date.

16.7 Global minimum tax

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 December 2023. These are expected to be used by individual jurisdictions, including the UAE, that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted, the Group may be subject to the top-up tax.

Management is closely monitoring the progress of the legislative process in each jurisdiction the Group operates in and exposure to any taxes considering the enacted provisions. In line with IAS 12 (as amended), the Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

17. TANGIBLE FIXED ASSETS

17.1 Material accounting policy information

17.1.1 Property, plant and equipment

Recognition and measurement

Developed properties, (land and buildings) mainly comprising hotels, shopping malls and offices are initially recognized at cost. Subsequent to initial recognition, these are stated at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and any impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

During the construction period, land is held at its carrying value and development expenditure is carried at cost less any impairment losses. Upon completion of construction, the entire property (land and building) is carried at revalued amount.

All other items of property, plant and equipment, mainly comprising leasehold improvements, fixtures and fitouts and administrative assets, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are put to use. Depreciation is charged to profit or loss so as to write off the cost/revalued amounts less any residual value in equal installments over their estimated useful lives, except land and under development assets, which is not depreciated. The estimated useful lives of property, plant and equipment are as follows:

Category of assets	*Estimated useful life*
Buildings	5 - 50 years
Furniture, fixtures and equipment	3 - 25 years

Depreciation methods, remaining useful lives of assets and residual values are reviewed at each reporting date and adjusted if appropriate.
Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful life of the respective building structure which ranges from 3 to 50 years.

Revaluation reserve

Any increase in value arising on the revaluation of properties is credited to revaluation reserve in equity through consolidated statement of other comprehensive income, except to the extent that it reverses a revaluation decrease for the same property previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.
A decrease in carrying amount arising on the revaluation of properties is charged to profit or loss except to the extent that it reverses a previously recognized revaluation gain on the property in which case it is debited to revaluation reserve in equity.

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.
On subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in revaluation reserve is transferred directly to retained earnings.

17.1.2 Capital work in progress (CWIP)

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Borrowing costs and other overheads directly attributable to the projects are included as costs until completion thereof. Where development work is carried out on land owned by the Group, the carrying value of the land is included under capital work in progress.

For other properties that are developed with an intention of constructing an owner occupied property, both the capital expenditure and land are carried at cost, less impairment, if any, until the property is fully developed.
Development expenses are capitalized after successful initial feasibility is conducted, subject to an approved budget and formal sign-off of a summary scoping document by management. These development costs are shown as assets under capital work in progress.
Development costs carried forward are reviewed in subsequent periods to ensure that circumstances have not changed such that the criteria for capitalization still holds good. However in circumstances where the criteria has changed, the costs are written-off or provided for to the extent they are believed to be irrecoverable.

Regardless of the foregoing, if management has not obtained the Company's Board of Directors approval to proceed to the next development stage within 24 months after its inception, the project will be deemed impaired and the full accumulated work in progress balance of that project (excluding land value) will be written off and charged to profit or loss.

17.1.3 Investment property including properties under construction

Investment properties are properties held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, shopping malls and properties being constructed for future use as investment property, is stated at fair value at the reporting date.
Where the fair value of an investment property under development is not reliably determinable, such property is carried at the book value of the land and any development cost incurred to date, less any impairment losses, until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.
Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Reclassification

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as an investment property. Any gain arising on re-measurement at transfer date is recognized in equity through consolidated statement of other comprehensive income. Any loss is recognized immediately in profit or loss except to the extent that it reverses a previously recognized revaluation gain on the same property in which case it is debited to equity. The amount recognized in equity on such property remains within equity until the property is disposed-off or withdrawn from use at which point the amount remaining in equity is transferred directly to retained earnings.
If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its carrying amount. Change in fair value up to the date of reclassification is recognized directly in profit or loss.

De-recognition

An investment property is derecognized when it is either disposed off or permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period in which the property is derecognized. When investment property which was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

17.1.4 Right-of-use assets

Recognition and measurement

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of the underlying property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

17.1.5 Development property

Properties in the process of construction or development for the purpose of sale on completion are classified as development properties. These are measured at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of development property is determined on the basis of the cost of land plus construction costs incurred and includes borrowing costs capitalized.When the use of a property changes such that it is reclassified as a development property from investment property, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Development property are classified as real estate inventory (within Development property) when the property is ready for handover and at cost which becomes its deemed cost for subsequent accounting. Subsequent to initial recognition, real estate inventories are valued at lower of cost and net realizable value. Costs are those expenses incurred in bringing each housing unit to its present location and condition. Costs which can be specifically allocated to a particular phase/area of the development are allocated to the property units constructed in that phase/area based on the GFA (Gross Floor Area) of each unit. Other common costs unrelated to a particular phase/area are recorded in a separate account as incurred and allocated to the revenue generating units. The Group allocates such costs on the basis of factors relevant to the units constructed.

17.2 Critical accounting estimates and judgement

Classification of properties

Investment property - accounting for dual-use properties

Investment property is property held to either earn rental income or capital appreciation. Certain properties of the Group include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use by the Group in the supply of services or for administrative purposes, referred to as 'dual use properties'.

Dual use properties where portions can be sold or finance-leased separately are split between property, plant and equipment and investment properties based on the leasable value of each portion.

For dual use properties developed on leasehold land or where the title of the property does not belong to the Group, portions cannot be sold or finance-leased separately. For such properties estimates are made to assess level of own use using leasable value of the self-occupied and let out portions.

If the level of own use of a property, as determined by leasable value, is insignificant, the entire property is classified as investment property, otherwise, it is classified as property, plant and equipment.

Valuation and apportionment of fair values between land and buildings

Where the valuation of a property comprises the aggregate value of land and building, the valuation is apportioned between land and building based on the reinstatement cost as computed by an external appraiser of the building, unless another appropriate basis is available for allocation.

Change in fair value apportioned to buildings is then allocated to the building structure as it is impracticable to obtain detailed fair value information at each component level of the building from the valuer or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the buildings and depreciated over the remaining useful lives of the respective buildings.

Estimation or forecast of cost to complete (CTC)

The estimation or forecast of CTC on main contracts under execution involves uncertainties. This forecast to complete includes input from all budget stakeholders who review the Total Development Cost ('TDC') and not just construction related cost. The construction forecast, where available, includes the independent quantity surveyors ('QS') cost report which is reviewed and analyzed for completeness. Any gaps in the report (early warnings, leasing changes etc.) are adjusted within the forecast to complete.

Net realizable values of development property and real estate inventory

Properties in the process of construction or development for the purpose of sale on completion are classified as development property. In determining whether development property are measured at the lower of cost and net realizable value, the management makes judgements as to whether there is any observable data indicating that there is a reasonable measurable decrease in the estimated future selling price of the real estate properties. Accordingly, an impairment provision is made where there is a potential loss event or condition which, based on previous experience, is evidence of a reduction in the future selling price of the real estate properties. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost of development property is determined on the basis of the cost of land plus construction costs incurred and includes borrowing and staff costs capitalized.

17.3 Measurement of fair values and valuation process

The fair value of the investment properties and land and buildings included within property, plant and equipment is determined twice a year at 31 December and 30 June by independent external valuers with local and international knowledge of the respective property markets and member of the Royal Institution of Chartered Surveyors (RICS). The valuation has been prepared in accordance with the RICS Valuation Global Standards-2020 in conjunction with the International Valuations Standards and the RICS Professional Standards (the 'Red Book').

The key drivers of the property valuations in relation to the shopping malls are the discount rates applied and the leases that are in place at the valuation date. Current leases determine the secured cash flow profile of the property and therefore form the base of the valuation. The valuations assume market rent is achieved on expiry of the contractual term of each lease. The market rent is calculated based on market evidence and recent leasing transactions, which is based on evidence available at the date of valuation.

During the year, the overall valuation of the Group's shopping malls portfolio recorded a net fair value gain of AED 2,228 million (2022: AED 1,255 million). This is primarily driven by an increase in net rent across the core shopping malls vs prior year and strong tenant sales, particularly in the UAE regional and super regional shopping malls. The estimated rental values continue to grow as a result of higher tenant sales in 2023.

The key driver of property valuations in relation to the hotels are the discount rates applied as well as the forecasted EBITDA generated from its operations.

For the hotel portfolio, the key drivers to the valuation are the discount rates applied and forecasted EBITDA generated from each asset's operations. During the year, overall valuation of the Group's hotel portfolio resulted in a net valuation gain of AED 93 million (2022: AED 116 million). The net valuation gain is a combination of net valuation loss assessed by independent external valuer, which has been fully offset by valuation gain mainly arising from reinstatement of depreciated carrying value to the fair value.

The following table shows the valuation technique and key unobservable inputs used in measuring the fair value of investment properties and land and buildings included within property, plant and equipment:

Class of asset	Principle valuation	Description
Shopping malls (stabilized)	Discounted cash flows (DCF)	The gross fair value (net of costs to complete) is derived using DCF and is benchmarked against net initial yield and comparable transactions.
Shopping malls [fair value is reliably determinable (non-operational/ newly operational)]	Income capitalization approach	Where the external valuer can reliably determine the fair value of the asset, the gross fair value (net of costs to complete) is derived by applying asset specific capitalization rates on the net operating income streams of the property benchmarked to market rates. Following a period of operation (stabilization) the asset is valued using DCF as detailed above.
Hotels	Discounted cash flows (DCF)	The fair value derived using DCF for Hotels is benchmarked against capital value per key and net initial yield.
Offices	Income capitalization approach	Fair value is derived by applying asset specific capitalization rate on the net operating income of the property benchmarked to market rates.
Lands	Comparable market transactions approach	Properties held for future development ('land bank') are valued using comparable methodology which involves analyzing other relevant market transactions. Comparable methodology can involve a parcelisation approach where it is assumed a larger plot is subdivided and sold in smaller lot sizes over a period of time.

Property plant and equipment and Investment property includes a shopping mall with a value net of an estimated capital expenditure allowance of AED 1,110 million (2022: AED 700 million) to realize its fair value.

17.3.1 Summary of valuation of Group's property portfolio, including capital work in progress is given below.

(AED in millions)	Property, plant and equipment 2023	2022	Investment property 2023	2022
Assets valued by independent external valuers	7,660	7,220	34,075	32,736
Assets valued internally	129	145	1,612	1,952
	7,789	7,365	35,687	34,688

The fair values are categorized as a Level 3 fair value based on the inputs to the valuation technique used. The independent external valuers adopted valuations methodology consistent with the previous cycles.

For the year ended 31 December 2023, a net valuation gain of AED 2,313 million (2022: AED 1,544 million) has been recognized. This comprises a net valuation gain of AED 465 million (2022: AED 391 million) recognized in other comprehensive income and a net valuation gain of AED 1,848 million (2022: gain of AED 1,153 million) recognized in profit or loss.

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

Class of asset	Key unobservable inputs	2023	2022
Shopping malls	Discount rates on income streams	7% to 28.75%	7% to 25%
	Compound annual growth rates of net operating income	2.53%	2.16%
Hotels	Discount rate	9.5% to 11.25%	9.5% to 11.25%
	Compound annual growth rates of EBITDA	3.68%	5.45%
Offices	Equivalent yield	8% to 9.25%	8% to 9.25%

Inter-relationship between key unobservable inputs and fair value measurement.

The estimated fair value would increase/(decrease) if:
- The discount rates were lower/(higher);
- The equivalent yield were lower/(higher); or
- The growth rates were higher/(lower).

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

17.4 PROPERTY, PLANT AND EQUIPMENT

(AED in millions)	Land and buildings	Furniture fixtures and equipment	CWIP	Total
Cost/revaluation				
At 1 January 2022	**8,014**	**11,713**	**720**	**20,447**
Additions	63	310	709	**1,082**
Disposals/write offs/adjustments	-	(140)	-	**(140)**
Transfer to investment properties-net (note 17.4.1 and 17.5)	(805)	-	-	**(805)**
Transfer to intangible assets (note 20.2)	-	-	(60)	**(60)**
Transfer from development property (note 17.7)	-	-	1	**1**
Assets placed in service	-	504	(504)	**-**
Net gain on revaluation of properties (note 17.4.2)	471	-	-	**471**
Accumulated depreciation and impairment eliminated on revaluation	(368)	-	-	**(368)**
Effect of foreign exchange movements	(141)	(409)	(17)	**(567)**
At 31 December 2022	**7,234**	**11,978**	**849**	**20,061**
At 1 January 2023	**7,234**	**11,978**	**849**	**20,061**
Additions	71	56	762	**889**
Assets placed in service	65	660	(725)	**-**
Addition on extension of land lease (note 17.4.5 and 31.3)	153	-	-	**153**
Acquired in a business combination (note 8.2.2)	-	4	-	**4**
Acquired under common control transaction (note 8.3.1)	-	9	-	**9**
Disposals/write offs/adjustments	(2)	(303)	(1)	**(306)**
Transfer from investment properties-net (note 17.4.1 and 17.5)	14	-	-	**14**
Transfer to intangible assets (note 20.2)	-	-	(53)	**(53)**
Net gain on revaluation of properties (note 17.4.2)	577	-	-	**577**
Accumulated depreciation and impairment eliminated on revaluation	(392)	-	-	**(392)**
Effect of foreign exchange movements	(60)	(216)	(6)	**(282)**
At 31 December 2023	**7,660**	**12,188**	**826**	**20,674**
Accumulated depreciation/impairment				
At 1 January 2022	**-**	**(7,868)**	**(11)**	**(7,879)**
Charged during the year	(368)	(906)	-	**(1,274)**
Impairment loss (note 15.3)	-	(59)	(2)	**(61)**
Reversal of impairment (note 15.3)	-	46	-	**46**
Accumulated depreciation and impairment eliminated on revaluation	368	-	-	**368**
On disposals/write offs	-	113	-	**113**
Effect of foreign exchange movements	-	261	-	**261**
At 1 January 2023	**-**	**(8,413)**	**(13)**	**(8,426)**
Charged during the year	(392)	(850)	-	**(1,242)**
Impairment loss (note 15.3)	-	(312)	(53)	**(365)**
Reversal of impairment (note 15.3)	-	53	-	**53**
Accumulated depreciation and impairment eliminated on revaluation	392	-	-	**392**
Acquired under common control transaction (note 8.3.1)	-	(5)	-	**(5)**
On disposals/write offs	-	231	7	**238**
Effect of foreign exchange movements	-	139	(1)	**138**
At 31 December 2023	**-**	**(9,157)**	**(60)**	**(9,217)**
Carrying amounts				
At 31 December 2022	**7,234**	**3,565**	**836**	**11,635**
At 31 December 2023	**7,660**	**3,031**	**766**	**11,457**

17.4.1 Following significant transfers took place between property, plant and equipment and investment properties during the year:

- During the year, the Group completed construction of a mixed use property amounting to AED 68 million in the UAE. AED 14 million, representing owned use portion of this property has been transferred to property plant and equipment.
- Net transfers amounted to AED 54 million (2022: 150 million) from investment property to property, plant and equipment on account of increase in proportion of properties held for own use by the Group.
- During the year, land amounting to AED 45 million in Lebanon and AED 9 million in the UAE was transferred to investment property as land held for undetermined future use.

17.4.2 The details of revaluation gain on property, plant and equipment are as follows:

(AED in millions)	2023	2022
Net gain recognized in revaluation reserve	465	391
Net gain recognized in profit or loss (note 17.5.1)	112	80
	577	471

17.4.3 If the properties had been stated under the historical cost basis, the carrying amounts would have been as follows:

	2023		2022	
(AED in millions)	Land	Buildings	Land	Buildings
Cost	1,079	8,178	938	7,780
Accumulated depreciation	-	(4,802)	-	(4,485)
Net carrying amount	**1,079**	**3,376**	**938**	**3,295**

17.4.4 Accrued lease income at the reporting date, relating to the accounting of operating lease rentals on a straight line basis as per IFRS 16, finance lease liability, project related accruals and retention from contractor payments have been adjusted from the valuation of developed properties, in order to avoid double counting of assets and liabilities, as mentioned below:

(AED in millions)	2023	2022
Fair value of land and buildings	7,382	7,122
Less: Adjustment for accrued operating lease income	(1)	(1)
Less: Advances to contractors	(1)	-
Add: Lease liability	269	96
Add: Retention from contractor payments	3	3
Add: Project related trade payables and accruals	8	14
Net adjusted fair value	**7,660**	**7,234**

17.4.5 The carrying amount as at the reporting date includes an operational shopping mall in UAE amounting to AED 175 million (2022: AED 11 million) and operational shopping malls in Oman amounting to AED 370 million (2022: AED 146 million), which are constructed on leasehold lands (right-of-use assets). 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 respective 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.

The leasehold land on which the shopping mall in UAE has been built was obtained on a long term lease from the Government of Dubai for lease terms of 8 and 25 years for two different parcels of land. A portion of the lease has expired during the year and the renewal of the lease agreement is in progress as of the reporting date. Management has estimated the lease renewal terms based on terms of the other agreement, and accordingly, recognized an additional lease liability amounting to AED 153 million during the year.

17.5 INVESTMENT PROPERTY

(AED in millions)	Land Undeveloped	Land and buildings	CWIP	Total
Cost/fair value				
At 1 January 2022	**1,715**	**29,362**	**1,495**	**32,572**
Additions	85	339	393	**817**
Acquired in business combination	10	3	-	**13**
Net valuation gain/(loss) recognized in profit or loss (note 17.5.1)	252	870	(49)	**1,073**
Transfer from property, plant and equipment-net (note 17.4)	-	805	-	**805**
Transfer (to)/from development property-net (note 17.7)	(243)	-	3	**(240)**
Impairment loss (note 15.3)	-	-	(17)	**(17)**
Effect of foreign exchange movements	493	(888)	60	**(335)**
At 1 January 2023	**2,312**	**30,491**	**1,885**	**34,688**
Additions	-	331	208	**539**
Acquired in business combination (note 8.2.1)	69	-	1	**70**
Net valuation gain recognized in profit or loss (note 17.5.1)	4	1,732	-	**1,736**
Transfer to property, plant and equipment-net (note 17.4)	55	(69)	-	**(14)**
Transfer (to)/from development property-net (note 17.7)	(297)	-	23	**(274)**
Impairment loss (note 15.3)	-	-	(612)	**(612)**
Effect of foreign exchange movements	(5)	(441)	-	**(446)**
At 31 December 2023	**2,138**	**32,044**	**1,505**	**35,687**

17.5.1 The net valuation gain included in profit or loss is as follows:

(AED in millions)	2023	2022
Net gain taken on revaluation of property, plant and equipment (note 17.4.2)	112	80
Net gain on valuation of investment properties	1,736	1,073
	1,848	1,153

17.5.2 Rental income derived from investment properties during the current year is AED 3,355 million (2022: AED 3,112 million) (note 9.2.1). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 1,152 million (2022: AED 1,208 million).

17.5.3 Accrued lease income at the reporting date, relating to the accounting of operating lease rentals on a straight line basis as per IFRS 16, advances to contractors, finance lease liability, project related accruals and retention from contractor payments have been adjusted from the valuation of developed properties, in order to avoid double counting of assets and liabilities, as mentioned below:

(AED in millions)	2023	2022
Fair value of land and buildings	32,310	30,654
Less: Adjustment for accrued operating lease income	(334)	(355)
Less: Advances to contractors	(11)	(2)
Add: Lease liability	31	36
Add: Retention from contractor payments	12	32
Add: Project related trade payables and accruals	36	126
Net adjusted fair value	**32,044**	**30,491**

17.5.4 Two plots of land in Oman, measuring 12 thousand sqm. with carrying amount of AED 13 million (2022: AED 13 million) are held by the estate of the late majority shareholder (deceased) of the Parent Company for the beneficial interest of the Group, before his passing in December 2021. The estate is currently under procedures of estate inventory, and the Group has not as of date received any cancellation of the beneficial benefit for the Group of these plots.

17.5.5 The carrying amount as at the reporting date includes operational shopping malls in Oman amounting to AED 1,294 million (2022: AED 1,240 million), which are constructed on leasehold lands (right-of-use assets). Refer to note 17.6.1

17.5.6 The Group's investment property includes plots of land that are currently held for undetermined future use amounting to AED 2,138 million (2022: AED 2,312 million).

17.6 RIGHT-OF-USE ASSETS

Right-of-use assets related to leased assets that do not meet definition of investment property (note 17.5) or classification of property, plant and equipment carried at revalued amounts (note 17.4) are presented as a separate line item on the consolidated statement of financial position. Movement in these is as follows:

(AED in millions)	2023	2022
Cost		
At 1 January	**5,621**	**5,275**
Additions during the year (note 31.3)	442	667
Derecognized on lease termination and modifications - net (note 31.3 and note 31.3.1)	(279)	(232)
Effect of foreign exchange movements	(61)	(89)
At 31 December	**5,723**	**5,621**
Accumulated depreciation/impairment		
At 1 January	**(2,170)**	**(1,689)**
Depreciation charge for the year (note 12.2)	(665)	(672)
On lease modification and termination (note 31.3 and note 31.3.1)	234	167
Impairment loss (note 15.3)	(125)	(3)
Effect of foreign exchange movements	19	27
At 31 December	**(2,707)**	**(2,170)**
Carrying amount at 31 December	**3,016**	**3,451**

17.6.1 Details of the right-of-use assets included as part of property, plant and equipment and investment property are as follows:

- Two usufruct contracts with the Government of Sultanate of Oman for fifty years, which provides the Group usufruct rights over plots of land in Oman for a period of fifty years starting 2014 and 2017.

  In 2014, the Group's subsidiary in Oman entered into a usufruct contract with the Government of Sultanate of Oman (the 'Parties'), which provided the subsidiary usufruct rights over plots of land in Oman for a period of fifty years. During the year, the terms of the usufruct contract have been extended for another forty-nine years with lease payment terms subject to negotiations in a separate agreement. The negotiations for lease payments are to be finalized between the beginning of the forty first year until the end of fiftieth year. Accordingly, no additional lease liability has been recognized for the lease extension period.
- Long term lease from Government of Dubai for a lease terms of 8 and 25 years for different parts of land on which the Group has constructed a shopping mall (note 17.4.5).

17.7 DEVELOPMENT PROPERTY

(AED in millions)	2023	2022
At 1 January	**2,253**	**609**
Additions during the year	1,949	1,717
Acquired under common control transaction (note 8.3.2)	-	912
Transferred from investment property (note 17.7.1 and 17.5)	297	240
Transfer from a joint venture (note 17.7.2)	-	8
Transferred to investment property (note 17.5)	(23)	-
Transferred to property, plant and equipment (note 17.4)	-	(1)
Transferred to cost of sales and inventory	(1,788)	(1,229)
Impairment charge (note 15.3)	(7)	-
Effect of foreign exchange movements	9	(3)
At 31 December	**2,690**	**2,253**

17.7.1 During the year, land amounting to AED 297 million (2022: AED 240 million), previously held as investment property, has been transferred to development property due to plan to develop a community project. Furthermore, infrastructure cost has been allocated to a completed retail project amounting to AED 23 million, which has been transferred out from development property to investment property.

17.7.2 During the prior year, the Group's joint venture transferred parcels of land amounting to AED 8 million.

18. EQUITY-ACCOUNTED INVESTEES

18.1 Material accounting policy information

Interests in equity-accounted investees: Associates and Joint ventures

The Group's interest in equity accounted investees comprise interests in associates and joint ventures.
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
Interest in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.
The financial statements of the Group's associates or joint ventures are prepared using consistent accounting policies. Wherever necessary, adjustments are made to bring accounting policies in line with those of the Group.

Interests in joint arrangements

The Group classifies its interest in joint arrangements as either joint ventures or joint operations depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form, the contractual terms and other facts and circumstances. Joint arrangements are arrangements in which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' return.
When the Group has right to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation. The Group accounts for investment in joint operations using the proportionate consolidation method.

18.2

(AED in millions)	2023	2022
Investment in associates (note 18.3)	100	80
Investment in joint ventures (note 18.4)	745	784
	845	**864**

18.3 INVESTMENT IN ASSOCIATES

(AED in millions)	2023	2022
At 1 January	80	70
Additions during the year	13	-
Share of profit accounted through profit or loss (note 18.3.2)	46	49
Dividend income:		
- Declared and settled	(33)	(33)
- Declared but not received at the reporting date (note 18.3.1)	(7)	-
Impairment charge (notes 15.3)	(1)	(1)
Foreign currency translation differences from foreign operations	2	(5)
At 31 December	**100**	**80**

18.3.1 During the year, the Group's associate, Enova Facilities, declared cash dividend amounting to AED 35 million (2022: AED 28 million) representing the Group's share. Of this, AED 28 million was received (2022: AED 28 million) prior to the reporting date.

During the year, the Group's associate, Hollister paid cash dividend amounting to AED 5 million (2022: AED 5 million) representing the Group's share.

18.3.2 Details of Group's material associates are as follows:

Name of associate	Country of incorporation	Nature of business	Effective ownership 2023	Effective ownership 2022
Enova Facilities	United Arab Emirates	Facilities management	51%	51%
Hollister Fashion LLC	United Arab Emirates	Fashion retailer	51%	51%

18.3.3 Summarized un-audited financial information in respect of the Group's interest in associates in UAE are set out as follows:

(AED in millions)	2023	2022
Total assets	891	835
Total liabilities	(648)	(631)
Net assets	**243**	**204**
Carrying amount of interest in investee at the year end	**100**	**80**
Revenue	1,227	1,037
Profit for the year	89	96
Share of profit for the year	**46**	**49**

18.4 INVESTMENT IN JOINT VENTURES

(AED in millions)	2023	2022
At 1 January	**784**	**785**
Share of profit accounted through profit or loss (note 18.4.9)	54	11
Reduction of investment (note 18.4.1 and 18.4.3)	(395)	-
Cash received from a joint venture	(5)	-
Dividend income:		
- Declared and settled	-	(5)
Impairment reversal (note 15.3)	321	5
Acquisition of a subsidiary (note 18.4.2 and 18.4.5)	(14)	(2)
Foreign currency translation differences from foreign operations	-	(10)
At 31 December	**745**	**784**

18.4.1 During the year, the Board of JV Sharjah Holding Co. PJSC ratified the reduction of the Group's investment amounting to AED 92 million to settle an equity contribution imbalance between the joint venture parties. This balance was previously recorded under due to related parties.

18.4.2 During the year, the remaining 50% shareholding in The Egyptian Emirates Malls S.A.E. (TEEM), previously an equity accounted joint venture, has been fully transferred to the Group, this resulted in consolidation of its net assets in the Group's consolidated financial statements. The investment carrying amount was fully impaired in the prior years and, accordingly, a reversal of impairment has been reflected at the acquisition date for the gross investment of AED 14 million (note 8.2.1).

18.4.3 At the reporting date, the Group is in the process of finalizing a settlement agreement with a joint venture partner to recover AED 327 million, being the amount invested by the Group in a joint venture and fully provided for in prior years. The joint venture partner has proposed to settle the amount in three installments over a period of two years starting from the first installment date in 2024. Given that the amount has been fully acknowledged by the joint venture partner and will be settled in cash, the management has reassessed the impairment provision and believes that conditions for reversing the impairment exist at the reporting date. Accordingly, impairment to the extent of AED 303 million, net of discounting impact of AED 24 million, has been reversed and a corresponding receivable of AED 303 million has been recognized (note 23).

18.4.4 During the year, the Group received AED 5 million cash balance from a joint venture, which had a fully impaired investment carrying amount since prior years. Accordingly, a reversal of impairment has been reflected to the extent to the extent of the cash received.

18.4.5 During the prior year, a wholly owned subsidiary of the Group acquired the remaining 50% shareholding in Waterfront City SAL ('WFC'). This increased the Group's share ownership from 50% to 100%. On the date of acquisition, the carrying amount of the net assets of the investee reflected in the Group's consolidated financial statement amounted to AED 2 million (note 8.2.3).

18.4.6 In 2021, the Board of Directors of a joint venture in UAE has resolved to amicably wind up an immaterial joint venture company. The Group's share of loss from the joint venture exceeded the carrying amount of the investment and, accordingly, the Group has discontinued recognizing its aggregate share of loss amounting to AED 12 million (2022: AED 12 million) as the Group's interest in the joint venture was reduced to zero and remains fully provided for. As at the reporting date, liquidation proceedings for the JV company are in progress.

18.4.7 In 2021, the Group reinstated the dividend receivable of AED 38 million from Al Mouj Muscat S.A.O.C. ("AMM") subsequent to confirmation of the joint venture compliance with its loan covenants in April 2021 and AMM management intention to settle the dividend over a period of three years. During the year AED 19 million was received from AMM. At the reporting date, the carrying amount of dividend receivable is AED 19 million (2022: AED 34 million).

18.4.8 Details of Group's material joint ventures are as follows:

Name of joint venture	Country of incorporation	Nature of business	Effective ownership 2023	Effective ownership 2022
Sharjah Holding Co. PJSC	United Arab Emirates	Property developer	50%	50%
Al Mouj Muscat S.A.O.C	Oman	Property developer	50%	50%

18.4.9 Summarized unaudited financial information in respect of the Group's interest in joint ventures aggregated by geographical concentration between UAE, Gulf Cooperation Council (GCC) excluding UAE and others is set out below:

(AED in millions)	UAE	Oman	Total
31 December 2023			
Non-current assets	350	636	**986**
Current assets	1,248	2,153	**3,401**
Current liabilities	(861)	(1,525)	**(2,386)**
Non-current liabilities	(217)	(293)	**(510)**
Net assets	**520**	**971**	**1,491**
Carrying amount of interest in the investee at the year end*	**260**	**486**	**746**
Revenue	525	697	**1,222**
Profit for the year	38	89	**127**
Share of profit for the year	**19**	**35**	**54**

(AED in millions)	UAE	Oman	Total
31 December 2022			
Non-current assets	377	395	**772**
Current assets	1,404	2,411	**3,815**
Current liabilities	(866)	(1,425)	**(2,291)**
Non-current liabilities	(249)	(479)	**(728)**
Net assets	**666**	**902**	**1,568**
Carrying amount of interest in the investee at the year end*	**334**	**450**	**784**
Revenue	618	697	**1,315**
(Loss)/profit for the year	(59)	89	**30**
Share of (loss)/profit for the year	**(33)**	**44**	**11**

* Share of net assets in joint ventures is net of impairment.

19. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

19.1 Material accounting policy information

19.1.1 *Investments held at fair value through profit or loss*

The Group classifies its investments as fair value through profit or loss ("FVTPL"). This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term or if designated as Investments are initially measured at fair value plus, in case of investments not at fair value through profit or loss, incremental direct costs.

The Group derecognizes investments when the contractual rights to the cash flows from the investment expire, or when it transfers the rights to receive the contractual cash flows on the investments in a transaction in which substantially all the risks and rewards of ownership of the investment are transferred.

The Group writes off certain investments when they are determined to be uncollectible.

Any gain or loss arising from a change in fair value of FVTPL investments is included in the consolidated statement of profit or loss in the period in which it arises.

19.2 *Critical accounting estimates and judgement*

Significant unobservable inputs for measuring fair values of investment

A discount rate is used to determine the net present value of the expected future cash flows when using the Discounted Cash Flow valuation technique. The discount rate used is specific to each individual investment and reflects relevant factors such as liquidity risk, political/country risk, execution risk, foreign exchange risk etc.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The effect of change in fair value on the net assets of the Group as disclosed in note 19.3 below.

19.3 Measurement of fair values and valuation process

The fair value measurement of investments held at FVTPL has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

(AED in millions)	2023	2022
Acquired under common control transaction effective 1 January 2023 (note 8.3.1)	37	-
Net loss on investments	(23)	-
	14	**-**

During the year the management has recognized an impairment loss of AED 23 million on its equity stake in a technology and entertainment startup.

The fair value of direct investments is assessed based on multiple valuation techniques including market multiples, precedent transactions, reported net asset value or discounted cash flows. Given the lack of comparable transactions and given that the investees are early stage start-ups results in significant variances in valuation across these techniques. The Group uses the valuation techniques or combination of these techniques to assess whether the carrying amount of the investment is appropriate.

(AED in millions)	2023	2022
Investment in unlisted securities	14	-
	14	-

20. INTANGIBLE ASSETS AND GOODWILL

20.1 Material accounting policy information

Goodwill

All business combinations are accounted for by applying the purchase method except for acquisition of entities under common control. The excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition is recorded as goodwill. Gain on bargain purchase arising on acquisition is immediately recognized in profit or loss.

Acquisitions of non-controlling interests are accounted for as transactions with other equity holders in their capacity as equity holders and therefore, goodwill is not recognized as a result of such transactions.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and is not tested for impairment separately.

Goodwill is tested annually for impairment and whenever there is an indicator for impairment. Goodwill is carried at cost less accumulated impairment losses, if any.

On disposal of a subsidiary / joint venture / associate, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Other intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash outflows over the payment term. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Cloud computing arrangements and applications

Cloud hosting arrangements are accounted for as intangible assets, provided the following conditions are met:

- The Group has the contractual right to take possession of the software at any time during the hosting period without significant penalty/payment, and
- It is feasible for the Group to either run the software on its own hardware or contract with a third party unrelated to the vendor to host the software.

Arrangements which do not meet the above criteria are accounted for as service contracts (charged to profit and loss over the period of service contract).

Arrangements that meet the above criteria are considered multiple-element arrangements to purchase both a software license and a service of hosting the software. These costs are allocated between the license and the hosting elements based on the relative fair value of each element.

Costs associated with the purchased license are accounted for under as intangible assets, if they meet the recognition criteria, whereas the hosting costs are expensed in the period in which they occur.

Amortization

Amortization is calculated on the cost of the asset, or other amount substituted for cost, less its estimated residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Category of assets	*Estimated useful life*
Metro naming rights	10 years
Others	3 - 4 years

20.2

(AED in millions)	Goodwill	Others	Total
Cost			
At 1 January 2022	**1,305**	**1,134**	**2,439**
Additions	-	272	**272**
Acquired pre-existing intangible under common control transaction (note 8.3.1)	21	103	**124**
Transfer from property plant and equipment (note 17.4)	-	60	**60**
Disposals/write-offs	-	(42)	**(42)**
Foreign currency translation differences from foreign operations	(1)	(2)	**(3)**
At 1 January 2023	**1,325**	**1,525**	**2,850**
Additions	-	192	**192**
Acquired pre-existing intangible under common control transaction (note 8.3.1)	-	274	**274**
Acquired in a business combination (note 8.2.2)	-	2	**2**
Transfer from property plant and equipment (note 17.4)	-	53	**53**
Disposals/write-offs	-	(26)	**(26)**
Foreign currency translation differences from foreign operations	(2)	(1)	**(3)**
At 31 December 2023	**1,323**	**2,019**	**3,342**
Accumulated amortization/impairment			
At 1 January 2022	**(80)**	**(751)**	**(831)**
Charge for the year	-	(163)	**(163)**
Acquired pre-existing intangible under common control transaction (note 8.3.1)	(21)	(97)	**(118)**
Impairment loss (note 15.3)	(11)	(76)	**(87)**
On disposal/write-offs	-	42	**42**
At 1 January 2023	**(112)**	**(1,045)**	**(1,157)**
Charge for the year	-	(177)	**(177)**
Acquired pre-existing intangible under common control transaction (note 8.3.1)	-	(188)	**(188)**
Impairment loss (note 15.3)	(70)	(71)	**(141)**
On disposal/write-offs	-	9	**9**
At 31 December 2023	**(182)**	**(1,472)**	**(1,654)**
Carrying amounts			
At 31 December 2022	**1,213**	**480**	**1,693**
At 31 December 2023	**1,141**	**547**	**1,688**

20.3 In 2021, the Group entered into an agreement with a Government entity in the UAE to renew its naming rights for two stations of the Dubai Metro for a period of 10 years. Based on the present value of the future payments to be made, intangible assets have been recorded, which are amortized over the contract period using the incremental borrowing cost of the Group at 1.89% per annum, and a corresponding deferred liability was recorded (notes 27.2).

20.4 Goodwill includes AED 1,018 million (2022: 1,020 million) goodwill recognized in respect of the acquisition of a retail business in 2017. The goodwill is mainly attributable to the synergies expected to be achieved from integrating the acquired business into the Group's existing retail business, including know-how of operating small scale supermarket business models, relationship with key landlords/stakeholders and increasing market share. Goodwill has been allocated to the acquired businesses in each of the countries i.e. UAE of AED 711 million (2022: AED 711 million), Bahrain of AED 145 million (2022: AED 145 million), and Kuwait of AED 162 million (2022: AED 164 million), and is tested annually for impairment.

The impairment test is based on the "value in use" calculation. These calculations use cash flow projections based on estimated operating results of the businesses acquired in each of the countries (identified as a CGU for the purpose of impairment testing of goodwill). Following are the key assumptions used for the projected cash flows involving significant judgements and any negative variation can result in a potential impairment.

- *Cash flow projections* – The cash flow projections included specific estimates for five years at an average growth rate 2% to 3% (2022: 1.8% to 4.8%) and a stable average growth rate of 2.2% to 2.8% (2022: 2.0% to 3.6%) thereafter. The stable growth rate was determined based on management's estimate of the long-term standard inflation rate, consistent with the assumptions that a market participant would make. Cash flow projections are done on the assumption of going concern.
- *Discount rates* – These represent the cost of capital adjusted for the respective country risk factors. The Group uses the post-tax industry average Weighted Average Cost of Capital which reflects the country specific risk adjusted discount rate. A discount rate of 8% to 13.5% (2022: 10% to 12.5%) has been determined and applied.

Based on the impairment test performed by management during the current year, the estimated recoverable amount (based on value in use calculations) of the CGU's exceeded its carrying amount.

The assumptions used for the projected cash flows require significant judgements and any unfavourable changes including any disruptions caused by macro economical or geopolitical situation and its prolonged impact may result in a potential impairment.

Given the marginal headroom for the Kuwait and Bahrain CGU's, management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. For Bahrain a 2.07% and Kuwait a 2.69% change in the discount rates would result in the estimated recoverable amount to be equal to the carrying amount. Similarly, a change in the annual growth rate for Bahrain by 3.6% and Kuwait by 2.35% for the estimated recoverable amount to be equal to the carrying amount.

The management is confident that actual results will meet the projections and that the assumptions in relation to the goodwill impairment test are reasonable. Accordingly, nil impairment loss has been recorded against goodwill during the current year (2022: Nil).

20.5 During the year, impairment loss amounting to AED 70 million (2022: AED 11 million) was recognized against goodwill. The impairment pertains to a CGU in cinema operating unit and was triggered by decline in CGU's EBITDA due to adverse economic and competitive environment. The Group uses pre-tax discount rate of 14.5% (2022: 13.5%). The cash flow projections include specific estimates for five years at an average growth rate of 10% (2022: 3%) and stable average growth rate of 3% (2022: 2%) thereafter. The stable growth rate was determined based on management's estimate of the long-term standard inflation rate, consistent with the assumptions that a market participant would make.

21. OTHER NON-CURRENT ASSETS

(AED in millions)	2023	2022
Long term portion of:		
- Advances and deposits (note 23)	589	568
- Accrued income on operating leases (note 23)	255	274
- Unbilled receivables (note 21.1 and 23)	597	194
- Other receivables	195	-
- Prepaid rentals (note 23)	4	6
Long term prepaid lease premium (note 21.2)	33	111
	1,673	**1,153**

21.1 Unbilled receivables pertain to revenue recognized from property sales but not billed as at the reporting date.

21.2 This mainly represents the unamortized value of the payments made to the previous tenants of a hypermarket and a supermarket in respect of the right to enter the lease and also includes the payments made to the landlord of a hypermarket towards the cost of construction of the building in which the hypermarket is situated. These payments are in the nature of lease premiums and are amortized over the period of the respective leases.

22. INVENTORIES

22.1 Material accounting policy information

Inventories are measured at the lower of cost and net realizable value. Cost is stated net of rebates according to the agreements with suppliers. The cost of inventories is based on the latest purchase price, which is not materially different from the weighted average cost ("WAC") principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

The Group reviews its inventories to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision is made where the net realizable value of inventories is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the ageing and past movement of the inventory.

22.2

(AED in millions)	2023	2022
Inventory (net of provisions)	3,270	3,008
Reduction in cost from incidence of rebates and discounts	(190)	(199)
Goods in transit	32	95
Spares and consumables	25	20
	3,137	**2,924**

Provision for stock obsolescence as at the year end amounted to AED 81 million (2022: AED 79 million). The Group estimates provision for stock obsolescence through a method based on ageing, rotation and profitability of an item. Provision rates have been determined specific to the nature of ageing of the items. Besides the above, specific provision is made on a case to case basis as deemed appropriate by the management.

23. TRADE AND OTHER RECEIVABLES

(AED in millions)	2023	2022
Trade receivables (note 35.3)	851	668
Advances and deposits	1,534	1,406
Prepayments	734	600
Unbilled receivables (note 21.1)	1,313	492
Accrued income on operating leases	335	356
Positive fair value of derivatives	126	149
Deposit against fair value movement of derivatives - interest bearing	104	177
Other receivables	409	132
	5,406	**3,980**
Provision for loss allowances (note 35.3)	(145)	(110)
	5,261	**3,870**
Less: long term portion (note 21)	(1,640)	(1,042)
Current portion	**3,621**	**2,828**

24. CASH IN HAND AND AT BANK

24.1 Material accounting policy information

For the purposes of cash flow statement, cash and cash equivalents comprise cash balances, call deposits and term deposits with an original maturity of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

24.2

(AED in millions)	2023	2022
Cash in hand	262	318
Cash at bank (note 35.3)	1,242	1,322
Fixed deposits and short-term treasury bills (note 35.3)	537	88
	2,041	**1,728**
Restricted cash (note 24.5 and note 35.3)	3,686	2,572
	5,727	**4,300**

24.3 Cash in hand mainly represents daily sales takings at stores not deposited, the cash in operation at the central cashier office and petty cash.

24.4 Fixed deposits are obtained at prevailing market interest rates.

24.5 Restricted cash amounting to AED 3,623 million (2022: AED 2,514 million) represents proceeds received against sale of property by Tilal Al Ghaf Phase A LLC, which is held in escrow accounts in banks and restricted for use on development property expenditures. These deposits/balances are not under lien.

24.6 For the purpose of cash flow statement, cash and cash equivalents comprise:

(AED in millions)	2023	2022
Cash in hand and at bank	5,727	4,300
Less: restricted cash	(3,686)	(2,572)
Less: bank overdraft	(230)	(123)
	1,811	**1,605**

25. TRADE AND OTHER PAYABLES

(AED in millions)	2023	2022
Trade payables	5,388	5,764
Accruals		
- Accrued expenses	2,150	2,319
- Project related accruals	358	380
- Accrued interest	102	102
Retentions payable	156	160
Negative fair value of derivatives	229	334
Other payables	252	260
	8,635	**9,319**

25.1 The Group has a supply chain finance programme (SCF) to support the cash flow of its supply base. Suppliers can access the programme and request early payment of invoices, a charge is incurred by the supplier based on the period of acceleration and the rate agreed between the paying agent and each supplier. All early payments are paid by the paying agent, and the Group settles the original invoice amount with the paying agent at maturity of the original invoice due date. The Group believes this programme offers a benefit to its suppliers, as it provides visibility and flexibility to manage their cash flow, and the rates offered can be preferential to their cost of funding. Balances outstanding under the SCF are classified as trade payables, since this arrangement is agreed between the supplier and the paying agent, and the Group does not provide additional credit enhancement. Any payments to a supplier by the paying agent are considered non-cash transactions.

26. PROVISIONS

26.1 Material accounting policy information

26.1.1 Provisions

A provision is recognized in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

26.1.2 Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be measured reliably.

26.1.3 Long term employee benefits

The Group offers a retention plan to certain senior management personnel under a special incentive scheme. A provision for the Group's obligation under the scheme is accrued by estimating the present obligation and present value of the estimated future payments as at the reporting date in respect of all applicable employees for their services rendered during the year.

26.2

(AED in millions)	2023	2022
Bonus provisions (note 26.3)	442	443
Other provisions (note 26.4)	355	278
	797	**721**
Non-current	164	147
Current	633	574
	797	**721**

26.3

The movement in provision for bonus and long term incentive plan is as follows:

(AED in millions)	2023	2022
At 1 January	443	229
Additions during the year - net	321	414
Payments / transfers made during the year	(319)	(197)
Foreign currency translation differences from foreign operations	(3)	(3)
At 31 December	**442**	**443**
Less: Current portion	(278)	(296)
Non-current portion	**164**	**147**

The provision for bonus includes AED 164 million (2022: AED 147 million) in respect of deferred bonus plan for the senior management staff of the Group.

26.4 Provisions movement during the year:

(AED in millions)	2023	2022
At 1 January	278	160
Charge during the year	37	161
Transfer of provisions	53	-
Payments/adjustments made during the year	(7)	(35)
Currency translation adjustments	(6)	(8)
At 31 December	**355**	**278**
Less: Current portion	(355)	(278)
Non-current portion	-	-

27. OTHER LIABILITIES

(AED in millions)	2023	2022
Advance receipts	1,333	1,224
Unearned income (note 27.1)	2,686	1,838
Unearned rental income	619	575
Deferred liability (note 27.2)	96	114
Deferred consideration (note 27.3)	-	30
Unredeemed points liability (note 27.4)	91	40
	4,825	**3,821**
Non-current	85	104
Current	4,740	3,717
	4,825	**3,821**

27.1 Unearned income mainly comprises of payments received from customers for sale of properties from Tilal Al Ghaf Phase A LLC community projects. These revenues have not yet been recognized in the consolidated statement of profit or loss, in line with the revenue recognition policy of the Group. The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied/partially unsatisfied as at 31 December 2023 is AED 10,424 million (2022: AED 8,453 million). The Group expects to recognize these unsatisfied performance obligations as revenue over a period up to 3 years.

27.2 Includes deferred liability with respect to metro naming rights of AED 78 million (2022: AED 95 million).

27.3 Represents deferred consideration with respect to acquisition of a Cinema in Bahrain in 2016. In October 2023, the Group repaid the last installment of AED 32 million and fully settled the deferred consideration.

(AED in millions)	2023	2022
At 1 January	30	59
Interest accrued during the year	2	5
Payments made during the year	(32)	(34)
At 31 December	-	**30**
Less: Current portion	-	(30)
Non-current portion	-	-

27.4 The liability with respect to the unredeemed reward points for Group's loyalty program, "Share", amounted to AED 27 million (2022: AED 40 million) at year-end. Breakage on points liability amounted to AED 10 million (2022: AED 3 million).

28. 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.

28.1 SHORT TERM RECEIVABLES FROM RELATED PARTIES

(AED in millions)	2023	2022
Receivable from joint venture (note 28.1.1)	-	27

28.1.1 The receivable from joint venture in Egypt of AED 27 million at 31 December 2022, was settled as part of acquisition of the investee (note 8.2.1).

28.2 SHORT TERM LOAN FROM A RELATED PARTY

The unsecured loan is obtained from the Parent Company, against a loan facility of AED 1,100 million, renewable every year.

(AED in millions)	2023	2022
At 1 January	66	18
Borrowed during the year	988	233
Repaid during the year	(856)	(2,100)
Settlement of intercompany balance - net (note 28.2.1)	-	1,290
Adjusted for dividend settlement (note 33.4)	300	625
At 31 December	**498**	**66**

28.2.1 Represents settlement of intercompany balances between wholly owned subsidiaries of the Group and the Parent Company, including transfer of AED 1,716 million investment in Tilal Al Ghaf Development LLC (note 8.3.2) from the Parent Company to the Group.

28.3 LONG TERM LOAN FROM A RELATED PARTY

During the year, 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 an 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.

28.4 DUE FROM RELATED PARTIES

(AED in millions)	2023	2022
Parent company	9	-
Subsidiaries of the Parent Company	1	2
Equity accounted investees	69	56
Others	-	100
	79	**158**
Provision for doubtful receivables	(10)	(8)
Unamortized discount on long term receivables	-	(4)
	69	**146**

(AED in millions)	2023	2022
Current	69	112
Non-current	-	34
	69	**146**

28.5 DUE TO RELATED PARTIES

(AED in millions)	2023	2022
Parent company	-	306
Subsidiaries of the Parent Company	1	59
Equity accounted investees	68	69
Others	3	-
	72	**434**

28.6 COMPENSATION TO KEY MANAGEMENT PERSONNEL

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

(AED in millions)	2023	2022
Directors' fees and expenses	16	18
Employee benefits (salaries and allowances including provision for bonus)	91	118
Post employment benefits (provision for end of service benefits)	4	6
	111	**142**

28.7 OTHER TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

28.7.1 During the year, the Parent Company has borne a proportion of costs, amounting to Nil (2022: AED 6 million), incurred in respect of operations of the Leadership Institute.

28.7.2 During the year, certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs amounting to AED 21 million (2022: AED 334 million) have been cross charged to the Parent Company (2022: cross charged to the Parent Company and other subsidiaries of the Parent Company).

In the current year this includes senior executive time incurred on managing governance matters pertaining to the Parent Company. In prior year, these included investment in Retail online business (operating cost net of revenue - refer note 10.3.1) and costs relating to other strategic initiatives, as well as the management time incurred on these activities.

Additionally, depreciation and amortization amounting to Nil (2022: AED 15 million) relating to these initiatives have been cross charged.

29. BANK OVERDRAFT

In the ordinary course of business, companies within the Group use overdraft facilities from banks on market rate interest. The Group has bank overdraft facilities aggregating to AED 1,354 million (2022: AED 1,425 million). The facilities carry interest at 0.25% - 3.5% (2022: 0.25% - 3.5%) above the base lending equivalent and the drawn amounts are repayable on demand. At the reporting date, the carrying amount of bank overdraft amounted to AED 230 million (2022: AED 123

30. LONG TERM LOANS

(AED in millions)	2023	2022
At 1 January	**15,600**	**13,244**
Borrowed during the year	6,335	8,337
Repaid during the year	(5,853)	(5,498)
Fair value movement	78	(460)
Net movement in unamortized arrangement and agency fee	(9)	(20)
Currency translation adjustment	1	(3)
At 31 December	**16,152**	**15,600**
Less: Current maturity of long term loans	(1,044)	(58)
Non-current portion	**15,108**	**15,542**

30.1 Details of term loans from banks are as follows:

(AED in millions)

Loan facility 'in millions	Repayment terms	Maturity	Note	2023	2022
USD 173	Quarterly starting from 10 Jun-21	10-Mar-29	30.1.1	-	546
Adjustments for unamortized fees on issuance				-	(2)
				-	**544**

30.1.1 During the year, the USD 173 million term loan facility, with original maturity of 10 March 2029 was fully settled.

30.2 Details of drawn committed revolver facilities from banks are as follows:

(AED in millions)

Loan facility 'in millions	Base Lending Rate	Maturity	Note	2023	2022
USD 700	LIBOR	5-Jul-26	30.2.1	202	550
AED 3,054	EIBOR	5-Jul-26	30.2.1	1,880	1,084
USD 565	SOFR	27-Sep-27	30.2.1	-	551
AED 2,520	EIBOR	27-Sep-27	30.2.1	2,520	2,520
USD 665	SOFR	13-Jan-28		1,010	-
AED 1,229	EIBOR	13-Jan-28		1,229	1,050
USD 100	BHIBOR	30-Sep-24		-	-
				6,841	**5,755**
Adjustments for:					
Unamortized fees on issuance				(48)	(64)
				6,793	**5,691**

The Group has unsecured committed revolving facilities aggregating to AED 14,260 million (2022: AED 14,260 million). These floating rate facilities carry margins ranging from 1% to 1.35% (2022: 1% to 1.38%) per annum over the base lending rate.

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

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

(AED in millions)

Bonds and sukuks	Pricing	Maturity	Note	2023	2022
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	30.3.1	1,837	1,837
USD 600 million sukuk certificates	4.64% per annum, to be serviced every six months from returns generated from the Wakala portfolio	14-May-29	30.3.1	2,204	2,204
USD 600 million sukuk certificates	3.93% per annum, to be serviced every six months from returns generated from the Wakala portfolio	28-Feb-30	30.3.1	2,204	2,204
USD 100 million sukuk certificates	3.15% per annum, to be serviced every six months from returns generated from the Wakala portfolio	30-Nov-28	30.3.1	367	367
USD 500 million sukuk certificates	5.00% per annum, to be serviced every six months from returns generated from the Wakala portfolio	1-Jun-33	30.3.1	1,837	-
USD 800 million unsecured notes	4.75% per annum, payable every six months	7-May-24	30.3.2	1,042	2,938
				9,491	**9,550**
Adjustments for:					
Unamortized fees, discounts and premium on issuance				(35)	(4)
Fair value adjustment on borrowings hedged by interest rate swaps				(97)	(181)
				9,359	**9,365**

30.3.1 In 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 31 December 2023 and 31 December 2022 approximates their fair value.

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

The terms of the arrangement include payment to the Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the "Wakala Portfolio". In substance, the Wakala Portfolio remains in control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets.

The profit on these fixed rate Sukuk certificates is serviced on a semi-annual basis from returns generated from the Wakala Portfolio.

The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Euronext Dublin and on the NASDAQ Dubai, UAE. Of the total amount raised under the Sukuk Program, USD 750 million (31 December 2022: USD 750 million) is hedged by interest rate swaps and accordingly, carried at fair value.

30.3.2 In July 2012, under the USD 2,000 million Global Medium Term Note (GMTN) Program (increased to USD 3,000 million in 2015), the Group issued ten year fixed rate unsecured bonds in May 2014 of USD 500 million and additional USD 300 million as part of May 2014 issue in July 2016. The bonds are listed on NASDAQ Dubai, UAE and Euronext Dublin. In addition the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates have been listed on Euronext Dublin and on NASDAQ Dubai, UAE. Of the total amount raised under the GMTN Program, USD 250 million (31 December 2022: USD 250 million) is hedged by interest rate swaps and accordingly, carried at fair value.

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

31. LEASES

31.1 Material accounting policy information

A *As a lessee*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise an extension or a termination option or if there is a revised in-substance fixed lease payment.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group has applied judgement to determine the lease term for certain lease contracts in which it is a lessee that include renewable options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets as a separate line item in the statement of financial position except for right-of-use asset pertaining to properties, which are classified under land and building in 'Property, plant and equipment'. Right-of-use assets that meet the definition of investment property are presented within 'Investment property'. The Group presents lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B *As a lessor*

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on straight-line basis over the lease term as 'rental income' in revenue.

31.2 Critical accounting estimates and judgement

Lease term

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract to determine the period for which the contract is enforceable. A lease is no longer enforceable when the Group (lessee) and the lessor, both, has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

In determining the lease term where the enforceability of the option solely rests with the Group, the management considers all facts and circumstances that create an economic incentive to exercise the option. Extension/renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are most relevant:

- If there are significant penalties (contractual) to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If the lease improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Group also considers other factors including current market conditions, historical impairments on related CGUs, business plans etc.

Where the option on the lease term rests with both the Group (lessee) and the lessor, the Group considers that the option is not enforceable and that the term under the option is based on the consent of both parties and is not considered in the lease term since the Group cannot enforce the extension of the lease without the agreement of the lessor. In addition, economic incentives are also considered when evaluating the enforceability rights.

Variable lease payments

When discounting the minimum lease payments to calculate the lease liability, the Group assesses whether the rebates received from lessor under the “co-tenancy” clause are substantive (i.e. variable) or merely protective (i.e. in substance fixed payments). Where the rebate is substantive the Group considers the rebate when determining the minimum lease payments. If the rebate is assessed to be protective, the Group excludes the impact of rebate in calculation of lease liability.

Incremental borrowing rate

Generally, the Group uses its incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for relevant sector. Given that the Group’s credit rating drives the credit spreads across all markets, individual country’s rating does not impact the spread. Base rates are adjusted based on the currencies involved.

31.3 LEASE LIABILITIES

(AED in millions)	2023	2022
At 1 January	**4,030**	**4,145**
Additions (note 17.6)	442	667
Recognized on extension of land lease for a shopping mall in UAE (note 17.4)	153	-
Interest accrued (note 13.2 and 31.3.3)	220	210
Payments made against lease liabilities	(872)	(841)
COVID-19 related lease concessions	-	(16)
Derecognized on lease termination and modification (note 31.3.1)	(73)	(65)
Currency translation adjustment	(49)	(70)
At 31 December	**3,851**	**4,030**
Less: current maturity of lease liabilities (note 31.3.2)	(663)	(638)
Non-current portion	**3,188**	**3,392**

31.3.1 During the year, the Group reassessed the lease term of its lease portfolio, including the probability of exercising early termination and renewal options. Based on this reassessment the Group derecognized lease liabilities amounting to AED 73 million (2022: AED 65 million). The difference of AED 28 million (2022: nil) in the value of lease liability and the corresponding right-of-use asset of AED 45 million (note 17.6) derecognized is credited to the consolidated statement of profit and loss as gain on cancellation / termination of lease.

31.3.2 Lease liabilities are as follows:

	Future minimum lease		Interest		Present value of	
(AED in millions)	2023	2022	2023	2022	2023	2022
Less than one year	855	834	192	196	663	638
Between one and five years	2,333	1,990	595	464	1,738	1,526
More than five years	1,997	2,507	547	641	1,450	1,866
	5,185	5,331	1,334	1,301	3,851	4,030

The Group has discounted lease liabilities using incremental borrowing rates ranging from 1.13% to 19.68% (2022: 0.66% to 19.7%).

31.3.3 The Group leases many assets, including properties, retail stores, staff accommodations, office buildings and warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants on the Group.

For the year ended 31 December 2023, the Group recognized interest expense on lease liabilities amounting to AED 220 million (2022: AED 210 million) (note 13.2) and depreciation of right-of-use asset amounting to AED 665 million (2022: AED 672 million) (note 17.6). Expenses relating to short-term leases and contingent rent expense - net of rent concessions received, excluded from measurement of lease liabilities, amounted to AED 177 million (2022: AED 147 million) (note 12).

Some lease contracts contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new lease contracts to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassess on a periodic basis whether there are significant changes in circumstances within its control.

The Company had non-cash additions to right-of-use assets and lease liabilities of AED 442 million in 2023 (2022: AED 667 million)

31.4 LEASES AS A LESSOR

The Group leases out its investment property with lease terms typically between 3 to 10 years. These are classified as operating lease since they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The lessee does not have an option to purchase the property at the expiry of the lease period. Furthermore, the lessee does not have the right to assign or sublet the lease or the unit without the prior written consent of the Group.

The Group signs up leases in advance of shopping mall openings and lessees require time to fit out their stores prior to opening. The Group has a right of recourse in the event that the lessee chooses not to open, the exercise of the Group's right will depend on commercial and operational factors.

The maturity analysis of undiscounted lease payments to be received after reporting date are as follows:

(AED in millions)	2023	2022
Less than one year	2,617	2,598
One to two years	1,916	1,878
Two to three years	1,267	1,210
Three to four years	784	699
Four to five years	535	377
More than five years	637	488
	7,756	7,250

32. POST EMPLOYMENT BENEFIT OBLIGATIONS

32.1 Material accounting policy information

32.1.1 Defined benefit plan

Provision for staff terminal benefits is calculated in accordance with the labor laws of the respective country in which they are employed. The Group's net obligation in respect of staff terminal benefits is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, and is discounted to determine the present value of the obligation. The discount rate used is the average yield on high investment grade bonds that have maturity dates approximating the terms of the Group's obligation.
The principal assumptions for the calculation of the provision for staff terminal benefits at the reporting date are as follows:

	2023	*2022*
Discount rate	4.23% - 5.00%	2.50% - 4.23%
Future salary increase	3.00% - 5.00%	3.00% - 5.00%

32.1.2 Defined contribution plan

Under the UAE Federal Law No.7 of 1999 for Pension and Social Security, employers are required to contribute 12.5% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme.
On 02 October 2023, Federal Decree Law No. (57) of 2023 came into effect which is applicable to the employees joining the labor market for the first time as of the effective date, provided that current subscribers will continue to be covered under the provisions of the Pension and Social Security Law No. (7) of 1999, even if the employee has joined a new employer after the effective date. Under this law the employers are required to contribute 12.5% or 15% of the 'contribution calculation salary' based on the salary bracket of those employees who are UAE nationals.
The Group's contribution is recognized as an expense in profit or loss as incurred.

32.2

(AED in millions)	2023	2022
Defined benefit plan	788	772
Defined contribution plan	2	6
	790	**778**

32.2.1 Reconciliation of defined benefit obligation liability at the reporting date:

(AED in millions)	2023	2022
At 1 January	772	775
Charge during the year (note 32.2.3)	134	153
Payments / transfers made during the year	(117)	(155)
Currency translation adjustment	(1)	(1)
At 31 December	**788**	**772**

32.2.2 The amounts related to the defined contribution plan recognized in the consolidated financial statements are as follows:

(AED in millions)	2023	2022
Total expense recognized in profit or loss during the year	35	30
Contributions payable at the end of the reporting year	2	6

32.2.3 The Group recognized net remeasurement loss on defined benefit plans amounting to AED 4 million (2022: gain of AED 46 million) in other comprehensive income, arising primarily from change in actuarial assumptions pertaining to discount rates used in discounting the defined benefit plans. The Group uses market yields on government bonds, in absence of deep markets for high quality corporate bonds, in the geographies in which it operates.

33. SHARE CAPITAL AND RESERVES

33.1 Material accounting policy information

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

33.2 SHARE CAPITAL

(AED in millions)	2023	2022
Authorized, issued and fully paid 4,869,227 shares of AED 1,000 each	4,869	2,671

33.3 Effective, 1 January 2023, the Parent Company transferred the ownership of Digital and Technology from Majid Al Futtaim Investments LLC, a wholly owned subsidiary of the Parent Company to the Group (note 8.3.1). In prior year, the Parent Company transferred beneficial ownership in XSight Future Solutions ("XSight") from Majid Al Futtaim Investments LLC to the Company (note 8.3.1).

Prior to these transfers, Digital, Technology, and XSight collectively held a payable balance of AED 2,381 million to the Parent Company. The Parent Company also carried a corresponding receivable of AED 2,198 million, net of accumulated impairment charge of AED 182 million against the receivable balance.

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

33.4 During the year, a dividend of AED 300 million (2022: AED 625 million) was declared and settled by the Company (note 28.2).

33.5 STATUTORY RESERVE

In accordance with the respective Articles of Association of the entities within the Group and relevant local laws, 5%-10% of the net profit for the year of the individual entities to which law is applicable is transferred to a statutory reserve. Such transfers may be discontinued when the reserve equals the limit prescribed by the relevant laws applicable to the individual entities. This reserve can be utilized only in the manner specified under the relevant laws and is not available for distribution.

33.6 HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

33.7 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 year, the Group recorded net foreign currency translation loss of AED 449 million (2022: AED 269 million).

Egypt

Continuing from prior year, 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 year, the EGP has depreciated by 20% from EGP 6.74 against AED to EGP 8.41. The Group's operations in Egypt contributed a net profit of AED 74 million (2022: AED 120 million) to Group's consolidated results and the net assets amounted to AED 2,655 million (2022: AED 2,158 million) at 31 December 2023. A further devaluation of 5% in the exchange rate used would result in a decline in net assets of Egypt by AED 114 million.

The Group manages the foreign currency risk associated with Egypt operations by 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 year, resulting in a significant deviation between the market exchange rate and the official exchange rates. In February 2023, the peg on the official exchange rate was adjusted from LBP 410 to LBP 4,084. This persistent discrepancy indicates that the peg on the official exchange rate remains under significant stress. The Group reassessed the exchange rate to be applied for translating the value of its Lebanese operations for the year and estimated a further devaluation from LBP 11,544 against AED to LBP 24,390 equivalent to the Sayrafa exchange rate at the reporting date. Accordingly, at year end the Group translated its financial position at LBP 24,390 against AED, except for the investment property for which fair value was determined in USD. The results from operations were translated at the average rate prevailing during the year. The Group's operations in Lebanon contributed a net loss of AED 309 million (2022: net profit of AED 280 million) to Group's consolidated results and the net liabilities amounted to AED 48 million (2022: AED 115 million) (excluding Lebanon property assets valued in USD amounting to AED 1,239 million) at 31 December 2023. A further devaluation of 25% in the exchange rate used would result in a decline in net liabilities of Lebanon (excluding property assets valued in USD) by AED 12 million.

Furthermore, the Lebanese economy was designated as hyperinflationary in 2020, consequently resulting in application of IAS 29 to all the Group entities whose functional currency is LBP. The impact of the application of IAS 29 is not material to the Group's consolidated financial statements and accordingly no adjustment relating to hyperinflationary accounting has been made in these consolidated financial statements.

34. HYBRID EQUITY INSTRUMENTS

(AED in millions)

Hybrid Perpetual Note	Amount	Interest rate	Call date	Reset terms	2023	2022
March 2018	USD 400 million	6.375% payable semi-annually in	20-Mar-26	8 years to first reset, thereafter 5 years and a new fixed rate plus the margin	1,464	1,464
June 2022	USD 500 million	7.875% payable semi-annually in	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

These hybrid perpetual note instruments are listed on Euronext Dublin. The Group may elect at its sole and absolute discretion not to pay interest on interest payment dates. Pursuant to the requirements of IAS 32 and the terms/conditions, these are classified as equity net of transaction costs of AED 18 million (31 December 2022: AED 18 million) and discount on issuance amounting to AED 5 million (31 December 2022: AED 5 million).
During the year, the Group paid coupon amounting to AED 238 million (2022: AED 214 million).

In 2022, the Group issued USD 500 million Hybrid Perpetual Notes 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 year and repurchased Hybrid Perpetual Notes.
Furthermore, the Group also 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.

35. FINANCIAL INSTRUMENTS

Financial assets of the Group include cash at bank, trade and other receivables, amounts due from related parties, positive fair value of derivative financial instruments held as cash flow hedges and accounted for as FVTPL, short term loans, and long term loans, advances and receivables. Financial liabilities of the Group include amounts due to related parties, negative fair value of derivative financial instruments held as cash flow hedges and accounted for as FVTPL, short term loans, bank overdraft, long term loans and trade and other payables.

35.1 Material accounting policy information

35.1.1 Non-derivative financial assets

On initial recognition, a financial asset is classified and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.
All financial assets not classified as measured at "amortized cost" or FVOCI as described above, are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment: The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment whether contractual cash flows are solely payments of principal and interest: For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

35.1.2 Non-derivative financial liabilities

Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that Group becomes a party to the contractual provisions of the instrument.

Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables, accruals, retention payables, long-term loans, income tax payable, bank borrowings and related party balances.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

35.1.3 Derivative financial instruments and hedge accounting

Classification

The Group uses derivative instruments for risk management purposes to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVTPL – financial assets held for trading" financial instruments.

Initial and subsequent measurement

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values.

Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.The positive mark to market values (unrealized gains) of derivative financial

Gains and losses on subsequent measurement

The gains or losses from derivative financial instruments classified as held for trading are taken to profit or loss.

Hedging instruments

When derivatives are designated as hedges, the Group classifies them as either:

- fair value hedges which hedge the change in the fair value of recognized assets or liabilities; or
- cash flow hedges which hedge the exposure to variability in highly probable future cash flows attributable to a recognized asset or liability or a forecast transaction.

Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow hedge provided certain criteria are met.

Hedge documentation

At the inception of the hedge, formal documentation of the hedge relationship must be established. The hedge documentation prepared at the inception of the hedge must include a description of the following:

- The Group's risk management objective and strategy for undertaking the hedge;
- The nature of risk being hedged;
- Clear identification of the hedged item and the hedging instrument; and
- The method the Group will adopt to assess the effectiveness of the hedging relationship on an ongoing basis.

Hedge effectiveness testing

The hedge is regarded as highly effective if both of the following conditions are met:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows of the hedging instruments with corresponding changes in the hedged risk and should be reliably measurable; and
- The actual results of the hedge are within a range of 80 to 125 percent.

Prospective hedge effectiveness is assessed by matching the critical terms of hedging instruments and hedged items.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in profit or loss, along with changes in the fair value of the assets, liabilities or group thereof that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in hedge reserve. Any change in fair value relating to an ineffective portion is recognized immediately in profit or loss.

Discontinuance of hedge accounting

The hedge accounting is discontinued when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. At that point of time, any cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income remains in other comprehensive income until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

Hedges that do not qualify for hedge accounting

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to profit or loss.

35.2 Financial risk management objectives and policies

The Board of Directors of Majid Al Futtaim Holding LLC has the overall responsibility for the management of risk throughout its Group companies. The Board establishes and regularly reviews the Group's risk management strategy, policies and procedures to ensure that they are in line with the Group strategies and objectives. The Group has constituted Audit and Risk Committees within the Board of Directors of Majid Al Futtaim Holding and it's main operating subsidiaries who are required to review and assess the risk management process. It ensures that the internal risk management framework is effective, that a sound system of risk management is in place, and is maintained to safeguard shareholders' interests. All Group companies are required to report on risk management on a regular basis including self-certification indicating that they have reviewed the risks identified within their area, and they are satisfied that the controls are operating effectively.
The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk, including foreign currency risk, interest rate risk and equity risk. The management establishes and reviews policies for managing each of these risks.

35.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables. The operating subsidiaries have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Majority of the Group's income is by way of cash and advance receipts and are supported by a deposit equivalent to three month's advance rental. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group has a broad base of customers with no significant concentration of credit risk within trade receivables at 31 December 2023 and 31 December 2022.

Cash is placed with a diversified portfolio of reputable banks and the risk of default is considered remote. Management has assessed the recoverability of its trade receivables as at the reporting date and considers them to be recoverable. Amounts due from related parties are considered by management to be recoverable. All non-current receivables are due within five years of the reporting date and the fair values of trade and other receivables approximate to the carrying value.
The carrying amount of Group's financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

(AED in millions)	2023	2022
Long term loan, advances and receivables	589	568
Investments held at fair value through profit or loss	14	-
Trade receivables (note 23)	851	668
Other current receivables	2,897	1,788
Due from related parties	69	173
Cash at bank	5,465	3,982
	9,885	**7,179**

An analysis of the credit quality of trade receivables as at the reporting date is as follows is as follows:

(AED in millions)	2023	2022
Current balance	374	300
Past due 1 - 30 days	96	14
Past due 31 - 90 days	69	118
Past due 91 - 180 days	107	60
Past due over 180 days	205	176
	851	**668**
Less: provision for doubtful debts (note 23)	(145)	(110)
	706	**558**

The impairment losses on financial assets recognized in profit or loss were as follows:

(AED in millions)	2023	2022
Impairment loss on trade receivables	**(44)**	**(17)**

Trade receivables

For trade receivables the Group has established a loss allowance matrix applying expected recovery rates on forward looking default rates to derive the loss rate to be applied to past due receivables. The expected recovery rates are applied to different classes of receivables based on their risk classification. Forward looking default rates are calculated by adjusting historical credit loss rates with forward-looking information (i.e. relevant macro-economic indicators).

Loss allowance is also created for receivables that are classified as good but which become doubtful/bad as a result of certain business circumstances such as customer going into liquidation or bankruptcy, litigation, financial difficulties, etc. Such specific incidents are determined on a case-to-case basis. In the case of receivables where possession of property is already handed over to the customer, loss allowance is created at an accelerated rate or a full provision is made based on the facts and circumstances on a case by case basis.

The calculated provision amounts based on specific cases will be recognized after netting off the bank guarantees in hand or the security deposits received, provided the Company has the legal right to liquidate such bank guarantees or adjust such deposits against the outstanding receivables.

The movement in the provision for doubtful receivables during the year was as follows:

(AED in millions)	2023	2022
At 1 January	(110)	(120)
Impairment charge for the year	(44)	(17)
Amounts written off/reversals	9	27
	(145)	**(110)**

The Group assessed the loss allowance of its trade receivables based on specific provisioning (for specific high risk accounts) and expected credit loss ("ECL") model in line with requirements of IFRS 9 Financial Instruments.

Cash and deposits with banks and financial institutions

The Group's cash and deposit balances with banks and financial institutions amounted to AED 5,465 million at 31 December 2023 (2022: AED 3,982 million). Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis, reflecting the short maturities of the exposures, and is not considered material to the Group's consolidated financial statements.

To manage the credit risk, the Group has concentrated its main activities with counter-parties which are deemed creditworthy based on internal assessment on each counter-party's financial position, credit rating and track record. Individual counterparty credit risk limits and concentration of exposures are set and actively monitored by the Group's treasury department. The Group considers that its cash and deposits with banks and financial institutions have low credit risk based on internal assessment which takes into consideration the external credit ratings of the counterparties.

Impairment on other financial assets carried at amortized cost, have been assessed on 12-month expected loss basis and is considered to be immaterial.

35.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation.

At 31 December 2023, the Group has net current liabilities of AED 1,413 million (2022: AED 2,624 million) which includes debt maturing in the short-term of AED 1,772 million (2022: AED 247 million) and current maturity of lease liabilities of AED 663 million (2022: AED 638 million). Further, at 31 December 2023 debt maturing in the long term is AED 15,114 million (2022: AED 15,542 million).

At 31 December 2023, the Group has undrawn committed facilities of AED 7,419 million (2022: AED 8,505 million) and cash in hand and at bank of AED 2,041 million (2022: AED 1,728 million) to cover its liquidity needs for at least the next 18 months. Additionally, cash held in escrow accounts amount to AED 3,686 million (2022: AED 2,572 million) to cover the development cost of associated projects.

The Group has a strong asset base of AED 69,749 million (2022: AED 66,102 million) and equity of AED 29,782 million (2022: AED 27,119 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.

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

		Contractual cash flows			
(AED in millions)	Carrying amount	Less than one year	Between one to two years	Between two to five years	More than five years
As at 31 December 2023					
Bank loans	16,152	1,930	2,692	8,820	6,796
Lease liabilities	3,851	855	583	1,750	1,997
Loans from related parties	504	512	-	9	-
Bank overdraft	230	505	-	-	-
Trade and other payables	9,339	9,096	116	127	-
Due to related parties	72	72	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	44	22	26	17	22
- Derivative instruments accounted as FVTPL	185	93	110	64	39
	30,377	13,085	3,527	10,787	8,854
As at 31 December 2022					
Bank loans	15,600	381	3,274	4,072	9,336
Lease liabilities	4,030	834	498	1,493	2,507
Loan from related parties	66	67	-	-	-
Bank overdraft	123	373	-	-	-
Trade and other payables	9,887	9,620	122	116	-
Due to related parties	434	434	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	2	25	2	4	1
- Derivative instruments accounted as FVTPL	332	12	111	125	68
	30,474	11,746	4,007	5,810	11,912

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

The interest payments on variable interest rate loans in the table above reflect the market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows and derivative instruments may be different from the amount in the above table as interest rates and exchange rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

35.5 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The Group seeks to apply hedge accounting to manage volatility in its profit or loss in relation to its exposure to interest rate risk.

Managing interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group undertook amendments to most financial instruments with contractual terms indexed to IBORs such that they incorporate new benchmark rates, e.g. SONIA. As at 31 December 2023, the Group's remaining IBOR exposure is indexed to US dollar LIBOR. The alternative reference rate for USD LIBOR is the Secured Overnight Financing Rate (SOFR). The Group finished the process of implementing appropriate fallback clauses for all the US dollar LIBOR indexed exposures in 2022. These clauses automatically switch the instrument from US dollar LIBOR to SOFR as and when USD LIBOR ceases. As announced by the Financial Conduct Authority (FCA) in early 2022, the panel bank submissions for US dollar LIBOR ceased on 30 June 2023. In addition, the FCA announced in early 2023 that the one-, three-and six-month synthetic US dollar LIBOR settings will cease on 30 September 2024.

The Group monitors the progress of the transition from IBOR to new benchmark rates by reviewing the total amount of contracts that have yet to transition to an alternative benchmark rate and the amount of such contracts that include an appropriate fallback clause. the Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as and 'unreformed contract').

35.5.1 Foreign currency risk

The Group is exposed to foreign currency risk on its net investments in foreign subsidiaries and operations. The Group is also exposed to foreign currency risk on purchases denominated in foreign currencies.

The Group hedges the risk by obtaining foreign exchange forward contracts on all material foreign currency purchases. All of the forward exchange contracts have maturities of less than five years after the reporting date. Where necessary, forward exchange contracts are rolled over at maturity.

Aside from the foreign currency risk arising from Group's operations in Egypt and Lebanon (note 33.7), a significant portion of the Group's foreign currency borrowings and balances are denominated in US Dollar (USD) and other currencies linked to US Dollar. As the Group's functional currency is currently pegged to USD any fluctuation in exchange rate is not likely to have a significant impact on Group's equity and profit or loss.

Net investment hedges

The Group hedges certain foreign currency exposures due to Group's net investment in foreign subsidiaries by borrowing in foreign currencies and derivative products including forward currency contracts. To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the hedging instrument to a change in the exchange rate with changes in the investment in the foreign operations due to movement in the spot rate (the offset method). At 31 December 2023, the Group had foreign exchange forward contracts of AED 294 million (2022: AED 358 million).

35.5.2 Interest rate risk

The Group's interest rate risk principally arises from long-term loans on floating rate. Loans issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate risk is managed with in the frame work of the interest rate risk management policy. The Group adopts a policy of maintaining target duration on its liability portfolio of about half year to three and a half years. This is achieved through cash and / or by using derivative financial instruments which are eligible for hedge accounting.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

(AED in millions)	2023	2022
Fixed rate instruments		
Financial liabilities	**(13,210)**	**(13,395)**
Floating rate instruments		
Financial assets	230	326
Financial liabilities*	(7,526)	(6,635)
	(7,296)	**(6,309)**

* Floating rate financial liabilities include loans of AED 6,841 million (2022: AED 6,301 million) for which interest rate risk is hedged by way of interest rate derivatives with notional amount of USD 1,362 million (2022: USD 1,031 million).

Sensitivity analysis for variable rate instruments

A change of 100 basis points in the interest rate at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

	Increase / (decrease) basis	Effect on profit or loss increase / (decrease)		Effect on other comprehensive income	
		2023	2022	2023	2022
Floating rate instrument	+ 100	(72)	(61)	-	-
Interest rate swaps designated as cash flow hedges	+ 100	138	115	(138)	(115)
Interest rate swaps designated as FVTPL	+ 100	(93)	(137)	-	-
Cash flow sensitivity (net)		**(27)**	**(83)**	**(138)**	**(115)**
Floating rate instrument	- 100	72	61	-	-
Interest rate swaps designated as cash flow hedges	- 100	(143)	(121)	143	121
Interest rate swaps designated as FVTPL	- 100	97	146	-	-
Cash flow sensitivity (net)		**26**	**86**	**143**	**121**

In these hedge relationships, the main sources of ineffectiveness may arise because of:

- the effect of counterparty's and Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

35.6 Capital management

The primary objective of the Group’s capital management is to ensure that it maintains healthy capital ratios in order to support future development of the business and maximize shareholder value.

The Group uses net debt to equity ratio to monitor its capital among other metrics. Capital includes equity attributable to the equity holders including retained earnings, revaluation and other reserves. The Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratio.

(AED in millions)	2023	2022
Interest bearing loans and borrowings (excluding lease liabilities)	16,988	15,891
Less: cash and bank balances (note 24.2)	(2,041)	(1,728)
Net debt	**14,947**	**14,163**
Total equity (excluding goodwill)	**32,217**	**29,582**
Net debt to equity ratio	**46%**	**48%**

35.7 Fair value measurement of financial assets and liabilities

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 31 December 2023				
Financial assets				
Investments held at fair value through profit or loss	14	-	-	14
Derivative instruments for risk management	126	-	126	-
	140	**-**	**126**	**14**
Financial liabilities				
Derivative instruments for risk management	229	-	229	-
Sukuk and Note liabilities*	9,124	-	8,860	-
	9,353	**-**	**9,089**	**-**
At 31 December 2022				
Financial assets				
Derivative instruments for risk management	149	-	149	-
Financial liabilities				
Derivative instruments for risk management	334	-	334	-
Sukuk and Note liabilities	9,183	-	8,928	-
	9,517	**-**	**9,262**	**-**

* USD 100 million Sukuk certificates issued through a private placement in 2020 (note 30.3.1) under the Sukuk Program are not listed on any stock exchanges. The management believes that, the carrying amount of these certificates approximates the fair value.

The management believes that the fair value of the remaining financial assets and liabilities at the reporting date are not materially different from their carrying amounts.

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 technique. 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.

The interest rates used to discount estimated cash flows, where applicable, are based on the spot rates derived from the interpolated per annum yield curve in respect of borrowings/derivatives which is 4.55% - 5.33% (2022: 3.875% - 4.687%) at the reporting date.

36. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

(AED in millions)	2023	2022
Capital commitments	2,184	2,576
Group's share of capital commitments in relation to its equity accounted investees	236	320
Letter of credits outstanding	84	79
Bank guarantees outstanding	1,156	929

Capital commitments represent the probable value of contracts signed for the development and construction of assets as at 31 December 2023, net of costs incurred and advances made up to that date.

Included within letter of credits and bank guarantees are performance guarantees amounting to AED 1,094 million (2022: AED 870 million) in favour of government authorities in the UAE for a real estate development project.

36.1 There are certain litigation and claims that arise during the normal course of business. Management reviews these on a regular basis as and when such litigations and/or claims are received. Each case is treated according to its merit and necessary provisions are created. Based on the opinion of the Group’s legal counsel and information presently available, management believes there is no significant exposure that may result in a significant cash outflow for the Group.

37. SUBSEQUENT EVENTS

In late 2023 management actively started pursuing a plan to dispose of some of Group's investments in hotels and offices, with a carrying value of AED 791 million, considered as non-core to the business. The assets have not been classified as held for sale in these consolidated financial statements as the criteria for reclassification under IFRS 5 was not fully met at the balance sheet date, considering certain aspects of the arrangement and the approval process. Management expects the sale to conclude within 12 months from the balance sheet date.

There has been no significant events subsequent to the reporting date, other than those noted above, up to the date of authorization on 12 March 2024, which would have a material effect on the consolidated financial statements.

38. COMPARATIVES

Apart from the restatement of comparatives disclosed in note 10.1 due to change in accounting policy. Certain other comparative figures in the consolidated statement of financial position have been reclassified or arranged for better presentation in accordance with the requirements of International Financial Reporting Standards.

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