MAJID AL FUTTAIM PROPERTIES LLC AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Contents

MAJID AL FUTTAIM PROPERTIES 2023 FULL YEAR REPORT

Majid Al Futtaim was built with a clear vision – to create great moments for everyone, everyday.

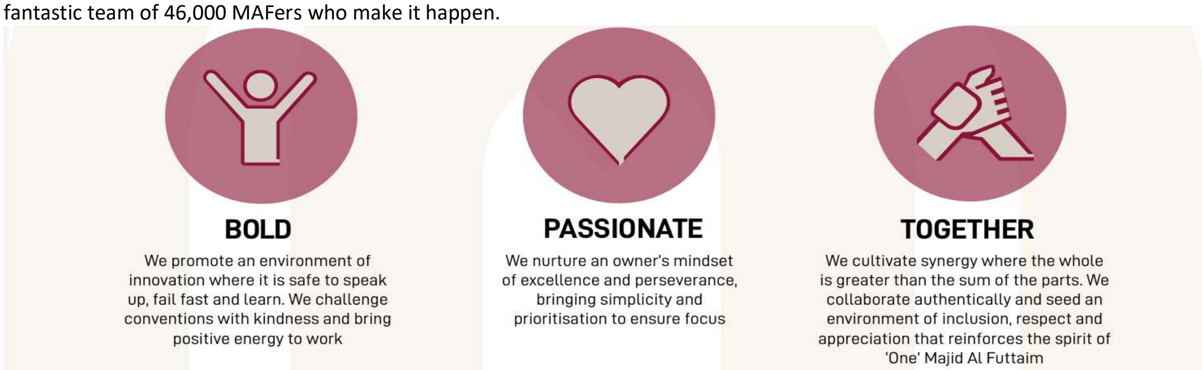
We are proud to always lead by example - what we do matters. We are relentless in pursuing excellence, driven by an unparalleled commitment to our customers, the communities we serve, the planet and our people. Majid Al Futtaim is a symbol of strength, focus and distinction. Our brand is a reflection of our beloved founder, Mr. Majid Al Futtaim, always setting new benchmarks for innovation and excellence. We strive tirelessly to elevate our customer experience and it is our fantastic team of 46,000 MAFers who make it happen.

Our Mission

We create unique and engaging experiences by applying a pioneering mindset and mastering the art of delivery.

Our Values

Our Values – Bold, Passionate and Together – embody the spirit of our late founder, Mr. Majid Al Futtaim. They are the foundation on which our company was built, and the bedrock on which it stands today.



Our Business

Majid Al Futtaim Properties LLC (the 'Group') was incorporated in the Emirate of Dubai, United Arab Emirates in 1994 and is a subsidiary of Majid Al Futtaim Holding LLC. The Group has 2 major business units ('BU'): **Asset Management BU:** comprising of Shopping Malls and Hospitality, and **Development BU:** comprising of Communities and Shopping Malls Development. These BUs are supported by Project Management Centre of Excellence ('PM COE') and Corporate.

ASSET MANAGEMENT BU		DEVELOPMENT BU	PM COE / CORPORATE
SHOPPING MALLS	HOSPITALITY		
❖ Owns and operates **29*** destination shopping malls across 5 countries: UAE, Oman, Lebanon, Egypt, Bahrain and lifestyle hub, 'Distrikt', in our community. ❖ Total shopping malls GLA of over **1.8 million m².**	❖ Owns **13** hotels in the UAE and Bahrain that are operated by international hotel brands. ❖ Offers over **3,600** rooms and suites. ❖ Operates Enova - a facility and energy management associate company with Veolia.	❖ Develops and operates **4** mixed-used projects in the UAE, Oman and Lebanon, including the iconic Tilal Al Ghaf Community in Dubai. ❖ Manages the delivery of future shopping mall and hotel developments of the Group.	**PROJECT MANAGEMENT** ❖ Supports the delivery of Group's project developments. **CORPORATE** ❖ Provides corporate support services to the business units of the Group.

** of which 5 community malls form part of a joint venture with the Government of Sharjah.*

2023 KEY FINANCIAL HIGHLIGHTS:

REVENUE	ADJ. EBITDA**	NOPAT **	NET PROFIT
AED 7,383 MILLION	AED 3,649 MILLION	AED 3,291 MILLION	AED 4,189 MILLION
2022: AED 6,197m	2022: AED 3,011m	2022: AED 2,652m	2022: AED 3,126m

- ❖ In 2023, MAFP Group achieved a record-breaking year, surpassing all key financial metrics. The Group's revenue reached AED 7.38 billion, which is +19% above 2022, Adjusted EBITDA at AED 3.65 billion (up by 21%), NOPAT at 3.29 billion (up by 24%) and net profit at AED 4.19 billion (up by 34%). This success can be attributed to the sustained high tenant sales and successful completion of construction in our communities business. The thriving economy of the UAE, coupled with improved travel and tourism, contributed to the strong performance of our super-regional shopping malls, especially the Mall of the Emirates. Additionally, the successful ramp-up in operations from our new malls (City Centre Al Zahia and Mall of Oman) and steady growth in hotels business also played a significant role in our achievement.
- ❖ MAFP had a strong net profit performance at AED 4.19 billion, up by AED +1.06 billion vs 2022 and property valuations ended at AED 2.02 billion net FV gain driven by positive outlook in our shopping malls portfolio due to continued strong tenant sales (up by 5%) and footfall (up by 8%), particularly across the UAE super-regional shopping malls.
- ❖ The Group issued additional bonds amounting to USD 500 million (AED 1.8 billion) from its Green Sukuk programme during the year, which re-affirms the Group's commitment to sustainable green projects.

*** NOPAT/EBITDA are non-IFRS measure. For further information, refer to Note 10 to the consolidated financial statements.*

Directors' report

The Directors' report and the consolidated financial statements of Majid Al Futtaim Properties LLC ('MAFP' or 'the Company') and its subsidiaries (collectively referred to as 'the MAFP Group') are presented for the year ended 31 December 2023. The consolidated financial statements were prepared by the Management.

Economic overview

In 2023, the global economies continued to face challenges and disruptions due to inflation, tightening of monetary policy by central banks and persistent geopolitical tensions resulting in a slow down of global economic growth. In the United Arab Emirates ('UAE'), the Nation's buoyant and diversified economy driven by sectors beyond oil, particularly tourism and real estate, sustained growth in GDP at 3.4% (World Bank). The outlook remains positive, especially in Dubai, in line with the comprehensive strategy under the Dubai Economic Agenda D33 that aims to double the size of the economy in the next decade. The tourism sector, particularly in Dubai, showed strong recovery post COVID-19 contributing substantially to the GDP, especially with the boost from COP28 among other significant events during the year. The robust real estate market performance and strong focus on sustainability further propelled Dubai's vision of becoming a smart and sustainable city. In Oman, the economy demonstrated resilience and saw a growth of 2.2% by the third quarter according to Oman NCSI, primarily driven by non-oil sector that supported the decline from oil sector due to softened average oil prices. The MAFP Group's operations in other regions, notably in Egypt and Lebanon, continue to face challenges due to economic disruptions. The impact of inflationary pressures and declining currencies are now heightened by geopolitical unrest, adding to the complexities faced by these economies.

Despite both global headwinds and regional challenges, the MENA region has continued to experience accelerated growth and an improved economic environment. The MENA's growth post-pandemic has continued to accelerate, with a 6% year-on-year increase in 2022, outperforming OECD, ASEAN, MERCOSUR, and BRICS despite both economic headwinds and the impact of geopolitical unrest in the region. Notably, when considering the 'Big Three', UAE, KSA, and Egypt, the average performance has been even stronger. The GCC has led the charge, setting out diversification strategies that ensure national prosperity beyond hydrocarbons.

Business Strategy

The Majid Al Futtaim Group's ('MAF Group') strategic direction is anchored in the newly adopted operational framework with the five types of capital at the centrepiece of our new strategy: Financial, Intellectual, Human, Reputational, and Social (ESG). Our focus is to fuel the MAF Group's growth ambition through our four main business sectors: Shopping Malls, Retail, Communities, and Retail Discount, in two key geographies: the GCC and Africa (with priority focus on Egypt). Our strategy is supported and further enabled by our three additional sectors: Entertainment, Lifestyle, and Technology & Solutions, which together drive the MAF Group's vision to create great moments for everyone, everyday.

The MAFP Group operates the Shopping Malls, Communities and Hotels businesses that will fuel the MAF Group's growth ambition. The MAFP Group continues to focus on the 3 horizons – Core, Growth and Portfolio Optimization.

- Core: Our focus remains on safeguarding and upgrading our shopping malls and hotel assets, especially our flagship Mall of the Emirates (MoE), including Ski Dubai and Kempinski MoE, physically, digitally, and commercially. We aim to elevate the customer experience through our redevelopment strategy that positions us to continue to be a market shaper and leader in retail across two geographies in line with our new operating model.
- Growth: Positioning MAFP as the Developer of Choice for the region's communities, shopping malls, offices, and hotels – Launching new community development and replenishing land bank for future opportunities.
- Portfolio optimization: Unleashing potential by optimizing the MAFP portfolio to recycle capital for future growth and monetize assets that no longer fit with the Group's strategic direction.
- Culture: In full support of the MAF Group's culture transformation, MAFP Group continues to actively seek opportunities to role model our values in action and foster an environment that enables every MAFer to flourish.

Management's Discussion and Analysis

The Management's Discussion and Analysis provides a narrative explanation from management of the MAFP Group on its performance as well as information about the MAFP Group's financial condition. All amounts are presented in United Arab Emirates Dirhams ('AED') millions.

The MAFP Group achieved a record year in 2023 despite continued inflationary pressure, tighter credit conditions and currency devaluations in Egypt and Lebanon. The MAFP Group ended with revenue at AED 7.38 billion (+19% vs 2022), adjusted EBITDA at AED 3.65 billion (+21% vs 2022) and NOPAT at AED 3.29 billion (+24% vs 2022). The valuation of the MAFP Group's asset portfolio resulted in a net valuation gain of AED 2.02 billion (excluding AED 62 million from Hotels booked under 'revaluation reserve' in equity), which significantly contributed to the MAFP Group's net profit at AED 4.19 billion (+34% vs 2022).

Segment results

	Asset Management BU				Development BU				Project Management		Corporate		Total	
	Shopping Malls		Hotels*		Communities		Development							
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	3,972	3,658	700	671	2,700	1,848	-	-	11	20	-	-	**7,383**	6,197
Net profit/(loss) after tax	4,392	3,004	106	62	688	508	(718)	(53)	(8)	(9)	(271)	(386)	**4,189**	3,126
Adj. EBITDA**	2,889	2,603	243	220	652	329	(23)	(19)	(2)	(1)	(110)	(121)	**3,649**	3,011
NOPAT**	2,679	2,370	82	58	657	341	(26)	(19)	(8)	(5)	(93)	(93)	**3,291**	2,652

** In 2023, revenue from offices have been reported under Hotels (previously under Communities).*

*** Adjusted EBITDA and NOPAT are non-IFRS measures, refer to Note 10 to the consolidated financial statements.*

Asset Management Business Unit

The Shopping Malls ('SM') business key performance metrics continued the upward trajectory with a strong overall occupancy at 96% (+2pp vs 2022), footfall nearly hitting 232 million (+8% vs 2022), and tenant sales approaching the AED 30 billion mark (+5% vs 2022). The robust performance metrics resulted in growth in revenue at AED 4.0 billion (+9% vs 2022), adjusted EBITDA at AED 2.9 billion (+11% vs 2022) and NOPAT at AED 2.7 billion (+13% vs 2022). Overall shopping malls valuation recorded AED 2.1 billion net valuation gain, primarily driven by the MAFP Group's flagship Mall of the Emirates, which recorded its highest valuation since its inception. During the year, we opened the world's largest single-floor Dior boutique and debuted Zara's global café concept at the Mall of the Emirates. Further, the Mall of the Emirates was recently awarded the LEED Platinum certification, becoming the largest shopping centre in the world to receive such certification and our shopping malls has achieved a silver award for best innovation in customer experience at the International Customer Experience Awards 2023.

The Hotels business continue to outperform the market with its strong revenue generating index (RGI). Further, our hotels business benefitted from 2023 events such as the COP28 and Dubai Airshow resulting in 5% increase in RevPAR vs 2022, partially offsetting the impact of reduced capacity due to refurbishment works in the Sheraton Mall of the Emirates hotel. Hotels recorded 2023 revenue at AED 700 million (+4% vs 2022), adjusted EBITDA at AED 243 million (+10% vs 2022) and NOPAT at AED 82 million (+41% vs 2022).

Development Business Unit

The Development business unit continued to drive growth to the MAFP Group's consolidated results with revenue at AED 2.7 billion (+46% vs 2022), adjusted EBITDA at AED 652 million (+98% vs 2022), and NOPAT at AED 657 million (+93% vs 2022), with total recorded sales of AED 25.7 billion since inception across all our community projects, including our joint ventures. Our flagship lifestyle destination, Tilal Al Ghaf, recorded additional gross sales value of AED 4.7 billion driven by continued strong demand on the luxury and ultra-luxury segments (such as the Lanai Islands, Serenity Mansions, and Alaya) during the year. Over 900 units have been successfully handed over in Tilal Al Ghaf's first neighbourhood, Elan, bringing the total number of residents in all our community projects to over 22,000. Further, we launched the first lifestyle hub under the new brand 'Distrikt' in the Tilal Al Ghaf community. Our joint venture in Oman, Al Mouj Muscat, continues to gain recognition for its world-class offerings. Its luxury development, Sarai, won the Luxury Residential Development of the year at the Real Estate Asia Awards. Further, Al Mouj's Jinan Island and Business Park were named as the Best Residential Development and Best Office Development in Asia, respectively, at the Arabian Property Awards. Our joint venture community project in Sharjah, Al Zahia, handed over more than 400 units during the year across its portfolio and a saw strong demand to its Uptown project.

In each reporting period, we review our assets and investments carried at cost, including properties under construction, and assess their values for any indicators of impairment so that their carrying amounts are not more than their net realisable values. During the year, we recognised an impairment provision of AED 701 million, in respect of a certain development project and digital asset, as a result of an ongoing reassessment of alternative strategies for these specific projects. The impairment provision is partially offset by AED 322 million reversal of impairment mainly on account of an expected recovery of the Group's investment in equity accounted investee, which has been fully provided for in prior years.

Corporate

During the year, the MAFP Group issued additional bonds amounting to USD 500 million (AED 1.8 billion) from its Green Sukuk programme, which re-affirms its commitment to sustainable green projects. Moreover, the MAFP Group fully paid its USD denominated term loan in Egypt amounting to AED 545 million. The MAFP Group's net debt to equity ratio has improved by 530 bps at 32.3% (2022: 37.6%). The MAFP Group's net cash from operations less cash used for investments is at AED 1.5 billion (2022: AED 909 million), which was the highest ever since inception, reflecting the Group's focus on elevating the cash management journey.

The Egyptian Pound (EGP) and Lebanese Pound (LBP) further devalued and impacted the MAFP Group's consolidated financial results and financial position. Foreign currency exchange loss of AED -102 million has been recorded in the consolidated statement of profit or loss primarily in respect of the USD denominated loan before its full repayment in May 2023. Management has established a risk mitigation strategy to navigate the uncertainties over foreign currency devaluation, such as consolidation of cash flow requirements across the MAF Group, placement of cash in T-bills and deposit accounts, conversion of LBP/Lebanese USD leases to USD, and inclusion of foreign currency protection clause in our EGP lease contracts to partially mitigate the devaluation impact. The impact of translating the EGP and LBP operations to AED resulted in net currency translation loss (under equity) of AED -402 million (2022: AED -212 million) mainly from the MAFP Group's shopping malls in Egypt.

During the year, The Egyptian Emirates Mall S.A.E. (TEEM) has been fully transferred to the MAFP Group after conclusion of the demerger with the joint venture partner. Net assets received by the Group from the demerger amounted to AED 48 million that includes a plot in Nasr City, Egypt, formerly part of the joint venture.

Controls and Procedures

The MAFP Group has always aimed to have robust controls over financial reporting to provide reasonable assurance that information disclosed is recorded, processed, summarized, and reported in a timely manner. In the ordinary course of business, we review our internal controls over financial reporting and make changes to our systems and processes to improve such controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include activities such as implementing new, more efficient systems, updating existing systems, automating manual processes, standardizing controls globally, migrating certain processes to our Global Solutions unit and increasing monitoring controls. Additionally, the Group remains committed to adhering the Anti-Money Laundering and Economic Sanctions regulations and enhanced our efforts to screen for targeted financial sanctions throughout all our business operations.

The following sections contains forward-looking statements that involve risks, uncertainties, and assumptions. These statements reflect our current expectations, estimates, and projections about the market and industry in which we operate, and include, but are not limited to, statements regarding our key financial and non-financial metrics, strategies, future operations, and financial position. Forward-looking statements are identified by words such as "anticipate,", "estimate," "expect," "intend," "may," "plan," "project," "predict," "will," "should," "forecast," and other similar expressions. However, these words are not the exclusive means of identifying such statements. While we believe these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we have anticipated. Actual results may differ materially from those expressed or implied by these statements due to a variety of factors, including, but not limited to, changes in economic conditions, market demand, competitive pressures, regulatory developments, and other risks detailed in the *Risk Management* section.

Risk Management

The Group continues to navigate through a challenging global economic climate and geopolitical landscape. The escalating geopolitical tensions alongside fluctuating currencies and interest rates play a significant role in shaping our risk management approach. Throughout the year, we have diligently enhanced our comprehensive risk management framework, focusing on integrating it further into the key processes and nurturing skillsets across the operational layer of the organization. The key risks we are managing include (but not limited to) the following, which we may update in our future reports as they evolve:

- *Macroeconomic challenges:* These could impact different aspects of our operations from a drop in consumer spending and its effect on tenant sales, hotel occupancies and real estate market downturn. We are closely monitoring the macroeconomic challenges, especially the housing market for potential impacts, based on specific Key Risk Indicators.

- *Geopolitical tensions:* Conflicts and consumer boycotts could disrupt our shopping malls, hotels and community projects. We understood that such geopolitical uncertainties might disrupt economic activities, leading to higher vacancy costs or stagnation in certain sectors, including global supply chain issues that may result in construction delays.
- *Egyptian Pound devaluation:* The imminent devaluation of the Egyptian Pound (EGP) remains a significant risk given its impact on our business operations in Egypt. Any further decline in EGP against the USD could have considerable implications for our earnings, underlining the need for effective risk mitigation strategies in our financial management.
- *Competition and e-commerce growth:* These trends challenge traditional business models, requiring us to stay flexible and adapt our strategy to remain competitive and respond to changing customer preferences.

In the face of these challenges, the MAFP Group is guided by a solid risk management strategy that uses advanced techniques, such as the Bow Tie risk assessments and Monte Carlo simulations, to understand and evaluate these risks, quantify their impacts, and determine mitigation strategies. While the ongoing economic uncertainty has far-reaching impacts that are difficult to predict, we remain dedicated to ensuring resilience and flexibility amidst these ever-evolving risks. Our risk management team is continuously developing our “Risk Champion” network within the business and continues to embed risk-based thinking into the DNA of the organization.

Viability Statement and Business Outlook

Annually, we review the longer-term viability of the business, including stress testing the outlook against principal risks. This analysis provides reasonable assurance of the resilience of our operations and our ability to meet liabilities as they fall due based on our severe but plausible risk scenarios for the next 3 years. This has been demonstrated by the MAFP Group’s flexibility and agility in responding to the extreme circumstances caused by the aforementioned key risks.

Despite the economic challenges that range from higher inflation to further currency devaluation and limited foreign currency reserves, global supply chain disruptions, and continued political instability regionally and worldwide, financial impacts have been continually monitored and mitigated through rigorous management of costs and liquidity, prudent capital expenditure and development properties disbursements, operational excellence as well as continued support to our retail partners to revitalize our business ecosystem.

Based on our analysis, we have a reasonable expectation that the MAFP Group will be able to continue in operation and meet its liabilities as they fall due in the forthcoming year. Whilst the MAFP Group’s diversification, financial strengths and disciplined liquidity management have served the stakeholders well, we will continue to focus on cost efficiency, operational excellence and careful assessment of priorities, and emerging threats.

Outlook

Majid Al Futtaim Properties Group is strategically positioned to benefit from the strong market fundamentals, especially in the UAE. The economic headwinds in Egypt and the imminent devaluation of the EGP remains a significant risk to the Group and mitigation strategy is in place to navigate the uncertainties over foreign currency devaluation. Our timely expansion in residential sector and extensive presence in hospitality and retail sectors are contributing well to sustaining our growth plans. Our priority is and will remain to grow our diverse portfolio of assets, add shareholder value, and invest in our people. The MAFP Group’s business performance outlook entails the following:

- Tourism is expected to continue its upward trajectory supporting the demand in our Shopping Malls and Hotels businesses. In 2024, we anticipate our shopping mall’s tenant sales and footfall to continue to grow and plan our overall vacancies to drop reflecting the sustained demand for retail spaces despite the rise of online shopping. In our Hotels business, occupancy level is expected to improve after the completion of ongoing renovation in Sheraton Mall of the Emirates. Further, we expect our hotels portfolio RevPar to stay consistent in 2024, sustaining the demand even without the boost from major events.
- In 2024, our Communities business will handover more than 1,300 units in Tilal Al Ghaf and more than 900 units in our joint venture community projects delivering on our promise to customers. Furthermore, we expect to sell all remaining phases in Tilal Al Ghaf. The handovers are expected to accelerate the release of restricted cash and fund our future developments. Following the success of Tilal Al Ghaf, the Communities business will launch a new development in Dubai capitalizing on the market and expected demand for apartments in the mid and upper-mid segments of the market.
- Various redevelopments are planned in our existing malls including upgrades, enhanced offerings to customers along with exploring partnership with new international brands.

- Transition to a more capital light business model, recycle capital and monetize assets that are no longer fit the Group's strategic direction. Furthermore, we aim to conclude on current discussions around new developments and partnership opportunities, especially in the UAE, KSA and Egypt, to fuel the Group's growth and further enable the sustainability of the Group's financial position and performance.

Sustainability

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

- Majid Al Futtaim Group maintained its low risk ESG rating by Sustainalytics.
- Majid Al Futtaim Group maintained GRESB 'Green Star' status for implementing outstanding sustainability practices.
- Majid Al Futtaim Properties partnered with Yellow Door Energy during the year to bring clean electricity to 18 shopping malls in UAE, Bahrain and Oman.

COP28 Highlights:

- Majid Al Futtaim Properties and Engazaat, Independent Power Producer (IPP), signed a partnership to bring clean electricity to retail assets in Egypt and Lebanon.
- Majid Al Futtaim Properties, Chalhoub Group, LVMH, Emaar Malls, and Aldar Properties PJSC joined forces to create "Unity For Change - أفـــق", which is the first partnership of its kind in the Middle East retail sector. The alliance is dedicated to defining and achieving sustainability targets, which include enhancing energy efficiency, increasing clean energy adoption, developing eco-design checklists and improving water and waste management across the entities' properties, tenant stores and landlords' common areas.

Certifications and achievements:

- Mall of the Emirates won the Best Green Operations and Maintenance (existing building) category at the MENA Green Building award and achieved a LEED Platinum certification, making it the largest existing mall in the world to receive this recognition. Our City Centre malls in Bahrain, Deira and Muscat have achieved LEED Platinum.
- Our communities in Muscat earned Oman's first BREEAM certification and in Sharjah achieved BREAAM Very Good Rating, which demonstrates our strong focus on long-term energy efficiency, health and well-being, and premier lifestyle offerings.
- Women representation in MAFP senior positions increased to 23% in 2023 and 40% overall representation across the organization, underpinning our continued diversity and inclusion efforts.
- Throughout the year, we recorded zero major incidents or lost time at our construction sites and over 17,000 hours of Health Safety and Environment training were conducted to our workers.
- During the year, we overachieved our 2023 targets for carbon emissions by 33% and water consumption by 4.5%. This achievement was driven by key initiatives, including optimizing HVAC systems in our shopping malls, installing solar panels in malls and TAG Distrikt, enhancing the efficiency of parking lights in malls and water heater systems in hotels.

Board of Directors

The Board of Directors has taken responsibility for the fair presentation of the consolidated financial statements in accordance with the applicable financial reporting framework and has given clearance for the issuance of the consolidated financial statements on 19-Feb-2024.

Philip Bowman (Chairman)
John Rishton
Abdullah Al Ghurair
Terry Duddy
John Sullivan
Ahmed Elshamy (Chief Executive Officer)

On behalf of the Board of Directors

Peter Davison
Company Secretary

Building a better working world

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Majid Al Futtaim Properties LLC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 2 March 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2023. 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.

Building a better working world

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

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties and certain categories of property, plant and equipment (Land and buildings)	
The Group owns a portfolio of investment properties of AED 40,049 million and land and buildings under property, plant and equipment of AED 3,242 million primarily comprising of shopping malls, hotels and land. These properties are stated at their fair values at each reporting date as determined by independent real estate valuers ("the valuers") 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 a small change in the assumptions can have a significant impact to the valuation. 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.	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 (land and buildings). 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 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 PROPERTIES LLC (continued)

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

Other Information included in the Directors' Report

Other information consists of the information included in the Directors' Report and does not include the consolidated financial statements and our auditor's report thereon. The Board of Directors are 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 on other information obtained prior to the date of the auditor's report, 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 Articles 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.

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

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

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.

- 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.

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

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

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

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 UAE Federal Decree Law No. 32 of 2021 and the Articles of Association of the Company;

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 37 to the consolidated financial statements;

vi) note 31 reflects material related party transactions and the terms under which they were conducted;

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

Report on Other Legal and Regulatory Requirements (continued)

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 Decree Law No. 32 of 2021 or of its Articles 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 reflects the social contributions made during the year ended 31 December 2023.

For Ernst & Young

T.S. Hari Gopal

Thodla Hari Gopal
Partner
Registration No.: 689

19 February 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
Revenue	11	7,383	6,197
Operating expenses	12	(4,014)	(3,490)
Share of results of equity accounted investees - net of tax	9.1	93	55
Impairment loss on non-financial assets - net	14	(379)	(14)
Impairment loss on financial assets	14	(40)	(16)
Finance costs	13	(704)	(442)
Finance income	13	67	11
Other expense - net	15	(107)	(290)
Profit before net valuation gain on land and buildings and tax		**2,299**	2,011
Net valuation gain on land and buildings	16	2,016	1,202
Profit before tax		**4,315**	3,213
Income tax expense	21.1	(126)	(87)
Net profit after tax		**4,189**	3,126
Net profit after tax attributable to:			
Owners of the Company		4,270	3,114
Non-controlling interests	8.2	(81)	12
		4,189	3,126

Comprehensive income:

	Note	2023	2022
Net profit after tax		**4,189**	3,126
Other comprehensive income ('OCI')			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment - net of tax	17.2(a)	62	135
Re-measurement of defined benefit liability	28.1	(10)	10
Items that may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	29.4	(402)	(212)
Other comprehensive loss for the year, net of tax		**(350)**	(67)
Total comprehensive income for the year		**3,839**	3,059
Total comprehensive income attributable to:			
Owners of the Company		3,918	3,048
Non-controlling interests		(79)	11
		3,839	3,059

The notes on pages 20 to 67 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 9 to 14.

Consolidated statement of financial position as at 31 December

(AED in millions)

	Note	2023	2022
Non-current assets			
Property, plant and equipment	17.2	3,783	3,990
Investment property	18.2	40,049	38,583
Investments in equity accounted investees	9.1	825	857
Long term receivables	20.2	1,658	1,067
Intangible assets	19	84	95
Deferred tax assets	21.4	59	67
Right-of-use assets	32.2.1	16	30
Total non-current assets		**46,474**	44,689
Current assets			
Inventories	22	2,704	2,264
Trade and other receivables	20.1	2,336	1,463
Due from related parties	31.2	44	76
Short term loan to related parties	31.2	19	61
Restricted cash	23.1	3,623	2,514
Cash and cash equivalents	23	799	435
Total current assets		**9,525**	6,813
Total assets		**55,999**	51,502
Non-current liabilities			
Term loan from a related party	31.2.1	4,082	5,563
Loans and borrowings	26	8,411	7,079
Other liabilities	27	346	214
Retirement benefit obligation	28	133	119
Deferred tax liabilities	21.3	319	274
Provisions	25	76	46
Total non-current liabilities		**13,367**	13,295
Current liabilities			
Trade and other payables	24	5,874	4,923
Provisions	25	274	296
Loans and borrowings	26	-	58
Short term loan from related parties	31.2	-	36
Due to related parties	31.2	91	146
Total current liabilities		**6,239**	5,459
Total liabilities		**19,606**	18,754
Equity			
Share capital	29.1	3,500	3,500
Shareholder contribution	29.2	2,938	2,938
Revaluation reserve		14,157	14,095
Retained earnings		16,876	12,781
Other reserves		(1,356)	(942)
Equity attributable to owners of the Company		**36,115**	32,372
Non-controlling interests	8.2	278	376
Total equity		**36,393**	32,748
Total equity and liabilities		**55,999**	51,502

The consolidated financial statements were approved by the Board of Directors and signed on their behalf on 19-Feb-2024.

احمد الكحو

Chief Executive Officer

Chief Financial Officer

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The notes on pages 20 to 67 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 9 to 14.

Consolidated statement of cash flows for the year ended 31 December 2023

(AED in millions)

	Note	2023	2022
Cash flows from operating activities:			
Net profit after tax for the year		**4,189**	3,126
Adjustments for:			
Net valuation gain on land and buildings	16	(2,016)	(1,202)
Share of results of equity accounted investees – net of tax	9.1	(93)	(55)
Finance income	13	(67)	(11)
Gain on acquisition of a joint venture	15	(31)	-
(Unwinding of discount)/Discount from property sales	11.1(a)	(30)	42
Finance costs	13	704	442
Impairment loss on non-financial assets - net	14	379	14
Depreciation	12	345	313
Income tax expense	21.1	126	87
Foreign exchange loss – net	15	102	283
Impairment loss on financial assets	14	40	16
Project costs written off	15	28	2
Accrued income on operating leases		27	43
Amortization	19	11	11
Loss on disposal of property, plant and equipment and investment property		11	-
Retirement benefit obligations - net		4	17
Operating profit before working capital changes		**3,729**	3,128
Changes in:			
Inventories		(87)	63
Trade and other receivables		(1,194)	(775)
Restricted cash		(1,109)	(1,173)
Trade and other payables		1,014	886
Provisions		5	182
Due from/to related parties		33	(84)
Cash from operating activities		**2,391**	2,227
Income taxes paid		(19)	(19)
Net cash from operating activities		**2,372**	2,208
Cash flows from investing activities:			
Additions to investment property		(762)	(1,096)
Additions to property, plant and equipment		(253)	(238)
Additions to intangible assets		(12)	(10)
Reduction of investment in equity accounted investees		5	-
Interest received		67	11
Dividends from equity accounted investees	9.2(a)	47	28
Proceeds from the sale of property, plant and equipment and investment property		19	-
Acquisition of a subsidiary	35	(3)	-
Cash received upon acquisition of subsidiaries		-	6
Net cash used in investing activities		**(892)**	(1,299)
Cash flows from financing activities:			
Proceeds from loans and borrowings and term loan from a related party		4,192	1,923
Repayment of loans and borrowings and term loan from a related party		(4,910)	(2,278)
Payment of lease liabilities		(22)	(38)
Payment of finance costs		(350)	(310)
Dividend payments to non-controlling interests		(19)	(18)
Net cash used in financing activities		**(1,109)**	(721)
Net increase in cash and cash equivalents		**371**	188
Cash and cash equivalents at beginning of the year	23	435	336
Effect of movements in exchange rates on cash held		(7)	(89)
Cash and cash equivalents at end of the year	**23**	**799**	435

The notes on pages 20 to 67 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 9 to 14.

Consolidated statement of changes in equity for the year ended 31 December 2023

(AED in millions)

	Attributable to the Owners of the Company									
					Other reserves					
	Share capital	Shareholder contribution	Revaluation reserve, net of tax	Retained earnings	Statutory reserve	Currency translation reserve	Other	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	3,500	2,938	14,095	12,781	1,750	(2,702)	10	32,372	376	32,748
Comprehensive income for the year:										
Net profit for the year	-	-	-	4,270	-	-	-	4,270	(81)	4,189
Other comprehensive income for the year:										
Items that will not be reclassified to profit or loss:										
- Net revaluation gain on property, plant and equipment (note 17.2(a))	-	-	62	-	-	-	-	62	-	62
- Re-measurement of defined benefit liability (note 28.1)	-	-	-	-	-	-	(10)	(10)	-	(10)
Items that are or may be reclassified subsequently to profit or loss:										
- Foreign operations - foreign currency translation differences (note 29.4)	-	-	-	-	-	(404)	-	(404)	2	(402)
Total comprehensive income for the year	**-**	**-**	**62**	**4,270**	**-**	**(404)**	**(10)**	**3,918**	**(79)**	**3,839**
Transactions with owners of the Company:										
Coupon declared (note 29.2a)	-	-	-	(175)	-	-	-	(175)	-	(175)
Dividends declared [a]	-	-	-	-	-	-	-	-	(19)	(19)
Total transactions with owners of the Company	**-**	**-**	**-**	**(175)**	**-**	**-**	**-**	**(175)**	**(19)**	**(194)**
Balance at 31 December 2023	**3,500**	**2,938**	**14,157**	**16,876**	**1,750**	**(3,106)**	**-**	**36,115**	**278**	**36,393**

a) During the year, a subsidiary of the Company declared and paid dividends to the non-controlling interest amounting to AED 19 million (31 December 2022: AED 18 million) from retained earnings available for distribution (note 8.2(a)).

Consolidated statement of changes in equity for the year ended 31 December 2022

(AED in millions)

	Attributable to the Owners of the Company									
					Other reserves					
	Share capital	Shareholder contribution	Revaluation reserve, net of tax	Retained earnings	Statutory reserve	Currency translation reserve	Other	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	3,500	2,938	13,960	9,842	1,750	(2,491)	-	29,499	383	29,882
Comprehensive income for the year:										
Net profit for the year	-	-	-	3,114	-	-	-	3,114	12	3,126
Other comprehensive income for the year:										
Items that will not be reclassified to profit or loss:										
- Net revaluation gain on property, plant and equipment (note 17.2(a))	-	-	135	-	-	-	-	135	-	135
- Re-measurement of defined benefit liability (note 28.1)	-	-	-	-	-	-	10	10	-	10
Items that are or may be reclassified subsequently to profit or loss:										
- Foreign operations - foreign currency translation differences (note 29.4)	-	-	-	-	-	(211)	-	(211)	(1)	(212)
Total comprehensive income for the year	**-**	**-**	**135**	**3,114**	**-**	**(211)**	**10**	**3,048**	**11**	**3,059**
Transactions with owners of the Company:										
Coupon declared (note 29.2a)	-	-	-	(175)	-	-	-	(175)	-	(175)
Dividends declared [a]	-	-	-	-	-	-	-	-	(18)	(18)
Total transactions with owners of the Company	**-**	**-**	**-**	**(175)**	**-**	**-**	**-**	**(175)**	**(18)**	**(193)**
Balance at 31 December 2022	**3,500**	**2,938**	**14,095**	**12,781**	**1,750**	**(2,702)**	**10**	**32,372**	**376**	**32,748**

Notes to consolidated financial statements

1. Reporting entity

Majid Al Futtaim Properties LLC ('the Company') is a Limited Liability Company in the Emirate of Dubai, United Arab Emirates ('UAE') incorporated on 5 February 1994. The registered address of the Company is P.O. Box 60811, Dubai, UAE. Its parent is Majid Al Futtaim Holding LLC ('MAFH') and ultimate parent is Majid Al Futtaim Capital LLC ('MAFC'). The registered address of MAFC is P.O. Box 91100, Dubai, UAE.

These consolidated financial statements comprise the financial information of the Company and its subsidiaries (together referred to as 'the Group') and its share of interests in equity accounted investees.

The Group is primarily involved in investing in and operating and managing commercial projects including shopping malls, hotels, leisure and entertainment and development and sale of residential communities.

The Group's sukuk certificates (issued by a structured entity in the Cayman Islands) are listed on the NASDAQ Dubai and the Euronext Dublin, except for the USD 100 million private placement sukuk (note 26.2).

During the year, the Group acquired the remaining 50% shareholding in The Egyptian Emirates Malls S.A.E. (TEEM), previously a joint venture, that resulted in consolidation of its net assets in the Group's consolidated financial statements as at 31 December 2023 (note 35).

2. Basis of accounting

These consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS'). They are presented in United Arab Emirates Dirhams ('AED') (rounded to the nearest million unless otherwise stated), which is the functional currency of the Company.

Effective 2 January 2022, the UAE Federal Law by Decree No. (32) of 2021 came into force, repealing the UAE Federal Law No. (2) of 2015 (as amended). As of the reporting date, the Company has duly amended its Articles of Association to align with and adhere to the provisions outlined in the UAE Federal Decree Law No. (32) of 2021.

These consolidated financial statements have been prepared under the historical cost convention, with the exception of investment property and land and buildings (under property, plant and equipment), which are stated at fair value.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 19-Feb-2024 ________________.

3. Impact of Events

Inflation and Global Central Banks Tightening Programmes

The global economic climate continues to face challenges due to inflation, the tightening of monetary policy by central banks and persistent geopolitical tensions. Central Banks across numerous economies have continued with tightening monetary conditions, resulting in a slowing 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. Among these are Egypt and Lebanon markets where the Group has operations.

As a result of these global economic circumstances, the Group's consolidated financial statements as of 31 December 2023 have been impacted by currency devaluation, especially in Egypt, where currency volatility has been particularly significant.

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

Geopolitical conflict

The ongoing political and economic situation between Russia-Ukraine, which began in 2022, and between Israel-Hamas 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. These events have the potential to affect a multitude of entities in various jurisdictions and industries.

As per Group's assessment, the conflict continues to have an immaterial impact on the Group's consolidated financial statements as the Group maintains no direct exposure to or from the countries in conflict or 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 these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

4.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 8 - Interest in other entities
- Note 11.1 - Satisfaction of performance obligations
- Note 11.1 - Determination of transaction price
- Note 11.1 – Existence of a significant financing component in the contract
- Note 11.1 - Transfer of control in contracts with customers
- Note 11(c) - Discretionary rent relief program
- Note 17.1.2 - Apportionment of fair values between land and buildings
- Note 18.1 - Accounting for dual use property
- Note 22.1 - Net realizable value of development property
- Note 29.2(a) - Subordinated capital loan instruments
- Note 32.1 - Determining the lease term as lessee: Whether the Group is reasonably certain to exercise option to renew

4.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 7.2 - Measurement of fair values and valuation process: key inputs and assumptions underlying fair values.
- Note 11.1 - Measurement and recognition of revenue on property sales: key assumptions and estimation uncertainties such as allocation of transaction price to performance obligation in contracts with customers, and cost to complete the projects.
- Note 14.1 - Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.
- Note 18.2 (v)(b) - Recognition of lease liability based on presumed renewal terms.
- Note 20 - Measurement of loss allowances on trade and other receivables: key assumptions in determining the loss rate, including assessment of facts and circumstances such as liquidation, bankruptcy, litigation, financial difficulties, etc.
- Note 21 - Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and unused tax losses/credits carried forward can be utilized.
- Note 28.1 – Measurement of retirement benefit obligation: key valuation assumptions underlying discount rate, service period and salary increase.
- Note 29.4 – Lebanon and Egypt currency devaluation
- Note 34.1 – Contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Useful lives of property, plant and equipment, investment properties and intangible assets:

  Management determines the estimated useful lives of its property, plant and equipment, investment properties, and intangible assets for calculating depreciation/amortization. Management periodically reviews estimated useful lives and the depreciation/amortisation method to ensure that the method and period of depreciation/amortisation are consistent with the expected pattern of economic benefits from these assets.

5. Material accounting policies

5.1 New Standards and Amendments to IFRSs that are mandatorily effective for the current year

In the current year, a number of new standards and amendments to IFRSs that are mandatorily effective for accounting period that begins on or after 1 January 2023:

- IFRS 17 *Insurance Contracts* (1 January 2023).
- *Definition of Accounting Estimate* (Amendments to IAS 8) (1 January 2023).
- *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) (1 January 2023).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 *Income Taxes* (1 January 2023).

These standards and amendments do not have a significant impact on the Group's consolidated financial statements as at 31 December 2023.

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies.

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements which is consistent with the amendments.

5.2 Standards issued but not yet effective

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective as at the reporting date, with the corresponding effectivity date:

- Classification of liabilities as current or non-current with covenants (Amendments to IAS 1) (1 January 2024).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): Transition, effective date and due process (Agenda Paper 12C) (1 January 2024)
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) (Effective date deferred indefinitely).
- Supplier finance arrangements - amendments to IAS 7 and IFRS 7 (1 January 2024)
- Lack of exchangeability – Amendments to IAS 21 (1 January 2025)

These new and revised IFRSs are not expected to have a significant impact on the Group's consolidated financial statements.

6. General accounting policies

6.1 Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rates at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the average exchange rates during the year.

Foreign currency differences on translation are recognized in OCI and accumulated in the translation reserve in equity, except to the extent that the translation difference is attributable to NCI. When a foreign operation is disposed of 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. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such a monetary item are considered to form a part of the net investment in the foreign operation. Accordingly such differences are recognized in other comprehensive income, and accumulated in the currency translation reserve in equity and reclassified to profit or loss on disposal of the net investment in the foreign operation.

In 2020, Lebanon became a hyperinflationary economy. Management performed a detailed assessment of the impact of applying IAS 29 *Financial Reporting in Hyperinflationary Economies.* During the year, management determined that the impact of applying IAS 29 is not material to the Group (note 29.4).

6.2 Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred. 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. 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 substantially ready for the intended use. The capitalization rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds.

6.3 Properties under construction

Work in progress in respect of capital expenditure including land is classified as properties under construction.

Interest and other overheads directly attributable to the projects are included in properties under construction until completion thereof.

Properties under construction with an intention of building an investment property is carried at fair value. When the fair value is not reliably determinable due to the projects being in various stages of construction, the capital expenditure and land are carried at cost less impairment if any until the fair value of the property is reliably determinable.

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 a stage at which the fair value can be reliably determined and as such will be recorded at fair value.

Development costs are capitalized after successful initial feasibility is conducted and before a site is acquired, subject to an approved budget and formal sign-off of a summary scoping document by management. These development costs are shown as assets under properties under construction and development property. 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, if land has been acquired) will be written off and charged to profit or loss. In order to carry forward such development expenses, it is required to substantiate that these costs are relevant to the project and the Company's Board of Directors' approve these costs.

7. Fair value measurement

7.1 Accounting Policy

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 a liability reflects its non-performance risk.

When it is available, the Group measures the fair value using the quoted price in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
Determination of fair value hierarchy

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets. An 'active market' is a market in which transactions for the asset take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices). An example of a Level 2 category would be the observable sales price of a similar sized asset during the normal course of business.

Level 3: Inputs for the asset that are not based on observable market data (unobservable inputs). This category includes instruments whose inputs are not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. For example, discount rates, growth rates, net equivalent yield etc.

If the inputs used to measure the fair value of an asset might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

A number of the Group's accounting policies and disclosures require the measurement of fair values, mainly for non-financial assets.

7.2 Measurement of fair values and valuation process

Non-financial assets

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 valuer with sufficient current 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.

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

A summary of valuations of the Group's investment property and land and buildings, including capital work in progress, is given below:

(AED in millions)

	2023	2022
Assets valued by independent external valuers	41,792	39,865
Assets valued internally	1,530	1,973
	43,322	41,838

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

Class of asset	Valuation technique	Description
Shopping malls (stabilized)	Discounted cash flows ('DCF')	The gross fair value (net of capital expenditure and 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 capital expenditure and 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	The fair value is derived using DCF for Hotels and 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 analysing 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.

Financial liability

The following table shows the valuation technique used in measuring the fair value of the sukuk certificates included within 'loans and borrowings':

Class of asset	Description
Sukuk certificates (except for the USD 100 million private placement sukuk) (note 26.2)	The fair value for sukuk certificates is benchmarked against the quoted market price (Level 2).

7.3 Assumptions and determination of fair value hierarchy

Further information about the assumptions made in measuring fair values and determination of fair value hierarchy is included in the following notes:

- Note 17 – Property, plant and equipment
- Note 18 – Investment property
- Note 30 – Financial instruments

8. Subsidiaries

Accounting Policy

The consolidated financial statements incorporate the financial information of the Company and entities (including a structured entity) controlled by the Company and its subsidiaries.

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 information of the subsidiaries is consolidated on a line by line basis (including adjustments to align the accounting policies to the Group's accounting policies, when necessary), from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. 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.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Business combinations

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. 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.

Business combinations involving entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition has occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The Group applies the book value measurement method to all common control transactions. The assets and liabilities acquired or transferred are recognized or de-recognized at the carrying amounts recognized or de-recognized previously in the ultimate holding entity's consolidated financial statements. The components of OCI of the acquired entities are added to the same components within the Group's OCI. Any gain/loss arising is recognized directly in OCI. When a common control entity is sold or transferred, the cumulative amount in the currency translation reserve related to that entity is reclassified to profit or loss in line with the accounting policy on foreign operations (note 6.1).

Interest in other entities

The Group does not hold any direct ownership interest in MAF Sukuk Ltd. (a 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 this 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 the financial position of the structured entity are included in these consolidated financial statements.

8.1 Details of the Group's material subsidiaries:

Name of material subsidiary	Principal activity	Country of incorporation	Proportion of ownership and voting rights held (%) 2023	2022
Majid Al Futtaim Shopping Malls LLC [a, d]	Shopping malls	UAE	100%	100%
Majid Al Futtaim Hospitality LLC [a]	Hotels	UAE	100%	100%
Majid Al Futtaim Properties Lebanon LLC [a, b]	Shopping malls/Mixed use communities	UAE	100%	100%
Majid Al Futtaim Development LLC [a, d]	Mixed use communities	UAE	100%	100%
Majid Al Futtaim Properties Saudia LLC [a, d]	Shopping malls/Mixed use communities/Hotels	UAE	100%	100%
Majid Al Futtaim Properties Co. Oman LLC	Shopping malls	Oman	100%	100%
City Centre Almaza S.A.E.	Shopping malls	Egypt	100%	100%
Majid Al Futtaim Properties Egypt SAE	Shopping malls/L&E	Egypt	100%	100%
Majid Al Futtaim Real Estate Investments LLC	Investment in commercial enterprises	UAE	100%	100%
MAF Sukuk Ltd. [c]	Issuing sukuks under the Trust Certificate Issuance Program	Cayman Islands	100%	100%
Majid Al Futtaim Tilal Al Ghaf Phase A LLC	Mixed use communities	UAE	100%	100%
Fujairah City Centre Investment Company LLC	Shopping mall	UAE	62.5%	62.5%

a) Certain subsidiaries owned by these entities are material to the Group.

b) Certain % of the Group's ownership stake, including in some subsidiaries, is held through beneficial ownership arrangement 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.

c) MAF Sukuk Ltd. is a subsidiary of the Company by virtue of control exercised over it.

d) Based on the approval provided by MAFP Group Board of Directors in 2021, certain dormant subsidiaries were liquidated during the year. The liquidation of certain subsidiaries did not result in material impact at the Group level.

8.2 Details of NCI in non-wholly-owned subsidiaries:

(AED in millions)

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership and voting rights held by NCI 2023	2022	Profit / (loss) allocated to NCI 2023	2022	Accumulated NCI 2023	2022
Fujairah City Centre Investment Company LLC ('FCC') [a]	UAE	37.5%	37.5%	22	18	154	151
Aswaq Al Emarat Trading Closed Joint Stock Co.	Kingdom of Saudi Arabia	15%	15%	(100)	(6)	125	225
Suburban Development Company S.A.L ('SDC') [b]	Lebanon	3.18%	3.18%	(3)	-	(2)	(1)
Individually immaterial subsidiaries with NCI		Various	Various	-	-	1	1
Total				**(81)**	12	**278**	376

a) During the year, FCC declared and paid dividends to the non-controlling interest amounting to AED 19 million (2022: AED 18 million) from retained earnings available for distribution.

b) During the year, translation of SDC operation to the Group's presentation currency, resulted in a foreign currency translation gain attributable to NCI amounting to AED 2 million (2022: AED 1 million foreign currency translation loss).

9. Investments in equity accounted investees

Accounting Policy

The Group's interests in equity accounted investees comprise interests in joint ventures and associates.

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.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in joint ventures and associate 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 OCI of equity accounted investees (post adjustments for aligning accounting policies to the Group's accounting policies, when necessary), until the date on which significant influence or joint control ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The financial statements of the equity accounted investees are prepared for the same reporting period as the Group. The accounting policies of these companies are aligned with those of the Group.

9.1. Summary:

(AED in millions)

	2023	2022
Sharjah Holding Co. PJSC ('SHC')	260	333
Al Mouj Muscat S.A.O.C. ('AMM')	486	451
Enova Facilities Management Services LLC ('Enova')	79	73
Carrying amount at the reporting date	**825**	857
Group's share of profit from operations - net of tax	93	55
Group's share of other comprehensive income - net of tax	-	-
Group's share of total comprehensive income for the year	**93**	55

9.2. Details of the equity accounted investees:

Name of the investees	Principal activity	Country of incorporation	Proportion of ownership and voting rights held 2023	2022
Sharjah Holding Co. PJSC	Shopping malls and sale of real estate	UAE	50%	50%
Al Mouj Muscat S.A.O.C.	Sale of real estate	Oman	50%	50%
Enova Facilities Management Services LLC	Facilities management services	UAE	51%	51%

Summary of unaudited financial information of the equity accounted investees is as follows:

(AED in millions)

	SHC		AMM		Enova		Others	
	2023	2022	2023	2022	2023	2022	2023	2022
Current assets	1,248	1,404	2,153	2,411	740	727	1	1
Non-current assets	350	377	636	395	63	47	-	26
Current liabilities	(861)	(866)	(1,525)	(1,425)	(580)	(572)	(3)	(30)
Non-current liabilities	(217)	(249)	(293)	(479)	(68)	(59)	-	-
Net assets/(liabilities)	**520**	**666**	**971**	**902**	**155**	**143**	**(2)**	**(3)**
Net assets - Group's share	**260**	**333**	**486**	**451**	**79**	**73**	**-**	**-**

(AED in millions)

	SHC		AMM		Enova		Others [g]	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	525	618	705	697	1,227	1,037	-	-
Profit/(loss) from operations	38	(59)	71	89	76	85	-	(1)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	**38**	(59)	**71**	89	**76**	85	**-**	(1)
Group's share of profit/(loss) from operations	**19**	(32)	**35**	44	**39**	44	**-**	(1)
Carrying amount - At 1 January	333	365	451	407	73	62	-	13
Group's share of profit/(loss) from operations	19	(32)	35	44	39	44	-	(1)
Reversal of impairment for the year (note 14) [c, d, f]	-	-	-	-	-	-	322	5
Reduction in of investment [a, d, f]	(92)	-	-	-	-	-	(308)	-
Dividends declared by equity investees [b]	-	-	-	-	(35)	(28)	-	(5)
Acquisition of TEEM (note 35) [c]	-	-	-	-	-	-	(14)	-
Acquisition of WFC [e]	-	-	-	-	-	-	-	(2)
Currency translation adjustment	-	-	-	-	2	(5)	-	(10)
Carrying amount - At 31 December	**260**	333	**486**	451	**79**	73	**-**	-

a) *During the year, the Board of SHC ratified the reduction of the Group's investment in the joint venture amounting to AED 92 million to settle an equity contribution imbalance between the joint venture parties.*

b) *During the year, Enova declared cash dividend amounting to AED 35 million (2022: AED 28 million) representing the Group's share and received AED 28 million (2022: AED 28 million) of the declared amount as disclosed in the consolidated statement of cash flows.*

c) *During the year, the remaining 50% shareholding in The Egyptian Emirates Malls S.A.E. (TEEM), previously accounted as a joint venture under 'Others', has been fully acquired by the Group that resulted in consolidation of its net assets in the Group's consolidated financial statements (note 35). 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.*

d) *During the year, the Group received AED 5 million cash balance from a joint venture under 'Others', which had a fully impaired investment carrying amount since prior years (note 14 (c)). Accordingly, a reversal of impairment has been reflected to the extent of the cash received.*

e) *In 2022, a subsidiary of the Group acquired the remaining 50% shareholding in Waterfront City S.A.L. ('WFC'). This increased the Group's 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.*

f) *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 instalments over a period of two years starting from the first instalment date in 2024. Given that the amount has been fully acknowledged by the joint venture partner to be settled in cash, management has reassessed the impairment provision and believes that conditions for reversing the impairment exist at the reporting date. Accordingly, previously recognized impairment has been reversed to the extent of the receivable amount at its present value of AED 303 million (notes 20.1(c) and 20.2(a)).*

g) *In 2021, the Board of Directors of a joint venture in UAE have resolved to amicably wind up a certain 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 and in the prior year. As at the reporting date, liquidation proceedings for this JV company are in progress.*

10. Operating segments

Accounting Policy

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All reportable segments' operating results are reviewed regularly by the Group's Board of Directors and senior management to assess performance. Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's head office) and head office expenses.

Segment reporting

The Group has the following strategic divisions, which are its reportable segments. In February 2023, the Group has evolved its business structure into 2 major business units ('BU'): Asset Management BU: comprising of Shopping Malls and Hospitality businesses, and Development BU: comprising of Communities and Development businesses. These BUs are supported by the Corporate Centre of Excellence ('CoE'), mainly comprising of Project Management CoE and Investment Management CoE.

Reportable segments	Operations
1. Asset Management BU	
1.1 Shopping Malls	Leads and manages the shopping malls operations of the Group, from regional and super-regional shopping malls to smaller community centres, including leisure and entertainment.
1.2 Hotels	Responsible for leading the development of hotel assets and asset management of these assets with third-party hotel operators. Effective in 2023, the business unit is also responsible for managing the Group's portfolio of three office buildings in Dubai, UAE (previously under Communities business).
2. Development BU	
2.1 Communities	Responsible for master development and management of larger master planned lifestyle developments that comprise multiple asset classes, and is responsible for infrastructure, residential and commercial assets within these developments.
2.2 Development	Responsible for leading and managing the delivery of future shopping mall, retail and hotel developments of the Group.
3. Project Management	Provides advisory, development and management services to business units and other related parties.
4. Corporate	Provides corporate support services to the business units of the Group.

Adjusted EBITDA (Non-IFRS measure)

The Group's measure of segment performance, adjusted EBITDA, is defined as earnings before interest, tax, non-controlling interests, depreciation, amortization, impairment and other exceptional items of charges or credits that are one-off in nature and significance. Management excludes one-off exceptional 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. To ensure consistency and relevance of adjusted EBITDA as a measure of operating performance, adjusted EBITDA has been adjusted with the impact of fixed rent expense, which has been derecognized on adoption of IFRS 16 Leases in 2019.

NOPAT (Non-IFRS measure)

Effective from 1 January 2023, the Group has introduced Net Operating Profit After Tax (NOPAT) to measure segment performance, 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 land and buildings and investment properties, net impairment losses / reversals on non-financial assets, net finance costs, net foreign exchange gains / losses.

10.1 Revenue and net profit – by reportable segments

(AED in millions)

	Asset Management BU				Development BU				Project Management		Corporate		Total	
	Shopping Mall		Hotels		Communities		Development							
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	**3,972**	3,658	**700**	671	**2,700**	1,848	**-**	-	**11**	20	**-**	-	**7,383**	6,197
Net profit/(loss) after tax	**4,392**	3,004	**106**	62	**688**	508	**(718)**	(53)	**(8)**	(9)	**(271)**	(386)	**4,189**	3,126
Adjusted EBITDA	**2,889**	2,603	**243**	220	**652**	329	**(23)**	(19)	**(2)**	(1)	**(110)**	(121)	**3,649**	3,011
NOPAT	**2,679**	2,370	**82**	58	**657**	341	**(26)**	(19)	**(8)**	(5)	**(93)**	(93)	**3,291**	2,652

a) Intra-group transactions have been excluded.

10.2 Reconciliation of net profit to NOPAT and adjusted EBITDA – by reportable segments

	Asset Management BU				Development BU				Project Management		Corporate		Total	
	Shopping Malls		Hotels		Communities		Development							
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net profit/(loss) after tax	**4,392**	3,004	**106**	62	**688**	508	**(718)**	(53)	**(8)**	(9)	**(271)**	(386)	**4,189**	3,126
Adjustments for:														
Valuation (gain)/loss	(2,073)	(1,049)	(25)	(6)	47	(160)	39	17	-	-	(4)	(4)	(2,016)	(1,202)
Net finance cost/(income)	184	136	1	-	(42)	(7)	-	-	-	-	494	302	637	431
Foreign exchange loss/(gain)	144	279	(1)	-	(36)	5	-	-	-	4	(5)	(5)	102	283
Impairment loss on non-financial assets - net	32	-	1	2	-	(5)	653	17	-	-	(307)	-	379	14
NOPAT	**2,679**	2,370	**82**	58	**657**	341	**(26)**	(19)	**(8)**	(5)	**(93)**	(93)	**3,291**	2,652
Adjustments for:														
Depreciation and Amortization	152	122	172	177	17	8	3	-	6	4	6	13	356	324
Share of results of equity accounted investees - net of tax	(6)	9	-	-	(48)	(21)	-	-	-	-	(39)	(43)	(93)	(55)
Income tax expense	76	86	-	-	49	1	-	-	-	-	1	-	126	87
Other non-recurring items	(12)	16	4	-	(23)	-	-	-	-	-	17	4	(14)	20
Fixed rent expense	-	-	(15)	(15)	-	-	-	-	-	-	(2)	(2)	(17)	(17)
Adjusted EBITDA	**2,889**	2,603	**243**	220	**652**	329	**(23)**	(19)	**(2)**	(1)	**(110)**	(121)	**3,649**	3,011

10.3 Revenue by geographical segments

(AED in millions)

	UAE		Oman		Bahrain		Lebanon		Egypt		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	**6,247**	5,063	**369**	307	**367**	345	**39**	27	**361**	455	**7,383**	6,197

a) Intra-group transactions have been excluded.

10.4 Assets and liabilities – by reportable segments

	Asset Management BU				Development BU				Corporate		Total	
	Shopping Malls		Hotels		Communities		Development					
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment assets	37,265	36,471	3,530	3,601	10,926	9,010	3,752	2,236	526	184	55,999	51,502
Segment liabilities	(2,877)	(3,366)	(189)	(185)	(3,758)	(2,752)	(101)	(35)	(12,681)	(12,416)	(19,606)	(18,754)
Net assets/(liabilities)	**34,388**	33,105	**3,341**	3,416	**7,168**	6,258	**3,651**	2,201	**(12,155)**	(12,232)	**36,393**	32,748

a) Intra-group balances have been excluded to arrive at the net assets.

10.5 Statutory segment assets and liabilities – by geographical segments

	UAE		Oman		Bahrain		KSA		Kuwait		Egypt		Lebanon		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment assets	43,936	38,900	3,492	3,306	2,798	2,599	1,752	2,240	1	3	2,718	3,085	1,302	1,369	55,999	51,502
Segment liabilities	(18,448)	(16,964)	(376)	(471)	(168)	(177)	(63)	(51)	-	(1)	(430)	(1,078)	(121)	(12)	(19,606)	(18,754)
Net Assets	**25,488**	21,936	**3,116**	2,835	**2,630**	2,422	**1,689**	2,189	**1**	2	**2,288**	2,007	**1,181**	1,357	**36,393**	32,748

a) Intra-segment balances have been excluded to arrive at the net assets.

b) In presenting the geographic information, segment assets were based on the geographic location of the assets.

10.5 Major customer

Rental revenue earned from the Group's related parties have contributed to AED 422 million (2022: AED 405 million) which is more than 10% of the total "revenue from investment property" for the year ended 31 December 2023. No single related party represents more than 10% of total revenue.

11. Revenue

Accounting Policy

Revenue mainly comprises rental income and revenue from contracts with customers.

Rental income
Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognized in profit or loss on a straight-line basis over the term of the lease from the lease commencement date. 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 32 for the accounting policy on leases.

Revenue from contracts with customers
Revenues from contracts with customers include revenue from property sales, hospitality, leisure and entertainment, project management and other activities.

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 the transaction price to the performance obligations in the 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; or
- 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 (note 20). Contract liabilities is currently presented as "Advances from customers" under trade and other payables (note 24).

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties (i.e. 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 consolidated statement of profit or loss 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.

In case of revenue from property sales, the Group has determined that its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts.

Revenue from hospitality, leisure and entertainment and other activities (such as service charge, marketing and promotion contribution) 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.

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.

11.1 Critical judgements and estimates

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 customer, 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 assess 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 used the discount rate that reflects a separate financing transaction between the Group and its customer at contract inception. 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 over a 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 assets that is the subject of the contract is transferred to the customer. In the 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 the satisfaction of the performance obligation which 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 an objective evaluation of the cost of providing infrastructure, potential claims by contractors as evaluated by the project management business unit and the cost of meeting contractual obligations to the customers.

(AED in millions)

	2023	2022
Revenue from investment property:		
- Rental income [c]	3,108	2,881
- Service charge	457	433
- Marketing and promotion contribution	115	107
- Other	26	24
Revenue from property sales - net [a, b]	2,671	1,819
Revenue from hospitality	700	671
Revenue from leisure and entertainment (L&E)	281	224
Project management revenue	11	20
Other revenue	14	18
	7,383	6,197

a) *Revenue from property sales of AED 2,671 million (2022: AED 1,819 million) is net of AED 19 million (2022: AED 29 million) transfer fees to a government authority and 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.*

b) *The revenue from property sales also include sales to key management personnel that are carried out at normal commercial terms (note 31.1).*

c) *In 2020, management provided a discretionary rent relief program as part of the Group's commitment to supporting its tenants subsequent to the re-opening of the Group's shopping malls post lockdown period. The associated charge from the discretionary rent relief program to the consolidated statement of profit or loss for the year ended 31 December 2023 amounted to AED 50 million (2022: AED 94 million). As at the reporting date, the unamortized portion of this rent relief is AED 33 million (2022: AED 74 million).*

11.2 Disaggregation of revenue

The following table shows the disaggregation of the Group's revenue in terms of timing of revenue recognition.

(AED in millions)

	2023	2022
Revenue categorized under IFRS 15 'Revenue from Contracts with Customers':		
Over period of time [a]	2,671	1,819
At a point in time [b]	1,604	1,497
Revenue categorized under IFRS 16 'Leases':		
Rental income	3,108	2,881
	7,383	6,197

a) *Revenue recognized over period of time reflects the revenue from property sales.*

b) *Revenue recognized at a point in time mainly reflects the revenue from hospitality, L&E, non-rental charges from shopping malls and project management.*

12. Operating expenses

(AED in millions)

	2023	2022
Cost of revenue from property sales (note 11(a)) [a]	(1,774)	(1,330)
Employee benefits [b, c]	(710)	(690)
Depreciation (notes 17.2, 31.1 and 32.2.1)	(345)	(313)
Facilities maintenance and repairs	(154)	(156)
Selling and marketing expenses	(148)	(157)
Utilities	(117)	(117)
Sales commission (note 11(a)) [a]	(110)	(84)
Service charges and other recharges [b, d]	(85)	(59)
Hotel operator fee and sales commission	(84)	(75)
Housekeeping expenses	(81)	(83)
Consultancy fees	(69)	(78)
Information technology costs	(42)	(42)
Security expenses	(33)	(47)
Hotels food and beverage expenses	(33)	(32)
Supplies	(30)	(31)
Insurance premiums	(29)	(23)
Leisure and entertainment units' cost of operations	(25)	(19)
Property taxes	(14)	(22)
Travel expenses	(13)	(13)
Amortization charge for intangible assets	(11)	(11)
Miscellaneous expenses	(107)	(108)
	(4,014)	(3,490)

a) *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), respectively, were recognized based on percentage of completion (POC).*

b) *During the year, employee benefits and service charges include recharges from Majid Al Futtaim Global Solutions LLC and Xsight Future Solutions LLC amounting to AED 98 million (2022: AED 92 million) (note 31.1).*

c) *Staff costs are net of costs capitalized to various projects amounting to AED 130 million (2022: AED 121 million).*

d) *During the year, the Group incurred AED 3 million (2022: AED 5 million) for corporate social responsibility activities.*

13. Finance costs and income

Accounting Policy

Finance costs comprise of interest expense, arrangement fees, participation fees and similar charges on loans and borrowings; and unwinding of discount adjustments. Interest expense is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. In calculating interest expense, the effective interest rate is applied to amortized cost of the liability.

(AED in millions)

	2023	2022
Interest expense (including arrangement and participation fees)	(688)	(433)
Interest expense on lease liabilities	(21)	(13)
Unwinding of discounting of long term receivables	5	4
Finance costs	**(704)**	(442)
Interest income	67	11
Finance income	**67**	11

14. Impairment loss

Accounting Policy

Impairment of financial assets

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

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 or debtor;
- a breach of contract (such as a default);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower or debtor will enter bankruptcy or other financial reorganization.

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

Impairment losses related to trade and other receivables, including contract assets, is presented separately in the consolidated statement of profit or loss and OCI.

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.

Impairment of non-financial assets

To determine any indication of impairment, the carrying amount of all non-financial assets except for inventories and property, plant and equipment and investment property that are fair valued are reviewed at each reporting date. If any such indication exists, the recoverable amount of the asset is estimated.

For purposes of impairment reviews, assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets are identified as cash generating units (CGUs). Impairment loss is recognized if the carrying amount of the non-financial asset or CGUs exceeds its recoverable amount.

For assets that have an indefinite life or are not yet available for use, the recoverable amount is assessed at each reporting date. The recoverable amount is the greater of its fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU. Value in use is assessed by using the discounted future cash flow or the income capitalization methods.

(AED in millions)

	2023	2022
Impairment of investment property under construction (note 18.2) [a, b]	(612)	(17)
Impairment of property and equipment (note 17.2) [a]	(82)	(2)
Impairment of development property (note 22.2(b)) [a]	(7)	-
Reversal of impairment of investments in equity accounted investees (notes 9.2(c), (d) & (f))	322	5
Impairment loss on non-financial assets – net	**(379)**	(14)
Impairment loss on trade and other receivables – net	(40)	(16)
Impairment loss on financial assets	**(40)**	(16)

a) *The Group has recognised an impairment provision of AED 654 million (2022: AED 21 million) (net of previously recognised accumulated impairment), in respect of a certain development project, as a result of an ongoing reassessment of alternative strategies for this specific project. This impairment provision is arising from investment property under construction of AED 612 million (2022: AED 19 million), property and equipment of AED 35 million (AED 2 million), and development property of AED 7 million (2022: nil). In 2022, the impairment of investment property under construction is net of AED 2 million reversal in respect of another asset due to recovery of a previously impaired non-refundable tax capitalized.*

b) *During the year, the Group has recorded an impairment provision of AED 47 million for the net book value of a specific digital project. Management is presently engaged in assessing the potential repurposing of the project as an integrated solution to augment the value of the mall asset, with the aim of delivering enhanced value to stakeholders.*

c) *During the year, the Group recorded reversal of impairment provision on investment in equity accounted investees amounting to AED 19 million representing AED 14 million due to acquisition of TEEM (note 35) and AED 5 million due to recovery of cash balance from a joint venture.*

14.1 Key judgements and sensitivities

During the year, a total impairment loss of AED 654 million (2022: AED 21 million) was recognized for the pre-development cost in respect of a certain development project. Management assessed that these impaired costs represented works carried out in prior years that were superseded or no longer relevant to the current development. The recoverable amounts of the impaired investment property under construction as at the reporting date and the impairment loss recognized are set out below:

(AED in millions)

	2023 Asset 1	2022 Asset 1
Recoverable amount	-	451
Impairment loss (note 14(a))	**(654)**	(21)

15. Other expense - net

(AED in millions)

	2023	2022
Project costs written-off	(28)	(2)
Development expenses	(50)	(29)
Foreign exchange loss – net [b]	(102)	(283)
Other expense	**(180)**	(314)
Gain on acquisition of a joint venture (note 35)	31	-
Other [a]	42	24
Other income	**73**	24
Other expense - net	**(107)**	(290)

a) *Other income includes a sale of design rights to a joint venture amounting to AED 14 million.*

b) *Foreign exchange loss is primarily driven by translation of a USD denominated loan to EGP, held by a subsidiary in Egypt. This loan has been fully settled during the year.*

16. Net valuation gain on land and buildings

(AED in millions)

	2022	2022
Gain on changes in fair value on property, plant and equipment (note 17.2(a))	29	15
Gain on changes in fair value of investment property (note 18.2)	1,987	1,187
	2,016	1,202

17. Property, plant and equipment

Accounting policy

Recognition and measurement

Land and buildings mainly comprising hotels and offices held for use in the production or supply of goods or services, or for administrative purposes, are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. 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.

Land on which development work has started with the intention of constructing property, plant and equipment is fair valued at the date when significant development commences. During the construction period, land and development expenditure is carried at cost less any accumulated impairment until the fair value of the asset can be reliably determined. Once the fair value can be reliably determined, the entire property (that is land and building) is carried at fair value at each reporting date.

All other items of property, plant and equipment (including capital work in progress) are stated at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives, and is recognized in profit or loss. Land is not depreciated. The estimated useful lives of assets for the current and comparative years are as follows:

Category of assets	Estimated useful life
Buildings	5 – 50 years
Motor vehicles	4 years
Furniture, fixtures and equipment	3 – 4 years
Leisure rides and games	3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Revaluation reserve

Any revaluation increase arising on the revaluation of such land and buildings is recognized in OCI and accumulated in equity, 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 accounted for. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in any, profit or loss to the extent that it exceeds the balance, if held in the revaluation reserve relating to a previous valuation of that property. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any difference between the carrying amount of the property and its fair value is recognized as a revaluation of property, plant and equipment in accordance with the revaluation principles discussed above.

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss on de-recognition is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. On de-recognition of a revalued property, the attributable revaluation surplus related to the property is transferred directly from revaluation surplus to retained earnings.

17.1 Critical judgement

17.1.1 The critical judgement related to the accounting for dual use property (property, plant and equipment and investment property) is discussed in note 18.1.

17.1.2 *Apportionment of fair values between land and buildings*

(i) Where the fair value of a property comprises the aggregate value of land and buildings, the fair value is apportioned between land and buildings based on the reinstatement cost of the building as computed by an independent external valuer, unless another appropriate basis is available for allocation.

(ii) 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 independent external 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 building and depreciated over the remaining useful lives of the respective structure of the buildings.

17.2 Reconciliation of the net carrying amount at the reporting date

(AED in millions)

	Land & Buildings	Motor vehicles	Furniture, fixtures & equipment	Leisure rides & games	Capital work in progress	Total
Cost/revaluation						
At 1 January 2022	3,262	11	1,509	161	246	5,189
Additions	14	1	97	-	120	232
Disposals/write offs/other adjustments	-	(1)	(9)	-	(10)	(20)
Capitalized	-	-	48	-	(48)	-
Accumulated depreciation & impairment eliminated on revaluation	(161)	-	-	-	-	(161)
Transferred from investment property	-	-	109	-	-	109
Transferred from development property	-	-	-	-	1	1
Net revaluation gain [a]	150	-	-	-	-	150
Effect of changes in foreign currency translation	15	(1)	(70)	-	(1)	(57)
At 31 December 2022	3,280	10	1,684	161	308	5,443
At 1 January 2023	3,280	10	1,684	161	308	5,443
Additions	18	-	58	-	161	237
Disposals/write offs/other adjustments	(2)	(1)	(33)	-	(1)	(37)
Capitalized	65	-	103	-	(168)	-
Accumulated depreciation & impairment eliminated on revaluation	(160)	-	-	-	-	(160)
Transferred to investment property	(55)	-	(46)	-	(17)	(118)
Net revaluation gain [a]	96	-	-	-	-	96
Effect of changes in foreign currency translation	-	-	(20)	-	2	(18)
At 31 December 2023	**3,242**	**9**	**1,746**	**161**	**285**	**5,443**

(AED in millions)

	Land & buildings	Motor vehicles	Furniture, fixtures & equipment	Leisure rides & games	Capital work in progress	Total
Accumulated depreciation/impairment						
At 1 January 2022	-	(7)	(1,230)	(157)	(3)	(1,397)
Depreciation charge for the year	(161)	(1)	(126)	-	-	(288)
Accumulated depreciation & impairment eliminated on revaluation	161	-	-	-	-	161
Impairment charge	-	-	-	-	(2)	(2)
Disposals/write offs/other adjustments	-	1	9	-	-	10
Effect of changes in foreign currency translation	-	1	62	-	-	63
At 31 December 2022	-	(6)	(1,285)	(157)	(5)	(1,453)
At 1 January 2023	-	(6)	(1,285)	(157)	(5)	(1,453)
Depreciation charge for the year	(160)	-	(163)	-	-	(323)
Accumulated depreciation & impairment eliminated on revaluation	160	-	-	-	-	160
Impairment charge	-	-	(47)	-	(35)	(82)
Disposals/write offs/other adjustments	-	1	21	-	-	22
Effect of changes in foreign currency translation	-	-	17	-	(1)	16
At 31 December 2023	**-**	**(5)**	**(1,457)**	**(157)**	**(41)**	**(1,660)**
Carrying amount						
At 31 December 2023	**3,242**	**4**	**289**	**4**	**244**	**3,783**
At 31 December 2022	3,280	4	399	4	303	3,990

a) *The Group's land and buildings of AED 3.2 billion (2022: AED 3.3 billion) were valued by independent external valuers. During the year, a net revaluation gain of AED 96 million (2022: AED 150 million) has been recognized. This comprises of a revaluation gain of AED 62 million, net of AED 5 million deferred tax charged to other comprehensive income, (2022: AED 135 million) recognized in other comprehensive income and a revaluation gain of AED 29 million (2022: AED 15 million) recognized in profit or loss (see note 16).*

17.3 Other notes

i) The fair value measurement for land & buildings of AED 3.2 billion (2022: AED 3.3 billion) has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

ii) Measurement of fair value

Particulars	Hotels	Offices
Significant unobservable inputs used	Discount rate 2023: 9.5% to 11.25% (2022: 9.5% to 11.25%) Compounded annual growth rates of EBITDA 2023: 3.68% (2022: 5.45%)	Equivalent yield 2023: 9.25% (2022: 9.25%)

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

For the hotel portfolio, the key drivers to the valuation are the discount rates and exit yields applied and forecasted EBITDA generated from each asset's operations.

iii) Net carrying amount of the land & buildings, had they been measured under the historical cost basis, would have been as follows:

(AED in millions)

	2023		2022	
	Land	Buildings	Land	Buildings
Cost	354	4,711	354	4,624
Accumulated depreciation	-	(3,297)	-	(3,153)
At 31 December	**354**	**1,414**	354	1,471

18. Investment property

Accounting Policy

Recognition and measurement

Investment property pertains to properties held to earn rental income and/or for capital appreciation (including property under construction for such purposes). Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss. In case of property under construction, where the fair value is not reliably measurable, it is measured at cost less any impairment until either its fair value becomes reliably measurable or construction is substantially completed (whichever is earlier).

Reclassification to property plant and equipment

When the use of a property changes from investment property to owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

De-recognition

An investment property is derecognized on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss on disposal or retirement calculated as the difference between the net proceeds and the carrying amount of the property is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve (note 17) is transferred to retained earnings.

18.1 Critical judgements

Accounting for dual use property

- 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. Such properties are called 'dual use properties'.
- Dual use properties where portions can be sold or finance-leased separately will be split between property, plant and equipment and investment property based on the leasable value of each portion.
- For dual use properties where portions cannot be sold or finance-leased separately, estimates will be made to assess the level of own use of the property 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 property is classified as investment property; otherwise, it is classified as property, plant and equipment.

18.2 Reconciliation of the net carrying amount at the reporting date

(AED in millions)

	2023	2022
At 1 January	38,583	37,263
Net fair value change (note 16)	1,987	1,187
Additions	754	901
Transferred from/ (to) property, plant & equipment (note 17.2)	118	(109)
Additions due to acquisition of a related party (notes 35 & 9.2(a))	70	12
Impairment charge (note 14)	(612)	(17)
Effect of movements in exchange rates	(524)	(493)
Transferred to development property (note 22.2)	(274)	(240)
Disposals/write offs/other adjustments	(52)	(5)
Transfer (to)/from a related party (notes 31.1)	(1)	84
At 31 December	**40,049**	38,583

i. *The Group's investment property amounting to AED 38.5 billion (2022: AED 36.6 billion) were valued by independent external valuers. The independent external valuers adopted consistent valuation methodology with the previous cycles:*
   a) *During the year, the overall valuation of the Group's shopping malls portfolio recorded a net fair value gain compared to 31 December 2022 valuation. This is primarily driven by an overall increase in net rent across the core shopping malls vs 31 December 2022 and continued strong tenant sales, particularly across the UAE regional and super regional shopping malls. Higher tenant sales levels in 2023 had a positive impact on lease renewals and, consequently, on estimated rental values continuing the upward momentum from 2022.*
   b) *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.*

ii. *Measurement of fair value*

a) *Fair value hierarchy*

The fair value measurement for investment property of AED 40.0 billion (2022: AED 38.6 billion) has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

b) *Inter-relationship between key unobservable inputs and fair value measurement*

Particulars	Shopping malls	Offices
Significant unobservable inputs used	Discount rates on income streams 2023: 7% to 28.75% (2022: 7% to 25%) Compounded annual growth rates of Net operating income ("NOI") 2023: 2.53% (2022: 2.16%)	Equivalent yield 2023: 8.00% to 9.05% (2022: 8.00% to 9.05%)

The estimated fair value would increase/(decrease) if the discount rates and yield rates were lower/(higher) and/or the growth rates were higher/(lower).

iii. *The carrying value as at the reporting date includes an operational shopping mall on leasehold land (right-of-use asset) in UAE amounting to AED 174 million (2022: AED 11 million) and operational shopping malls on leasehold lands (right-of-use assets) in Oman amounting to AED 1,663 million (2022: AED 1,385 million).*

iv. *All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed under IFRS 16. The 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 Oman and UAE, respectively. If the respective leases are not renewed the land and buildings will be transferred to the Governments of Oman and UAE respectively at the end of the lease term.*

v. *Details of the right-of-use assets included as part of investment property is as follows:*

a) *In 2014, a subsidiary of the Company has 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 has been extended for another forty-nine years with lease payment terms subject for negotiations in a separate written agreement between the Parties at the beginning of the forty first year until the end of the fiftieth year. Accordingly, no additional lease liability has been recognized for the lease extension period.*

b) *In 2016, a subsidiary of the Company, entered into an agreement with a related party, Majid Al Futtaim Hypermarkets LLC, to transfer the rights over a leasehold land and the property constructed on the land (a shopping mall) to the subsidiary of the Company. The land on which the shopping mall was constructed has been obtained on a long term lease from the Government of Dubai for a range of 8 to 25 years for 2 different parts of the land. A portion of the leasehold land has expired during the year and renewal of the lease agreement is ongoing as of the reporting date. Management has estimated the lease renewal terms based on the terms of the other agreement and, accordingly, recognized additional lease liability amounting to AED 153 million during the year (note 32.2.2(b)).*

c) *In 2017, a subsidiary of the Company entered into a usufruct contract with the Government of Sultanate of Oman, which provided the subsidiary usufruct rights over a plot of land in Oman for a period of fifty years.*

18.3 Other notes

i. *Amounts recognized in profit or loss for investment property that generated income:*

(AED in millions)

	2023	2022
Revenue from investment property	3,706	3,445
Direct operating expenses on properties that generated rental income	(1,152)	(1,208)

ii. *Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight-line basis as per IFRS 16, advances to contractors, finance lease liability, project related trade payables & 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	40,059	38,666
Less: Adjustment for accrued operating lease income (note 20)	(359)	(386)
Less: Advances to contractors	(11)	(2)
Add: Lease liabilities	300	132
Add: Retention from contractor payments	15	35
Add: Project related trade payables and accruals	45	138
Net adjusted fair value	**40,049**	38,583

iii. *Restrictions on investment property*
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 of the Parent Company. These plots were held for the beneficial interest of the Group before the majority shareholder's passing in December 2021. The estate is currently under procedures of estate inventory and the Group has not received cancellation of the beneficial ownership arrangement for these plots as at the reporting date.

iv. *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).*

19. Intangible assets

Accounting Policy

Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization

Amortization is calculated using the straight-line method over their estimated useful life less any residual value and is generally recognized in the profit or loss account. Goodwill is not amortized. Amortization methods, residual and useful lives are reviewed at each reporting date and adjusted if needed.

(AED in millions)

Metro naming rights	2023	2022
At 1 January	95	106
Amortization charge for the year	(11)	(11)
At 31 December	**84**	95

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 24 and 27).

20. Trade and other receivables

Accounting Policy

Trade receivables and unbilled receivables

Trade and unbilled receivables are recognized and measured at the initial invoice amount, less loss allowances. They are maintained as assets on the consolidated statement of financial position so long as all risks and rewards associated with them have not been transferred to a third party.

Loss allowances	
Receivables of shopping malls' and hotels' businesses	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. 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.
Receivables of communities' business	Loss allowance is created when any uncertainty arises regarding collectability of receivables, including unbilled receivables. A payment schedule is defined for each customer which is based on construction milestones for the property unit. 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.

20.1 Trade and other receivables - current

(AED in millions)

	2023	2022
Trade receivables, net of loss allowances (note 20.4)	548	449
Prepayments [a]	555	414
Unbilled receivables [b]	716	307
Advances and deposits [a]	256	154
Accrued income on operating leases (note 18.3 (ii))	80	82
Other receivables [c]	181	57
At 31 December	**2,336**	1,463

a) *The increase in the advances and prepayments is mainly related to launch of new phases under Tilal Al Ghaf ('TAG').*
b) *Unbilled receivables pertain to revenue recognized from property sales but not billed as at the reporting date.*
c) *Other receivables include AED 108 million (2022: nil) short term portion of other long term receivables (note 20.2(a)).*

20.2 Long term receivables

(AED in millions)

	2023	2022
Unbilled receivables (note 20.1(b))	597	194
Advances to contractors	301	263
Long term prepayments	285	302
Accrued income on operating leases (note 18.3 (ii))	279	304
Other long term receivables [a]	196	4
At 31 December	**1,658**	1,067

a) *During the year, other long term receivables include AED 195 million (2022: nil) recoverable from a joint venture partner (note 9.2(f)).*

20.3 Loss allowances

(AED in millions)

	2023	2022
At 1 January	(104)	(113)
Charge for the year (note 14)	(40)	(16)
Write-offs	6	25
At 31 December	**(138)**	(104)

a) *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. The Group has written-off AED 6 million (2022: AED 25 million) pertaining to trade receivables fully provided for in prior years and recognized impairment loss on trade receivables amounting to AED 40 million (2022: AED 16 million).*

20.4 Ageing of trade receivables

(AED in millions)

	2023	2022
Current balances	282	244
Past due 31 - 60 days	82	54
Past due 61 - 90 days	43	38
Past due 91 - 180 days	89	54
Past due over 180 days	190	163
Total trade receivables	**686**	553
Less: Loss allowances	(138)	(104)
Net trade receivables	**548**	449

21. Income tax

Accounting Policy

Income tax expense comprises current and deferred tax and is calculated in accordance with the income tax laws applicable to certain overseas subsidiaries. It is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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 is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date (refer to note 21.5). Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent it is probable that future tax profits will be available against which the temporary difference can be utilized. 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.

21.1 Income tax expense recognized in profit or loss

(AED in millions)

	2023	2022
Current tax expense:		
- Current year	(30)	(16)
- Adjustment for prior years	(10)	(25)
	(40)	(41)
Deferred tax expense:		
- Origination and reversal of temporary differences	(86)	(46)
	(126)	(87)

The Group is subject to income tax in respect of its operations in Oman, Egypt and Lebanon. 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.

21.2 Reconciliation of effective tax rate

(AED in millions)

		2023		2022
Profit before tax from operations		4,315		3,213
Effect of tax rates in foreign jurisdictions	-1%	(30)	0%	(16)
Change in recognized deductible temporary differences	-2%	(86)	-1%	(46)
Change in estimates related to prior years	0%	(10)	-1%	(25)
	-3%	**(126)**	-3%	(87)

21.3 Deferred tax liabilities

(AED in millions)

	01 January 2023	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2023
Investment property and others	274	81	5	(41)	**319**

(AED in millions)

	01 January 2022	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2022
Investment property and others	351	36	-	(113)	274

A portion of the deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains on properties in Oman and Egypt. The tax rates in these countries are 15% and 22.5%, respectively (2022: 15% and 22.5%, respectively). The corresponding valuation gain has been recognized in profit or loss. Accordingly, the resulting net deferred tax expense has been recognized in profit or loss.

21.4 Deferred tax assets

(AED in millions)

	01 January 2023	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2023
Investment property and others	67	(5)	-	(3)	**59**

(AED in millions)

	01 January 2022	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2022
Investment property and others	91	(10)	-	(14)	67

As at 31 December 2023, the Group has unrecognized deferred tax assets of AED 345 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 as full recoverability of deferred tax asset is unlikely. This is due to subsidiaries in Oman, Egypt and Lebanon are not expected to generate sufficient taxable profits and valuation gains in the foreseeable future.

21.5 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 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). These Decisions and other interpretive guidance from the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate its impact 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 evaluated that there are no potential deferred tax assets or liabilities identified that will require recognition as at the reporting date.

21.6 Global Minimum Tax (BEPS 2.0)

To address concerns around uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level. This includes 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. This was followed by detailed and implementation guidance released in March 2022 and December 2022, respectively. These guidelines 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. 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.

As of 31 December 2023, only the UK and France have substantively enacted the legislation basis which top-up tax (as applicable) is confirmed to apply from FY 2024 onwards. The Group did not have sufficient information to determine the potential quantitative impact. 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.

22. Inventories

Accounting Policy

Development property

Properties in the process of construction or development for the purpose of sale on completion are classified as development property. 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 and staff costs capitalized.

The cost of development property recognized in the consolidated statement of profit or loss on property sales is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

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.

Real estate inventory

Development property are transferred to inventory 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 Company allocates such costs on the basis of factors relevant to the units constructed.

Spares and consumables

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

22.1 Critical judgements

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.

(AED in millions)

	2023	2022
Development property (note 22.2)	2,690	2,253
Spares and consumables	14	11
At 31 December	**2,704**	2,264

22.2 Development property movement during the year

(AED in millions)

	2023	2022
As at 1 January	2,253	609
Additions during the year [d]	1,949	1,717
Transferred from investment property [a] (note 18.2)	274	240
Effect of movements in exchange rates	9	(3)
Transferred to cost of property sales	(1,788)	(1,229)
Impairment charge [b] (note 14)	(7)	-
Additions due to ownership transfer of a related party [e]	-	912
Transferred to property, plant & equipment (note 17.2)	-	(1)
Transfer from a related party [c]	-	8
As at 31 December	**2,690**	2,253

a) *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 as approved by the Group's Board of Directors. 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.*

b) *During the year, the Group has recognised impairment loss of AED 7 million (2022: nil), in respect of a certain development project, as a result of an ongoing reassessment of alternative strategies for this specific project.*

c) *In the prior year, the Group's joint venture transferred parcels of land amounting to AED 8 million (note 31.1).*

d) *In the prior year, before the acquisition of TAG Development LLC on 31 December 2022, the Group acquired land amounting to AED 543 million from TAG Development LLC pertaining to certain TAG project phases that achieved the agreed POC level, in line with the agreement between TAG Phase A LLC, a wholly owned subsidiary of the Group, and TAG Development LLC.*

e) *In the prior year, the Group acquired TAG Development LLC on 31 December 2022 with development property of AED 912 million, representing land held by the acquired entity.*

23. Cash and bank balances

(AED in millions)

	2023	2022
Cash in hand	13	8
Call deposits and current accounts	565	427
Fixed deposits	221	-
Cash and cash equivalents	**799**	435
Restricted cash (note 23.1)	3,623	2,514
Cash and bank balances at 31 December	**4,422**	2,949

a) *The Group's call deposits and current accounts with banks and financial institutions amounted to AED 4,408 million at 31 December 2023 (2022: AED 2,934 million).*

23.1 Restricted cash

(AED in millions)

	2023	2022
Cash in hand	1	7
Call deposits and current accounts	3,622	2,507
Restricted cash at 31 December	**3,623**	2,514

a) *This represents the proceeds received from property sales, which is held in escrow accounts with financial institutions and restricted for use on development property expenditures. These deposits/balances are not under lien. Cash in hand balance represents undeposited cheques received from customers as at the reporting date, which will be subsequently deposited under the respective escrow accounts.*

24. Trade and other payables

Accounting Policy

Trade payables are initially measured at fair value, then subsequently measured at amortized cost and, where the effect is material, discounted to reflect the time value of money.

(AED in millions)

	2023	2022
Trade payables	189	276
Advances from customers (note 24.1) [a]	2,684	1,829
Deposits from customers [a]	886	842
Unearned revenue	619	582
Accruals	414	433
Tenant related advances	407	372
Project related accruals [a]	343	325
Retention from contractor payments	119	113
Tax payable	83	37
Current portion of lease liabilities (note 32.2.2)	35	24
Current portion of deferred liability	11	10
Other	84	80
At 31 December	**5,874**	4,923

a) *The project related accruals, advances and deposits from customers mainly pertain to balances from ongoing construction of several community projects.*

24.1 Advances from customers

(AED in millions)

	2023	2022
As at 1 January	1,829	1,048
Additions during the year	2,703	2,130
Recognized in the consolidated statement of profit or loss	(1,848)	(1,347)
Forfeiture/ other income recognized during the year	-	(2)
As at 31 December	**2,684**	1,829

a) *Advances from customers comprise of payments received for the sale of properties mainly from TAG for which revenues have not yet been recognized in the consolidated statement of profit or loss in line with the revenue recognition policy of the Group.*

b) *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 estimates to recognize these unsatisfied performance obligations as revenue over a period of up to 3 years.*

25. Provisions

Accounting Policy

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and 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.

(AED in millions)

	2023	2022
Bonus provisions (short and long term) [a]	171	152
Other provisions [b]	179	190
At 31 December	**350**	342
- Current	**274**	296
- Non-current	**76**	46

a) *Bonus provisions represent the amount payable to the employees of the Group.*

b) *Other provisions mainly relate to provision for infrastructure cost amounting to AED 150 million (2022: AED 164 million).*

25.1 Reconciliation of provisions as at the reporting date

(AED in millions)

	Bonus provisions	Other provisions
At 1 January 2022	81	85
Provisions recognized during the year	155	106
(Reduction)/reversal arising from payments/write backs/reclassifications	(83)	5
Effect of changes in foreign currency translation	(1)	(6)
At 31 December 2022	152	190
At 1 January 2023	152	190
Provisions recognized during the year	113	14
Reduction arising from payments/write backs/reclassifications made	(94)	(28)
Effect of changes in foreign currency translation	-	3
At 31 December 2023	**171**	**179**

26. Loans and borrowings

(AED in millions)

	2023	2022
Unsecured – At amortized cost		
Term loans - From banks [a, b]	-	542
Sukuk certificates [b]	8,411	6,595
At 31 December	**8,411**	7,137
- Current	**-**	58
- Non-current	**8,411**	7,079

a) *During the year, the term loan amounting to AED 542 million has been fully paid.*

b) *Carrying amount adjusted for unamortized transaction costs of AED 38 million (2022: AED 19 million).*

26.1 Term loans - From banks

(AED in millions)

	2023	2022
At 1 January	544	601
Borrowed during the year	-	-
Repaid during the year	(545)	(55)
Currency translation adjustment	1	(2)
At 31 December	**-**	544
Net unamortized transaction costs incurred	-	(2)
	-	542
- Current	**-**	58
- Non-current	**-**	484

26.2 Sukuk certificates

(AED in millions)

	2023	2022
At 1 January	6,612	6,612
Borrowed during the year	1,837	-
At 31 December	**8,449**	6,612
Net unamortized transaction costs incurred	(38)	(17)
	8,411	6,595
- Current	-	-
- Non-current	**8,411**	6,595

Details of the Group's sukuk certificates, gross of unamortized transaction costs incurred, are as follows:

(AED in millions)

Loan issuance	2023	2022	Interest rate	Repayment Interval	Start date	Maturity date
USD 500 million	1,837	1,837	4.50% per annum (semi-annual basis)	Bullet payment	Nov 2015	Nov 2025
USD 600 million	2,204	2,204	4.638% per annum (semi-annual basis)	Bullet payment	May 2019	May 2029
USD 600 million	2,204	2,204	3.9325% per annum (semi-annual basis)	Bullet payment	Oct 2019	Feb 2030
USD 100 million	367	367	3.15% per annum (semi-annual basis)	Bullet payment	Nov 2020	Nov 2028
USD 500 million	1,837	-	5.0% per annum (semi-annual basis)	Bullet payment	Jun 2023	Jun 2033
At 31 December	**8,449**	6,612				

a) *Arrangement ('Murabaha') includes transfer of ownership of certain identified assets to a special purpose vehicle (MAF Sukuk Ltd.) formed for the issuance of sukuk without transfer of control. The certificate holders have no recourse to the assets and the profits are serviced from the returns generated from the identified assets. In 2019, the size of the Sukuk Trust Certificate Issuance Program was increased to USD 3.0 billion, with unutilized facility of USD 700 million as at the reporting date.*

b) *During the year, the Group issued additional ten-year Green Sukuk certificates raising gross proceeds of USD 500 million (AED 1.8 billion) in accordance with the MAF Group's Green Finance Framework. These are listed on the stock exchanges - NASDAQ Dubai and Euronext Dublin.*

c) All Sukuk certificates issued are under corporate guarantee by the Parent Company.

27. Other liabilities

(AED in millions)

	2023	2022
Lease liabilities (note 32.2.2)	278	135
Deferred liability	68	79
At 31 December	**346**	214

27.1 Reconciliation of liabilities arising from financing activities

(AED in millions)

	1 January 2023	Cash Inflows	Cash outflows	Non-cash changes	31 December 2023
Term loan from a related party [a]	5,563	2,380	(4,365)	504	4,082
Loans and borrowings	7,137	1,837	(545)	(18)	8,411
Lease liabilities	159	-	(21)	175	313
Short term loan from a related party	36	-	(30)	(6)	-
At 31 December	**12,895**	**4,217**	**(4,961)**	**655**	**12,806**

a) Non-cash changes relate to coupon payment of AED 175 million and interest payable to MAFH of AED 329 million adjusted against /converted to the 'term loan from a related party' are non-cash transactions.

(AED in millions)

	1 January 2022	Cash inflows	Cash outflows	Non-cash changes	31 December 2022
Term loan from a related party [a]	3,854	1,923	(2,223)	2,009	5,563
Loans and borrowings	7,190	-	(55)	2	7,137
Lease liabilities	159	-	(38)	38	159
Short term loan from a related party	57	-	(21)	-	36
At 31 December	11,260	1,923	(2,337)	2,049	12,895

a) Non-cash changes relate to AED 1,716 million additions to term loan from a related party due to transfer of ownership of TAG Development LLC, coupon payment of AED 175 million and interest payable to MAFH of AED 118 million adjusted against /converted to the 'term loan from a related party' are non-cash transactions.

28. Retirement benefit obligation

Accounting Policy

Defined benefit plan

Provision for retirement benefit obligation is calculated in accordance with the labour laws of the respective country in which they are employed. The Group's retirement benefit obligation 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 yield at the reporting date on premium bonds that have maturity dates approximating the terms of the Group's obligation.

Remeasurements of the net defined benefit liability which comprise actuarial gains and losses are recognized immediately in OCI.

Defined contribution plan

Under the UAE Federal Law No. (7) of 1999 for pension and social security law, 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. The Group's contribution is recognized as an expense in profit or loss as incurred.

(AED in millions)

	2023	2022
Defined benefit plan (note 28.1)	131	113
Defined contribution plan	2	6
At 31 December	**133**	119

28.1 Defined benefit plan

Reconciliation of defined benefit obligation liability at the reporting date:

(AED in millions)

	2023	2022
At 1 January	113	108
Expense for the year - net	32	29
Benefits paid/ reclassifications during the year	(24)	(14)
Re-measurement of defined benefit liability	10	(10)
At 31 December	**131**	113

28.1.1 *Key assumptions and estimation uncertainties:*

The principal assumptions used for the purposes of the valuation of retirement benefit obligation were as follows:

	2023	2022
Future salary increase	**5.0%**	3.5%
Discount rate	**4.23%**	4.23%
Probability of employees staying for a full service period	**50%**	50%

Sensitivity analysis

During the year, the Group recorded re-measurement loss on the defined benefit liability amounting to AED 10 million (2022: AED 10 million gain), presented under other comprehensive income. This is mainly driven by the change in estimate on future salary increase in line with recent historical trend. A sensitivity analysis has been determined based on the exposure to fluctuation in future salary increase used in calculation the present value of defined benefit liability at the end of the reporting period. If future salary increase had been 100 basis points (higher)/lower and all other assumptions were held constant, the Group's consolidated other comprehensive income for the year ended 31 December 2023 would decrease by AED 9 million and increase by AED 8 million, respectively.

28.2 Defined contribution plan

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	**11**	9
Contributions payable at the end of the reporting year	**2**	6

29. Equity

29.1 Share capital

(AED in millions)

	2023	2022
Authorized, issued and fully paid:		
3,500,000 shares of AED 1,000 each	3,500	3,500
At 31 December	**3,500**	3,500

29.2 Shareholder contribution

(AED in millions)

	2023	2022
Subordinated capital loan instruments [a]	2,750	2,750
Contribution from MAFH [b]	188	188
At 31 December	**2,938**	2,938

a) *In 2009, the Company issued subordinated capital loan instruments of AED 2,500 million in five loan instruments of AED 500 million each. In 2010, an additional loan instrument of AED 250 million was issued by the Company. These instruments are collectively referred to as "the hybrid instruments" and are fully subscribed to by MAFH as per the terms of a Master Capital Loan Agreement and a separate Capital Loan Agreement for each loan, dated 5 October 2009. In 2020, the agreement with MAFH had been amended resulting in a change in coupon payment rate at a fixed rate of 6.375% per annum payable semi-annually in arrears. The hybrid instrument does not have a final maturity date. The coupon is non-cumulative in nature and can be deferred indefinitely at the Company's discretion without constituting a default. In case of MAFH ceasing control of the Company, the prevailing coupon rate on the hybrid instruments will be permanently increased by 5% and such coupons will become cumulative. Based on the terms of the hybrid instruments, these are accounted for as equity instruments. The hybrid instruments were subscribed to through a debt to equity swap transaction.*

b) *In 2012, the Group novated all of its rights and obligations under two bank facilities agreement, which cumulatively amounted to USD 900 million of term loans to MAFH and has converted external facilities to related party funding. However, the Company continues to use these facilities under an intercompany funding agreement signed with MAFH. These derivative instruments, which were hedged by way of interest rate collar and interest rate swap, had a negative* *fair value of AED 188 million at the time of novation. MAFH waived its contractual obligation of recovering the liability from the Group and accordingly this balance was classified within shareholder contribution.*

29.3 Statutory reserve

In accordance with the Articles of Association of companies in the Group and relevant local laws, 5%-10% of the net profit for the year of the individual companies, to which the 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 individual entities. This reserve can be utilized only in the manner specified under the relevant laws and is not available for distribution.

29.4 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 foreign currency translation loss of AED 402 million (2022: AED 212 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 24 million to Group's consolidated results and the net assets amounted to AED 2,288 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, partially pre-paying external loan facilities, denominating inter-company borrowings as net-investments and partially hedging foreign currency risk through forward contracts.

Lebanon
Lebanon's political and 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 143 million to Group's consolidated results and the net liabilities amounted to AED 58 million (excluding Lebanon property assets valued in USD amounting to AED 1.2 billion) 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 14 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.

30. Financial instruments

Accounting Policy

Financial assets

Classification and measurement

Initial recognition

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial asset at amortized cost

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.

Financial assets at amortized cost consist of trade and other receivables, cash and bank balances and related party receivables.

Financial asset at FVOCI

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.

Financial asset at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is a trade receivable without a significant financial component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

The following accounting policies apply to subsequent measurement of financial assets:

Financial assets	Subsequent measurement
Financial asset 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.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Financial asset 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.

Cash and cash equivalents:

Cash and cash equivalents comprise cash and call deposits with maturities of three months or less from acquisition date.

De-recognition of financial assets

The financial assets are derecognized when the contractual rights to the cash flows from the asset expire or when they are transferred to another party without retaining control or when substantially all risks and rewards of the asset are transferred. Any interest in such transferred financial assets that is created or retained is recognized as a separate asset or liability. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities

Financial liabilities are classified in two categories:
- amortized cost ('AC');
- financial liabilities measured at fair value through profit or loss ('FVTPL')

The Group's financial liabilities are measured at amortized cost.

Recognition and measurement of financial liabilities

All financial liabilities are initially recognized at their fair value less transaction costs (with the exception of the transaction costs of liabilities measured at fair value through profit or loss, which are recognized as an expense).

Financial liabilities measured at amortized cost:
Financial liabilities primarily comprise trade payables, accruals, retention payables, long-term loans, bank borrowings, related party payables and other liabilities. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Issue costs and premiums and redemption premiums form part of the amortized cost of financial liabilities.

De-recognition of financial liabilities

The financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

General

Breakdown between current and non-current

The breakdown of financial assets and liabilities between current and non-current is determined according to their maturity at the reporting date: less than or more than one year.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and there is an intention either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives and hedging activity

There are no derivatives and hedging activities executed by the Group.

30.1 Details of financial assets and liabilities - Carrying amount and classification

Financial assets

(AED in millions)

At 31 December 2023	Carrying amount A	Non-financial assets B	Financial assets C=A-B	Classification
Trade and other receivables (including long term)	3,994	1,756	2,238	Amortized cost
Cash and cash equivalents	799	-	799	
Restricted cash	3,623	-	3,623	
Receivables from and loans to related parties (short term and long term balances)	63	-	63	
	8,479	**1,756**	**6,723**	

(AED in millions)

At 31 December 2022	Carrying amount A	Non-financial assets B	Financial assets C=A-B	Classification
Trade and other receivables (including long term)	2,530	1,519	1,011	Amortized cost
Cash and cash equivalents	435	-	435	
Restricted cash	2,514	-	2,514	
Receivables from and loans to related parties (short term and long term balances)	137	-	137	
	5,616	1,519	4,097	

Financial liabilities

(AED in millions)

At 31 December 2023	Carrying amount A	Non-financial liabilities B	Financial liabilities C=A-B	Classification
Loans and borrowings	8,411	-	8,411	Amortized cost
Term loan from a related party	4,082	-	4,082	
Trade and other payables	5,874	1,109	4,765	
Due to related parties	91	-	91	
Other liabilities	346	-	346	
	18,804	**1,109**	**17,695**	

(AED in millions)

At 31 December 2022	Carrying amount A	Non-financial liabilities B	Financial liabilities C=A-B	Classification
Loans and borrowings	7,137	-	7,137	Amortized cost
Term loan from a related party	5,563	-	5,563	
Trade and other payables	4,923	991	3,932	
Short term loan from a related party	36	-	36	
Due to related parties	146	-	146	
Other liabilities	214	-	214	
	18,019	991	17,028	

30.2 Fair value measurement and hierarchy

As at 31 December 2023, the fair value of the financial assets and liabilities, except for the listed sukuk certificates, are not materially different from their carrying amounts. The fair values of the sukuk certificates that mature in 2025, 2029, 2030 and 2033 are AED 1,836 million (2022: AED 1,813 million) and AED 2,204 million (2022: AED 2,149 million), AED 2,204 million (2022: AED 2,052 million), and AED 1,836 million (2022: nil), respectively. These certificates are carried at level 2 of the fair value hierarchy. The fair value measurement method used is described in note 7.

30.3 Financial risk management

The Company's Board of Directors have the overall responsibility for the management of risk throughout its Group companies. The Board establishes and regularly reviews the Company's risk management strategy and policy and procedures to ensure that they are in line with MAFH strategies and objectives. It has constituted an Audit and Risk Management Committee within the Board of the Company which is mandated to review and challenge the risk management process. This process of review and challenge is designed to assess and suggest improvements to the internal risk management framework, and the soundness of framework that is in place to safeguard the interest of shareholders.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk, including foreign currency risk and interest rate risk.

Liquidity risk, market risk (including foreign currency risk and interest rate risk) and credit risk related to financial counter parties (banks) are managed by the centralized treasury function of MAFH on behalf of the Group.

30.3.1 Credit risk

Credit risk is defined as the unforeseen losses on assets if counterparties should default. The entities in the Group have credit policies in place and the exposure to credit risk is monitored on an on-going basis. A majority of the Group's income is by way of advance receipts and is supported by a deposit equivalent to three months' rental. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no significant concentration of credit risk. Cash is placed with reputable banks and the risk of default is considered remote. Under the current economic conditions, management has assessed the recoverability of its trade receivables (net of provisions) as at the reporting date and consider them to be recoverable. Due from related parties (net of provisions) are considered recoverable by management. Further details of credit risks on trade receivables and cash and bank balances are discussed in note 20.4 and 23, respectively.

The carrying amounts of the financial assets exposed to credit risk are as follows:

(AED in millions)

	2023	2022
Trade and other receivables (including long term receivables)	2,238	1,011
Restricted cash	3,622	2,507
Call deposits and current accounts	786	427
Receivables from and loans to related parties and others (short term and long term balances)	63	137
At 31 December	**6,709**	**4,082**

In addition, the Group is exposed to credit risk in relation to various financial guarantees provided against the bank loans of MAFH; and the hybrid perpetual notes and bonds issued by a subsidiary of MAFH (note 34).

30.3.2 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.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are presented at gross and undiscounted, and include contractual interest payment.

(AED in millions)

At 31 December 2023	Gross Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
Unsecured loans and borrowings	8,449	10,636	381	2,203	1,256	6,796
Term loan from a related party	4,082	5,250	284	284	4,682	-
Trade and other payables	4,765	4,787	4,787	-	-	-
Due to related parties	91	91	91	-	-	-
Other liabilities	346	676	-	39	122	515
	17,733	**21,440**	**5,543**	**2,526**	**6,060**	**7,311**

(AED in millions)

At 31 December 2022	Gross Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
Unsecured loans and borrowings	7,156	8,837	373	368	2,478	5,618
Term loan from a related party	5,563	5,816	169	5,647	-	-
Trade and other payables	3,932	3,944	3,944	-	-	-
Short term loan from a related party	36	36	36	-	-	-
Due to related parties	146	146	146	-	-	-
Other liabilities	214	460	-	27	84	349
	17,047	19,239	4,668	6,042	2,562	5,967

30.3.2.1 Funding and liquidity

Annually, we review the longer-term viability of the business, including stress testing the outlook against principal risks. This analysis provides reasonable assurance of the resilience of our operations and our ability to meet liabilities as they fall due based on our severe but plausible risk scenarios for the next 3 years. This has been demonstrated by the Group's flexibility and agility in responding to the extreme circumstances caused by the aforementioned key risks.

Despite the economic challenges that range from higher inflation to further currency devaluation and limited foreign currency reserves, global supply chain disruptions, and continued political instability regionally and worldwide, financial impacts have been continually monitored and mitigated through rigorous management of costs and liquidity, prudent CAPEX and development properties disbursements, operational excellence as well as continued support to our retail partners to revitalize our business ecosystem.

Whilst the Group's diversification, financial strengths and disciplined liquidity management have served the stakeholders well, we will continue to focus on cost efficiency, operational excellence and careful assessment of priorities, and emerging threats.

At 31 December 2023, the Group has net current assets of AED 3.3 billion (2022: AED 1.4 billion). Further, at 31 December 2023, debt maturing in the long term amounts to AED 12.5 billion (2022: AED 12.6 billion), wherein the earliest repayment of a material borrowing falls in 2025 ('Sukuk certificates' of AED 1.8 billion under loans and borrowings). To meet its commitments, the Group has access to sufficient undrawn committed facilities from MAFH and banks amounting to AED 4.8 billion (31 December 2022: AED 3.4 billion) as at the reporting date. The Group's assessment of funding and liquidity shows sufficient liquidity for the foreseeable future through its cash and available committed lines.

30.3.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates, will adversely affect the Group's net income or the value of financial instruments that it holds.

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 an 'unreformed contract').

a) Interest rate risk

The Group's exposure to interest rate risk relates to the borrowings described in note 26. These risks are managed at MAFH level through use of derivatives. The following is the assessment of sensitivity to interest rate risk:

(AED in millions)

		2023		2022
Fixed interest bearing instruments				
- Financial liabilities (loans)		(8,449)		(6,612)
- Financial liabilities (lease liabilities)		(313)		(159)
- Financial liabilities (deferred liability)		(79)		(89)
At 31 December		**(8,841)**		**(6,860)**
Variable interest bearing instrument				
- Financial liabilities (loans and borrowings)*		(4,082)		(6,107)
- Financial liabilities (short term loan from a related party)		-		(36)
At 31 December		**(4,082)**		**(6,143)**
	P&L	**OCI**	**P&L**	**OCI**
Sensitivity analysis on variable interest bearing instruments:				
- Increase of 100bps	(41)	-	(61)	-
- Decrease of 100bps	41	-	61	-

** This primarily includes term loan from a related party amounting to AED 4,082 million (2022: AED 5,563 million).*

b) Foreign currency risk

The Group is exposed to foreign currency risk on its net investments in foreign subsidiaries and operations. Aside from the foreign currency risk arising from the Group's operations in Lebanon and Egypt (refer note 29.4), a significant portion of the Group's foreign currency borrowings and balances are denominated in USD and other currencies linked to USD. As the Group's functional currency is currently pegged to USD (AED 3.673/USD), any fluctuation in exchange rate is not likely to have a significant impact on the Group's equity and profit or loss.

30.4 Capital management

The primary objective of the Group is to ensure that optimal capital and liquidity is available to support operations and long-term growth of the businesses. The capital structure of the Group consists of debt (loans and borrowings as per note 26) and equity (comprising issued capital, shareholder contribution, revaluation reserve, retained earnings and other reserves as per note 29).

(AED in millions)

	2023	2022
Loans and borrowings (excl. finance lease liabilities)	12,493	12,736
Total debt	**12,493**	12,736
Share capital	3,500	3,500
Shareholder contribution	2,938	2,938
Revaluation reserve	14,157	14,095
Retained earnings	16,876	12,781
Other reserves	(1,356)	(942)
Total equity attributable to owners of the Company - At 31 December	**36,115**	32,372

All bank covenants are maintained at MAFH level and monitored at regular intervals. The most frequent agreed covenants in the loan agreements are net worth, debt to equity, interest coverage and debt service coverage ratios, which are in line with prior year.

31. Related party transactions and balances

Balances and transactions between the Company and its subsidiaries (note 8), which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. The Group's related party transactions are conducted based on agreed terms.

31.1 Related party transactions

AED in millions	MAFH 2023	MAFH 2022	Sister companies 2023	Sister companies 2022	Equity accounted investees 2023	Equity accounted investees 2022	KMP and other 2023	KMP and other 2022	Total 2023	Total 2022
Profit or loss transactions (income/(expenses)):										
Services received:										
- Treasury, corporate secretarial services and others	**(29)**	(29)	**-**	-	**-**	-	**-**	-	**(29)**	(29)
- Facility management services	**-**	-	**-**	-	**(121)**	(115)	**-**	-	**(121)**	(115)
- Global & digital solutions service charge [a]	**-**	-	**(98)**	(92)	**-**	-	**-**	-	**(98)**	(92)
- Loyalty programme	**-**	-	**(26)**	(21)	**-**	-	**-**	-	**(26)**	(21)
Depreciation charges from a related party	**(3)**	(8)	**(4)**	-	**-**	-	**-**	-	**(7)**	(8)
Services rendered:										
- Renting of retail and office space	**7**	8	**412**	395	**2**	2	**1**	-	**422**	405
- Asset management	**-**	-	**-**	-	**3**	3	**-**	-	**3**	3
- Project management	**-**	6	**-**	2	**11**	12	**-**	-	**11**	20
- Other service charges	**-**	-	**2**	3	**-**	-	**-**	-	**2**	3
- Interest expense on loans	**(328)**	(118)	**(1)**	(6)	**-**	-	**-**	-	**(329)**	(124)
Compensation to key management personnel ('KMP') [b]	**-**	-	**-**	-	**-**	-	**(32)**	(44)	**(32)**	(44)
Revenue recognized from sales to key management personnel (note 11.1(b))	**-**	-	**-**	-	**-**	-	**13**	24	**13**	24
Other income recognized from sales to related parties (note 15(a))	**-**	-	**-**	-	**14**	-	**-**	-	**14**	-
Unwinding of discount on receivable from a joint venture	**-**	-	**-**	-	**4**	4	**-**	-	**4**	4
Balance sheet and equity transactions (inflows/(outflows)):										
Coupon declared on subordinated capital loan instrument	**(175)**	(175)	**-**	-	**-**	-	**-**	-	**(175)**	(175)
Dividend declared by equity accounted investee	**-**	-	**-**	-	**35**	28	**-**	-	**35**	28
Dividend declared to a non-controlling interest	**-**	-	**-**	-	**-**	-	**(19)**	(18)	**(19)**	(18)
Additions to development property (note 22.2(d))	**-**	-	**-**	(543)	**-**	(8)	**-**	-	**-**	(551)
Transfer of investment property to/(from) related parties (note 18.2)	**-**	-	**1**	-	**-**	(84)	**-**	-	**1**	(84)
Reduction of investment in equity accounted investee [c]	**-**	-	**-**	-	**(92)**	-	**-**	-	**(92)**	-
Off-balance sheet transactions (received/(provided)):										
Provision of corporate guarantees (note 34):										
- On various bank loans availed by MAFH	**(7,290)**	(6,099)	**-**	-	**-**	-	**-**	-	**(7,290)**	(6,099)
- On hybrid perpetual note instruments and bonds issued under the Global Medium Term Note ('GMTN') program	**(4,348)**	(6,244)	**-**	-	**-**	-	**-**	-	**(4,348)**	(6,244)
Capital commitments (note 33)	**-**	-	**-**	-	**236**	320	**-**	-	**236**	320

a) In 2021, information technology (IT), procurement, government relation, and part of human capital and finance & accounting functions of the Group have been moved to Majid Al Futtaim Global Solutions LLC, a subsidiary of MAFH. The service charge during the year relates to IT, procurement, government relation, finance, accounting and digital solution services.

b) The aggregate compensation comprises of directors' fees and expenses of AED 6 million (2022: AED 6 million), short term employee benefits (salaries and allowances including provision for bonus) of AED 23 million (2022: AED 33 million) and provision for retirement benefit obligation and long-term incentive plan of AED 3 million (2022: AED 5 million). This does not include amounts paid by MAFH in relation to services provided by its key management personnel to the Company.

c) During the year, the Board of SHC ratified the reduction of the Group's investment amounting to AED 92 million to settle an equity contribution imbalance between the JV parties. This balance was previously recorded under due to related parties.

31.2 Related party balances:

	MAFC		MAFH		Sister companies		Equity accounted investees		Other		Total	
AED in millions	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets:												
Trade receivables	**-**	-	**6**	12	**116**	68	**7**	-	-	-	**129**	80
Due from related parties:												
- Short-term, interest-free and unsecured receivable	**1**	1	**-**	-	**14**	5	**39**	14	-	64	**54**	84
- Less: loss allowances	**-**	-	**-**	-	**-**	-	**(10)**	(8)	-	-	**(10)**	(8)
	1	1	**-**	-	**14**	5	**29**	6	-	64	**44**	76
Short term loan to related parties:												
- Short-term, interest-free and unsecured loan [c]	**-**	-	**-**	-	**-**	-	**19**	61	-	-	**19**	61
Liabilities:												
Trade and other payables	**-**	-	**3**	3	**252**	219	**20**	52	-	-	**275**	274
Due to related parties:												
- Short-term, interest-free and unsecured payable	**-**	-	**3**	9	**20**	73	**68**	64	-	-	**91**	146
Short term loan from related parties [a]	**-**	-	**-**	-	**-**	36	**-**	-	-	-	**-**	36
Term loan from a related party [b]	**-**	-	**4,082**	5,563	**-**	-	**-**	-	-	-	**4,082**	5,563

a) *The short-term loan from a related party carries a margin of 50 bps over the Central Bank of Egypt overnight deposit rate per annum. The overdraft facility shall be repaid within forty-five (45) days if a written demand for payment is received from the related party lender to that effect.*

b) *Effective 1 January 2020, the loan agreement has been amended and the applicable repayment date is by 1st January 2024 that is subject to automatic renewal for a period of four (4) years unless agreed otherwise. The unsecured facility carries a margin of 1.91% (2022: 2.3%) per annum over EIBOR in the current period. Refer to note 31.2.1 for movement in the loan.*

c) *Includes dividend receivable from a joint venture amounting to AED 19 million (2022: AED 34 million) and the discounting impact has been fully amortized during the year (2022: AED 4 million unamortized discounting impact).*

31.2.1 Term loan from a related party

(AED in millions)

	2023	2022
At 1 January	5,563	3,854
Borrowed during the year	2,380	1,923
Additions due to ownership transfer of TAG Development LLC	-	1,716
Interest payable to MAFH converted to long term loan	329	118
Coupon payable to MAFH adjusted against long term loan	175	175
Repaid during the year	(4,365)	(2,223)
At 31 December	**4,082**	5,563
- Current	**-**	-
- Non-current	**4,082**	5,563

a) *The coupon payment of AED 175 million (2022: AED 175 million) and interest payable to MAFH of AED 329 million (2022: AED 118 million) adjusted against /converted to the 'term loan from a related party' are non-cash transactions.*

32. Leases

Accounting policy

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The details of accounting policy under IAS 17 are disclosed separately.

i. Definition of a lease

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 a right to control the use of an identified asset for a period of time in exchange for consideration.

ii. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group has elected, as a practical expedient under IFRS 16, not to separate non-lease components and account for the lease and non-lease components as a single lease component for leases of properties.

Right-of-use assets

The Group recognizes right-of-use assets at the lease commencement date. Right-of-use asset is initially measured at cost, which comprises initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus initial direct cost incurred, and less any lease incentives received. Right-of-use asset is subsequently depreciated using straight-line basis over the shorter of the lease term and estimated useful life of the leased asset, reduced by any impairment and adjusted for remeasurements of the lease liability. In cases where the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group will exercise a purchase option by the end of the lease term, the right-of-use asset will be depreciated over the estimated useful life of the leased asset.

When a right-of-use asset meets the definition of investment property, it is presented in investment property and is initially measured at cost and subsequently measured at fair value with any change therein recognized in profit or loss. Where the fair value is not reliably measurable, it is measured at cost less any impairment until its fair value becomes reliably measurable.

Lease liability

At the lease commencement date, lease liability is initially measured at the present value of the outstanding lease payments, discounted using the lease implicit interest rate or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a modification of lease term, change in future lease payments arising from a change in rate, estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised by the Group.

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

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. Lease payments associated with these leases are recognized as expense on a straight-line basis over the lease term.

iii. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease 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. The Group accounts for a modification to an operating lease (for example, a change in scope or consideration for a lease that was not part of the original terms and conditions of the lease) as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease, and amortized over the new lease term.

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

32.1 Critical judgement

Determining the lease term as lessee: Whether the Group is reasonably certain to exercise option to renew

The Group has the option to renew its leases of residential and commercial properties for an additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. In making this judgement, management considers all relevant facts and circumstances that create an economic incentive for it to exercise the option to renew. The Group reassesses the lease term if there is a significant event or change in circumstances that affects its ability to exercise or not to exercise the option to renew.

32.2 Group as lessee

The Group leases plots of land that meet the definition of investment property (note 18.2). Further, the Group leases residential and commercial properties with lease terms for a period of 1 year or more. All operating lease contracts contain market review clauses in the event the renewal option is exercised.

32.2.1. Right-of-use assets

Reconciliation of the net carrying amount of right-of-use assets that do not meet the definition of investment property at the reporting date is as follows:

(AED in millions)

	2023	2022
At 1 January	30	22
Depreciation charge for the year	(15)	(17)
Net addition during the year	1	25
At 31 December	**16**	**30**

The Group has tested its right-of-use assets for impairment the end of the reporting period and has concluded that there is no indication that the right-of-use assets are impaired.

32.2.2 Lease liabilities

(AED in millions)

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2023	2022	2023	2022	2023	2022
Less than one year	56	36	21	12	35	24
Between one and two years	27	21	20	11	7	10
Between two and five years	86	36	66	34	20	2
More than five years	490	324	239	201	251	123
At 31 December	**659**	417	**346**	258	**313**	159
- Current (note 24)					**35**	24
- Non-current (note 27)					**278**	135

a) *Interest rates underlying all lease liabilities are determined at the respective contract dates based on the incremental borrowing rates ranging from 1.17% to 10.30% (2022: 1.17% to 10.30%) per annum.*

b) *Increase in lease liability during the year is primarily driven by extension of a lease agreement over a leasehold land in the UAE (note 18.2(v)(b)).*

32.3 Group as 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	2,912	2,970
One to two years	2,182	2,209
Two to three years	1,464	1,505
Three to four years	973	923
Four to five years	717	589
More than five years	1,770	1,847
At 31 December	**10,018**	10,043

The net rental income earned by the Group from its investment property for the year is set out in note 18.3.

33. Capital commitments

(AED in millions)

	2023	2022
Capital commitments of the Group	2,036	2,405
The Group's share of capital commitments in relation to its equity accounted investees	236	320
At 31 December	**2,272**	2,725

Capital commitments refers to the 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.

34. Contingent liabilities

(AED in millions)

	2023	2022
Corporate guarantees on various bank loans availed by MAFH	7,290	6,099
Co-guarantee on hybrid perpetual notes issued by a subsidiary of MAFH	3,306	3,306
Co-guarantee on bonds issued under the Global Medium Term Note (GMTN) Program	1,042	2,938
Performance guarantee to government authorities	1,094	870
At 31 December	**12,732**	13,213

34.1 Litigation and claims

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.

35. Acquisition of a subsidiary

On 19th March 2023, 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 that resulted in consolidation of its net assets in the Group's consolidated financial statements. The following table summarizes the financial position of TEEM as at date of transfer:

	At date of transfer
Non-current assets	
Investment property	70
Total asset	**70**
Current liabilities	
Short term loan from related parties	(22)
Total liability	**(22)**
Net assets	**48**

During the year, the Group recognized gain on acquisition of AED 31 million representing the net of asset transferred of AED 48 million against reversal of impairment provision on investment in TEEM of AED 14 million (note 14(c) and net consideration paid of AED 3 million.

36. Investment in shares

The Group has invested in shares during the year as disclosed in the notes as follows:
- Note 35 – The Egyptian Emirates Malls S.A.E. (TEEM)

In the prior year, the Group has invested in shares as follows:
- Note 9.2(e) – Waterfront City S.A.L
- In the prior year, MAF TAG Development LLC, a subsidiary of MAFC, were transferred to the Group as wholly owned subsidiary.

37. Subsequent events

In late 2023, management actively started pursuing a plan to dispose of some of the Group's investment in hotels and offices with a fair value of AED 791 million, which were considered as non-core to the business. The investment has 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 have been no other significant events subsequent to the reporting date and up to the date of authorization on 19-Feb-2024. None of the subsequent events had a material effect on the consolidated financial statements as at 31 December 2023.

38. Comparatives

Certain comparative figures in the consolidated financial statements have been reclassified or arranged for better presentation in accordance with the requirements of International Financial Reporting Standards.