MAJID AL FUTTAIM

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MAJID AL FUTTAIM PROPERTIES LLC AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Contents

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 'MAFP Group') are presented for the year ended 31 December 2024. The consolidated financial statements were prepared by the Management.

Activities
MAFP Group is a leading shopping mall, residential community, and leisure pioneer across the Middle East. Through its investment in various subsidiaries, the Group:

- Owns, develops and operates 29 destination shopping malls across 5 countries, 7 hotels that are operated by international hotel brands and 5 mixed used communities in UAE, Oman and Lebanon, including the iconic Tilal Al Ghaf Community in Dubai and further developments underway in the region, such as Ghaf Woods. The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, Mall of Oman, City Centre malls and My City Centre neighbourhood centres, and 5 community malls which are in joint venture with the Government of Sharjah.
- Owns the iconic leisure and entertainment facilities such as Ski Dubai, Ski Egypt and Snow Oman, among others.
- Operates Enova, a facility and energy management company, through a joint arrangement with Veolia, a global leader in optimized environment resource management.

Financial Results
In 2024, MAFP Group delivered solid results despite a number of challenges, including geopolitical unrest in the region and related boycott impact, currency devaluation in Egypt and inflationary pressures. MAFP Group recorded its highest-ever revenue of AED 9,102 million, reflecting a 23% increase vs 2023. This growth is driven by strong performance of our Communities business, particularly in Tilal Al Ghaf, alongside sustained growth in our Shopping Malls and Hotels businesses. Furthermore, MAFP Group achieved record EBITDA of AED 4,234 million (+16% vs 2023) and NOPAT of AED 3,834 million (+13% vs 2023), underpinned by robust revenue growth and continued operational efficiencies. Net profit ended broadly flat at AED 4,120 million (-2% vs 2023) primarily due to lower valuation gain compared to last year and increase in income taxes due to introduction of corporate income tax in the UAE. Further, MAFP Group's free cash flow (net of lease payments) is at AED 3,541 million (2023: AED 1,458 million), marking a record high. Net debt to equity ratio reduced to 24.5% from 32.4% in 2023, underscoring our continued focus to strengthening the balance sheet and enhancing cash management. Furthermore, a number of strategic investments and divestments of shares have been completed during the year as described in notes 34-35 to the consolidated financial statements. Our Shopping Malls business welcomed 229.5 million visitors in 2024 and achieved AED 30 billion mark in tenant sales (+2% vs 2023) alongside a strong occupancy rate at 97.2% across our portfolio. These positive metrics resulted in growth in shopping malls revenue at AED 3,860 million (+5% vs 2023), EBITDA at AED 2,898 million (+5% vs 2023) and NOPAT at AED 2,762 million (+7% vs 2023). Our Development business unit continued to drive growth to the MAFP Group's consolidated results with revenue at AED 4,374 million (+64% vs 2023), EBITDA at AED 1,078 million (+77% vs 2023), and NOPAT at AED 1,232 million (+76% vs 2023). Our flagship, Tilal Al Ghaf, is now home to 5,000 residents and the MAFP Group has successfully handed over 499 units during the year.

Dividend
During the year, the Company declared a coupon of AED 175 million (2023: AED 175 million) to MAFH in relation to the subordinated capital loan instrument, carrying a coupon rate of 6.35% (2023: 6.35%) per annum. Furthermore, a subsidiary of the Company declared and paid dividends to the non-controlling interest amounting to AED 10 million (31 December 2023: AED 19 million) from retained earnings available for distribution.

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 3-February-2025

- John Rishton (Acting Chairman)
- Abdullah Al Ghurair (Non-Executive Director)
- Terry Duddy (Non-Executive Director)
- John Sullivan (Non-Executive Director)
- Ahmed Elshamy (MAFP Chief Executive Officer)

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

On behalf of the Board of Directors

Peter Davison
Company Secretary

ERNST & YOUNG MIDDLE EAST
(DUBAI BRANCH)
P.O. Box 9267
ICD Brookfield Place, Ground Floor
Al-Mustaqbal Street
Dubai International Financial Centre
Emirate of Dubai, United Arab Emirates

Tel: +971 4 701 0100
+971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
https://www.ey.com

P.L. No. 108937

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 the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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.

Emphasis of matter

We draw attention to note 6 of the consolidated financial statements, which describes the estimation uncertainty in the assessment of the fair value of certain investment properties and certain categories of property, plant and equipment located in Lebanon. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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

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

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)

Valuation of investment properties and certain categories of property, plant and equipment (land and buildings)	
Key Audit Matter	**How the Key Audit Matter was addressed in our Audit**
The Group's properties segment includes shopping malls, hotels and certain parcels of land. These properties are classified as investment properties and property, plant and equipment based on its underlying nature. As at 31 December 2024, the carrying value of the investment properties amounts to AED 40,633 million and property, plant and equipment amounts to AED 2,998 million. Of this, the Group's property portfolio in Lebanon includes AED 878 million of investment properties and AED 7 million of property, plant and equipment. In accordance with the Group's accounting policy, such properties are carried at fair value as at each reporting date as determined by an independent real estate valuer ("the valuer") engaged by the Group. The valuation process involves significant judgements and estimates in determining the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the significant unobservable inputs and changes in such assumptions can have a significant impact to the valuation of the underlying properties. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of properties has a high degree of estimation uncertainty, with a potentially significant range of reasonable outcomes on the underlying valuation.	We have performed the following procedures: - Obtained and understood the Group's processes and underlying controls to undertake valuation of investment properties and certain categories of property, plant and equipment. We performed walkthrough over the process and design of those controls. - We assessed the competence and capabilities of the external valuers engaged by the Group and considered their objectivity, independence and scope of work to determine whether the valuation approach and methodology was appropriate in determining the fair value of those properties. - We read the valuation reports for the properties and confirmed that the valuation approach for each was in accordance with RICS Valuation – Global Standards. - We involved our internal valuation specialists to review the valuation methodology, key assumptions and critical judgements used in determining the fair value. - On a sample basis, we performed testing on the data inputs underpinning the investment properties and certain categories of property, plant and equipment by agreeing the inputs to the underlying property records on a sample basis, to satisfy ourselves of the property information supplied to the external valuers by the Group's management. Where applicable, we agreed tenancy information to supporting evidence on a sample basis. For those properties subject to fair valuation which are under development, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the external valuers, was also consistent with the Group's records, for example, by inspecting minutes of the meetings of the Board of Directors for approvals of budgets for such developments. We agreed the amounts per the valuation reports to the accounting records. - We evaluated year on year movements of significant valuation assumptions with reference to published benchmarks, if any. Where assumptions were outside the expected range or showed unexpected movements based on our knowledge, we undertook further investigations, held further discussions with the Group's management and external valuers and obtained evidence to understand rationale and support explanations received. - 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
Other information comprises the information included in the Director's report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

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

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

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

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)

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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 2024:

i) the Company has maintained proper books of account;

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

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

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

v) investments in shares and stocks during the year ended 31 December 2024, if any, are disclosed in note 34 to the consolidated financial statements;

vi) note 30 reflects material related party transactions and the terms under which they were conducted;

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)

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 2024, any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Memorandum of Association which would have a material impact on its activities or its consolidated financial position as at 31 December 2024; and

viii) note 11 reflects the social contributions, if any, made during the year ended 31 December 2024.

For Ernst & Young

T.S. Hari Gopal

Thodla Hari Gopal
Registration No.: 689

03 February 2025

Dubai, United Arab Emirates

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

(AED in millions)

	Note	2024	2023
Revenue	10	9,102	7,383
Operating expenses	11	(5,138)	(4,014)
Share of results of equity accounted investees - net of tax	8.1	135	93
Impairment loss on non-financial assets - net	13	(18)	(379)
Impairment loss on financial assets	13	(36)	(40)
Finance costs	12	(552)	(704)
Finance income	12	154	67
Other expense - net	14	(188)	(107)
Profit before net valuation gain on land and buildings and tax		**3,459**	2,299
Net valuation gain on land and buildings	15	1,099	2,016
Profit before tax		**4,558**	4,315
Income tax expense	20.1	(438)	(126)
Net profit after tax		**4,120**	4,189
Net profit after tax attributable to:			
Owners of the Company		4,088	4,270
Non-controlling interests	7.2	32	(81)
		4,120	4,189

Comprehensive income:

	Note	2024	2023
Net profit after tax		**4,120**	4,189
Other comprehensive income ('OCI')			
Items that will not be reclassified subsequently to profit or loss:			
Net revaluation (loss)/gain on property, plant and equipment - net of tax	16.2(a)	(6)	62
Re-measurement of defined benefit liability	27.1	16	(10)
Items that may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	28.4	(634)	(402)
Other comprehensive loss for the year, net of tax		**(624)**	(350)
Total comprehensive income for the year		**3,496**	3,839
Total comprehensive income attributable to:			
Owners of the Company		3,464	3,918
Non-controlling interests		32	(79)
		3,496	3,839

The notes on pages 15 to 63 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of financial position as at 31 December

(AED in millions)

	Note	2024	2023
Non-current assets			
Property, plant and equipment	16.2	2,998	3,783
Investment property	17.2	40,633	40,049
Investments in equity accounted investees	8.1	841	825
Long term receivables	19.2	2,240	1,658
Intangible assets	18	73	84
Deferred tax assets	20.4	71	59
Right-of-use assets	31.2.1	46	16
Total non-current assets		**46,902**	46,474
Current assets			
Inventories	21	2,220	2,704
Trade and other receivables	19.1	3,106	2,329
Due from related parties	30.2	26	51
Short term loan to related parties	30.2	24	19
Restricted cash	22(b)	3,762	3,623
Cash and cash equivalents	22	434	799
Total current assets		**9,572**	9,525
Total assets		**56,474**	55,999
Non-current liabilities			
Term loan from a related party	30.2.1	1,613	4,082
Loans and borrowings	25	6,584	8,411
Other liabilities	26	358	346
Retirement benefit obligation	27	128	133
Deferred tax liabilities	20.3	358	319
Provisions	24	49	76
Total non-current liabilities		**9,090**	13,367
Current liabilities			
Trade and other payables	23	5,980	5,874
Provisions	24	122	274
Loans and borrowings	25	1,832	-
Due to related parties	30.2	130	91
Total current liabilities		**8,064**	6,239
Total liabilities		**17,154**	19,606
Equity			
Share capital	28.1	3,500	3,500
Shareholder contribution	28.2	2,938	2,938
Revaluation reserve		13,933	14,157
Retained earnings		20,748	16,876
Other reserves		(1,974)	(1,356)
Equity attributable to owners of the Company		**39,145**	36,115
Non-controlling interests	7.2	175	278
Total equity		**39,320**	36,393
Total equity and liabilities		**56,474**	55,999

The consolidated financial statements were approved by the Board of Directors and signed on their behalf on 3-February-2025

احمد الحاجي

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Chief Executive Officer Chief Financial Officer

The notes on pages 15 to 63 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 4 to 9.

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Consolidated statement of cash flows for the year ended 31 December 2024

(AED in millions)

	Note	2024	2023
Cash flows from operating activities:			
Net profit after tax for the year		**4,120**	4,189
Adjustments for:			
Net valuation gain on land and buildings	15	(1,099)	(2,016)
Finance income	12	(154)	(67)
Share of results of equity accounted investees – net of tax	8.1	(135)	(93)
Gain on disposal/acquisition - net	14	(64)	(31)
(Gain)/loss on disposal of property, plant and equipment and investment property		(6)	11
Finance costs	12	552	704
Income tax expense	20.1	438	126
Depreciation	11	300	345
Foreign exchange loss – net	14	292	103
Insurance claim	14	(56)	-
Impairment loss on financial assets	13	36	40
Discount from property sales	10.1(a)	32	35
Accrued income on operating leases		(27)	32
Impairment loss on non-financial assets - net	13	18	379
Project costs written off	14	11	28
Amortization	18	11	11
Retirement benefit obligations - net		11	4
Other income		(2)	-
Operating profit before working capital changes		**4,278**	3,800
Changes in:			
Inventories		688	(87)
Trade and other receivables		(1,488)	(1,265)
Restricted cash		(139)	(1,109)
Trade and other payables		(160)	1,014
Provisions		(24)	5
Due from/to related parties		63	33
Cash from operating activities		**3,218**	2,391
Income taxes paid		(23)	(19)
Net cash from operating activities		**3,195**	2,372
Cash flows from investing activities:			
Additions to investment property		(784)	(762)
Additions to property, plant and equipment		(188)	(253)
Additions to intangible assets		(12)	(12)
Acquisition of a subsidiary		-	(3)
Proceeds from disposal of subsidiaries and assets held for sale		925	-
Interest received		154	67
Collection of other long-term receivable		108	-
Dividends from equity accounted investees		84	47
Insurance claim proceeds		31	-
Reduction of investment in equity accounted investees		30	5
Proceeds from the sale of property, plant and equipment and investment property		33	19
Liquidation of non-controlling interest		(1)	-
Net cash from/(used in) investing activities		**380**	(892)
Cash flows from financing activities:			
Proceeds from loans and borrowings and term loan from a related party		1,997	4,192
Repayment of loans and borrowings and term loan from a related party		(5,000)	(4,910)
Payment of lease liabilities		(34)	(22)
Payment of finance costs		(376)	(350)
Acquisition of a non-controlling interest	34.2	(366)	-
Dividend payments to non-controlling interests		(10)	(19)
Net cash used in financing activities		**(3,789)**	(1,109)
Net (decrease)/increase in cash and cash equivalents		**(214)**	371
Cash and cash equivalents at beginning of the year		799	435
Effect of movements in exchange rates on cash held		(151)	(7)
Cash and cash equivalents at end of the year		**434**	799

The notes on pages 15 to 63 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of changes in equity for the year ended 31 December 2024

(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 2024	3,500	2,938	14,157	16,876	1,750	(3,106)	-	36,115	278	36,393
Comprehensive income for the year:										
Net profit for the year	-	-	-	4,088	-	-	-	4,088	32	4,120
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 16.2(a))	-	-	(6)	-	-	-	-	(6)	-	(6)
- Re-measurement of defined benefit liability (note 27.1)	-	-	-	-	-	-	16	16	-	16
- Revaluation reserve reclassified due to disposal of subsidiaries (note 35.1)	-	-	(218)	218	-	-	-	-	-	-
Items that are or may be reclassified subsequently to profit or loss:										
- Foreign operations - foreign currency translation differences (note 28.4)	-	-	-	-	-	(634)	-	(634)	-	(634)
Total comprehensive income for the year	**-**	**-**	**(224)**	**4,306**	**-**	**(634)**	**16**	**3,464**	**32**	**3,496**
Transactions with owners of the Company:										
Coupon declared (note 28.2a)	-	-	-	(175)	-	-	-	(175)	-	(175)
Dividends declared [a]	-	-	-	-	-	-	-	-	(10)	(10)
Beneficial ownership transfer of a related party under common control transaction (note 34.1)	-	-	-	(17)	-	-	-	(17)	-	(17)
Loss on acquisition of NCI without a change in control (note 34.2)	-	-	-	(242)	-	-	-	(242)	(124)	(366)
Other	-	-	-	-	-	-	-	-	(1)	(1)
Total transactions with owners of the Company	**-**	**-**	**-**	**(434)**	**-**	**-**	**-**	**(434)**	**(135)**	**(569)**
Balance at 31 December 2024	**3,500**	**2,938**	**13,933**	**20,748**	**1,750**	**(3,740)**	**16**	**39,145**	**175**	**39,320**

a) *During the year, a subsidiary of the Company declared and paid dividends to the non-controlling interest amounting to AED 10 million (31 December 2023: AED 19 million) from retained earnings available for distribution (note 7.2(b)).*

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 16.2(a))	-	-	62	-	-	-	-	62	-	62
- Re-measurement of defined benefit liability (note 27.1)	-	-	-	-	-	-	(10)	(10)	-	(10)
Items that are or may be reclassified subsequently to profit or loss:										
- Foreign operations - foreign currency translation differences (note 28.4)	-	-	-	-	-	(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 28.2a)	-	-	-	(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**

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 25.2).

During the year, the Company entered into a binding sales and purchase agreement to sell the shares of the Group's subsidiaries, namely Majid Al Futtaim Hospitality Al Barsha Third LLC, Majid Al Futtaim Hospitality Deira Second LLC and Majid Al Futtaim Hospitality Al Rigga LLC, to a third-party buyer for a net cash consideration of AED 729 million. Accordingly, a loss on disposal of AED 38 million has been recorded on the sale of the Group's investment in these subsidiaries (note 35.1). Furthermore, effective 1 January 2024, the Ultimate Parent Company has transferred its beneficial interest in wholly owned subsidiaries, Majid Al Futtaim Holding (Muscat) LLC and Majid Al Futtaim Capital Investments LLC, to the Group (note 34.1).

Effective 1 July 2024, the Group acquired the remaining 13.6% shareholding in Aswaq Al Emarat Trading Co. JSC from a non-controlling interest for a total consideration of SAR 374 million (AED 366 million). This acquisition was made against the related carrying amount of SAR 127 million (AED 124 million), resulting in a loss on acquisition of SAR 247 million (AED 242 million), which has been adjusted against retained earnings attributable to the owners of the Company (note 34.2).

2. Basis of accounting

These consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards Accounting Standards ('IFRS') and applicable requirement of the UAE Federal Decree Law No. (32) of 2021. 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.

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 3-February-2025 .

3. 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.

3.1 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 7 - Interest in other entities
- Note 10.1 - Satisfaction of performance obligations
- Note 10.1 - Determination of transaction price
- Note 10.1 – Existence of a significant financing component in the contract
- Note 10.1 - Transfer of control in contracts with customers
- Note 10(c) - Discretionary rent relief program
- Note 13(a) - Replacement costs assessed as net book value of the damaged assets
- Note 16.1.2 - Apportionment of fair values between land and buildings
- Note 17.1 - Accounting for dual use property
- Note 21.1 - Net realizable value of development property
- Note 28.2(a) - Subordinated capital loan instruments
- Note 31.1 - Determining the lease term as lessee: Whether the Group is reasonably certain to exercise option to renew

3.2 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 6.2 - Measurement of fair values and valuation process: key inputs and assumptions underlying fair values.
- Note 6.2 - Material valuation uncertainty on Lebanon investment property.
- Note 10.1 - 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 13.1 - Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.
- Note 17.2 (v)(b) - Recognition of lease liability based on presumed renewal terms.
- Note 19 - 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 20 - 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 27.1 – Measurement of retirement benefit obligation: key valuation assumptions underlying discount rate, service period and salary increase.
- Note 28.4 – Lebanon and Egypt currency devaluation
- Note 33.1 – 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.

4. Material accounting policies

4.1 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 2024:

- *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)
- *Supplier finance arrangements* - amendments to IAS 7 and IFRS 7 (1 January 2024)

These standards and amendments do not have a significant impact on the Group's consolidated financial statements as at 31 December 2024.

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

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4.2 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:

- Lack of Exchangeability (Amendments to IAS 21) (1 January 2025)
- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (1 January 2027)
- 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).

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

5. General accounting policies

5.1 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 28.4).

5.2 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.

5.3 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.

6. Fair value measurement

6.1 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.

6.2 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.

With the heightened degree of uncertainty resulting from the prevailing geopolitical situation in the Middle East, particularly in Lebanon, there is an increased difficulty in forming an opinion of value, when there are few, if any, comparable transactions in the new environment. Consequently, the external valuation contains the following material uncertainty statement as part of their valuation which is consistent with the guidance issued by RICS Valuation - Global Standards:

Material Valuation Uncertainty

The conflict in the Middle East has escalated in recent months, with Beirut as a direct target. This has resulted in an unprecedented set of circumstances on which to base a judgement in relation to our valuation of all assets in Lebanon. As at the date of valuation, market activity in Beirut is being impacted across all sectors. Consequently, we need to report on the basis of 'material valuation uncertainty', as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Despite the recent ceasefire being agreed, given the unknown future impact that the ongoing conflict might have on the real estate market in Beirut, management continues to closely monitor its effect on the valuations of the Group's assets in Lebanon. As at 31 December 2024, the Group's property portfolio in Lebanon that is subject to fair value includes AED 878 million of investment property and AED 7 million of property, plant and equipment.

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)

	2024	2023
Assets valued by independent external valuers	41,650	41,792
Assets valued internally	1,494	1,530
	43,144	43,322

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.
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 25.2)	The fair value for sukuk certificates is benchmarked against the quoted market price (Level 2).

6.3 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 16 – Property, plant and equipment
- Note 17 – Investment property
- Note 29 – Financial instruments

7. 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 5.1).

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.

7.1 Details of the Group's material subsidiaries:

Name of material subsidiary	Principal activity	Country of incorporation	Proportion of ownership and voting rights held (%) 2024	2023
Majid Al Futtaim Shopping Malls LLC [a]	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]	Mixed use communities	UAE	100%	100%
Majid Al Futtaim Properties Saudia LLC [a]	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 and 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.*

7.2 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		Profit / (loss) allocated to NCI		Accumulated NCI	
		2024	2023	2024	2023	2024	2023
Fujairah City Centre Investment Company LLC ('FCC') [b]	UAE	37.50%	37.50%	35	22	179	154
Aswaq Al Emarat Trading Closed Joint Stock Co. ('AAET') [a]	Kingdom of Saudi Arabia	-	13.6%	(1)	(100)	-	125
Suburban Development Company S.A.L ('SDC') [c]	Lebanon	3.18%	3.18%	(2)	(3)	(4)	(2)
Individually immaterial subsidiaries with NCI		Various	Various	-	-	-	1
Total				**32**	(81)	**175**	278

a) *Effective 1 July 2024, the Group acquired the remaining 13.6% shareholding in AAET, from a non-controlling interest for a total consideration of SAR 374 million (AED 366 million). This acquisition was made against the related carrying amount of SAR 127 million (AED 124 million), resulting in a loss on acquisition of SAR 247 million (AED 242 million), which has been adjusted against retained earnings attributable to the owners of the Company (note 34.2).*

b) *During the year, FCC declared and paid dividends to the non-controlling interest amounting to AED 10 million (2023: AED 19 million) from retained earnings available for distribution.*

c) *In the prior 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.*

8. 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.

8.1. Summary:

(AED in millions)

	2024	2023
Sharjah Holding Co. PJSC ('SHC')	254	260
Al Mouj Muscat S.A.O.C. ('AMM')	493	486
Enova Facilities Management Services LLC ('Enova')	94	79
Carrying amount at the reporting date	**841**	825
Group's share of profit from operations - net of tax	135	93
Group's share of other comprehensive income - net of tax	-	-
Group's share of total comprehensive income for the year	**135**	93

8.2. Details of the equity accounted investees:

Name of the investees	Principal activity	Country of incorporation	Proportion of ownership and voting rights held 2024	2023
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 financial information of the equity accounted investees is as follows:

(AED in millions)

	SHC		AMM		Enova		Others	
	2024	2023	2024	2023	2024	2023	2024	2023
Current assets	426	1,248	2,149	2,153	997	740	-	1
Non-current assets	345	350	342	636	34	63	-	-
Current liabilities	(262)	(861)	(1,348)	(1,525)	(780)	(580)	-	(3)
Non-current liabilities	-	(217)	(158)	(293)	(65)	(68)	-	-
Net assets/(liabilities)	**509**	**520**	**985**	**971**	**186**	**155**	**-**	**(2)**
Net assets - Group's share	**254**	**260**	**493**	**486**	**94**	**79**	**-**	**-**

	SHC		AMM		Enova		Others	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	174	525	831	705	1,498	1,227	-	-
Profit from operations	48	38	118	71	102	76	3	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**48**	38	**118**	71	**102**	76	**3**	-
Group's share of profit from operations	**24**	19	**59**	35	**52**	39	**-**	-
Carrying amount - At 1 January	260	333	486	451	79	73	-	-
Group's share of profit from operations	24	19	59	35	52	39	-	-
Reversal of impairment for the year (note 13) [a, d, e, f]	-	-	-	-	-	-	34	322
Reduction of investment [a, b, e, f]	(30)	(92)	-	-	-	-	(34)	(308)
Dividends declared by equity investees [c]	-	-	(52)	-	(36)	(35)	-	-
Acquisition of TEEM (note 34.3) [d]	-	-	-	-	-	-	-	(14)
Currency translation adjustment	-	-	-	-	(1)	2	-	-
Carrying amount - At 31 December	**254**	260	**493**	486	**94**	79	**-**	-

a) *During the year, the Group has been awarded a favourable judgment to recover a plot of land initially contributed by the Group in a joint venture in Bahrain, which has been fully provided for in prior years. The title over the plot of land has been transferred during the year under the name of the Group's wholly owned subsidiary in Bahrain. Accordingly, at the date of transfer, a reversal of impairment has been recorded amounting to AED 34 million, which represents the fair value of the plot of land net of transaction cost.*

b) *During the year, the reduction of investment amounting to AED 30 million relates to an equity payback from SHC. In the prior 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.*

c) *During the year, Enova and AMM declared cash dividend amounting to AED 88 million (2023: AED 35 million from Enova) representing the Group's share. During the year, the Group received cash amounting to AED 84 million (2023: AED 47 million) from the current year dividend declaration and prior year unpaid dividends as disclosed in the consolidated statement of cash flows.*

d) *In 2023, 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 34.3). The investment carrying amount was fully impaired in the prior years and, accordingly, a reversal of impairment has been reflected at the acquisition date for the gross investment of AED 14 million (note 13(c)).*

e) *In 2023, 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 13(c)). Accordingly, a reversal of impairment has been reflected to the extent of the cash received.*

f) *In 2023, the Group was in the process of finalizing a settlement agreement with a joint venture partner to recover AED 327 million, representing the amount invested by the Group in the joint venture and fully provided for in prior years. The joint venture partner has proposed to settle the amount in three instalments over two years, starting from the first instalment in 2024. In the prior year, management reassessed the impairment provision and determined that conditions for reversing the impairment existed. Accordingly, the previously recognized impairment was reversed to the extent of the receivable amount, at its present value of AED 303 million (see Notes 19.1(b) and 19.2(a)). During the year, the Group signed the settlement agreement with the joint venture partner and received the first instalment in cash of AED 108 million. As at 31 December 2024, the carrying amount of the Group's receivable amounted to AED 209 million (31 December 2023: AED 303 million), which is net of unamortized discount of AED 10 million.*

9. 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. The business unit is also responsible for managing the Group's office buildings in Dubai, UAE.
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. Effective 1 January 2024, the Group's land bank portfolio has been reclassified under Development. Accordingly, comparative amounts have been reclassified to concur with the current definition. The reclassification did not have an impact on the previously reported profit, net assets or equity of the Group.
3. Project Management CoE	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)

Net Operating Profit After Tax (NOPAT) represents the Group's income from operations if it had no debt and interest expense. NOPAT is calculated based on the net profit after tax for the financial period, adjusted for deferred tax income or expense, unrealized valuation gains or losses investment property and land and buildings, net impairment losses / reversals on non-financial assets, net finance costs, net foreign exchange gains / losses.

9.1 Revenue and net profit – by reportable segments

(AED in millions)

	Asset Management BU		Development BU		Project Management		Corporate		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	**4,727**	4,699	**4,374**	2,673	**1**	11	**-**	-	**9,102**	7,383
Net profit/(loss) after tax	**3,818**	4,480	**1,210**	(13)	**5**	(8)	**(913)**	(270)	**4,120**	4,189
Adjusted EBITDA	**3,243**	3,150	**1,078**	610	**8**	(2)	**(95)**	(109)	**4,234**	3,649
NOPAT	**2,923**	2,778	**1,232**	698	**5**	(7)	**(326)**	(91)	**3,834**	3,378

a) Intra-group transactions have been excluded.

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

(AED in millions)

	Asset Management BU		Development BU		Project Management		Corporate		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net profit/(loss) after tax	**3,818**	4,480	**1,210**	(13)	**5**	(8)	**(913)**	(270)	**4,120**	4,189
Adjustments for:										
Valuation (gain)/loss	(1,280)	(2,077)	183	65	-	-	(2)	(4)	(1,099)	(2,016)
Net finance cost/(income)	189	184	(141)	(42)	-	-	350	495	398	637
Foreign exchange loss/(gain)	-	143	1	(36)	-	1	291	(5)	292	103
Impairment loss on non-financial assets - net	46	34	6	652	-	-	(34)	(307)	18	379
Deferred tax expense/(income)	150	14	(27)	72	-	-	(18)	-	105	86
NOPAT	**2,923**	2,778	**1,232**	698	**5**	(7)	**(326)**	(91)	**3,834**	3,378
Adjustments for:										
Depreciation and Amortization	279	324	24	20	3	5	5	7	311	356
Share of results of equity accounted investees - net of tax	(11)	(6)	(72)	(48)	-	-	(52)	(39)	(135)	(93)
Current tax expense	62	37	2	-	-	-	269	3	333	40
Other non-recurring items	(5)	23	(108)	(60)	-	-	11	13	(102)	(24)
Fixed rent expense	(5)	(6)	-	-	-	-	(2)	(2)	(7)	(8)
Adjusted EBITDA	**3,243**	3,150	**1,078**	610	**8**	(2)	**(95)**	(109)	**4,234**	3,649

9.3 Revenue by geographical segments

(AED in millions)

	UAE		Oman		Bahrain		Lebanon		Egypt		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	**7,995**	6,247	**370**	369	**379**	367	**61**	39	**297**	361	**9,102**	7,383

a) Intra-group transactions have been excluded.

9.4 Assets and liabilities – by reportable segments

(AED in millions)

	Asset Management BU		Development BU		Corporate		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Segment assets	42,077	40,795	13,782	14,678	615	526	56,474	55,999
Segment liabilities	(3,042)	(3,067)	(3,572)	(3,859)	(10,540)	(12,680)	(17,154)	(19,606)
Net assets/(liabilities)	**39,035**	37,728	**10,210**	10,819	**(9,925)**	(12,154)	**39,320**	36,393

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

9.5 Statutory segment assets and liabilities – by geographical segments

(AED in millions)

	UAE		Oman		Bahrain		KSA		Kuwait		Egypt		Lebanon		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Segment assets	45,322	43,936	3,411	3,492	2,993	2,798	1,771	1,752	-	1	2,047	2,718	930	1,302	56,474	55,999
Segment liabilities	(16,091)	(18,448)	(362)	(376)	(197)	(168)	(65)	(63)	-	-	(373)	(430)	(66)	(121)	(17,154)	(19,606)
Net Assets	**29,231**	25,488	**3,049**	3,116	**2,796**	2,630	**1,706**	1,689	**-**	1	**1,674**	2,288	**864**	1,181	**39,320**	36,393

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.

9.6 Major customer

Rental revenue earned from the Group's related parties have contributed to AED 404 million (2023: AED 422 million) which is more than 10% of the total "revenue from investment property" for the year ended 31 December 2024. No single related party represents more than 10% of total revenue.

10. 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 31 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 19). Contract liabilities is currently presented as "Advances from customers" under trade and other payables (note 23).

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

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 in hotels

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

10.1 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)

	2024	2023
Revenue from property sales - net [a, b]	4,361	2,671
Revenue from investment property:		
- Rental income [c]	3,272	3,108
- Service charge	463	457
- Marketing and promotion contribution	119	115
- Other	19	26
Revenue from hospitality	589	700
Revenue from leisure and entertainment (L&E)	259	281
Project management revenue	1	11
Other revenue	19	14
	9,102	7,383

a) *Revenue from property sales of AED 4,361 million (2023: AED 2,671 million) is net of AED 17 million (2023: AED 19 million) transfer fees to a government authority and AED 32 million (2023: AED 35 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 30.1).*

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 2024 amounted to AED 19 million (2023: AED 50 million). As at the reporting date, the unamortized portion of this rent relief is AED 14 million (2023: AED 33 million).*

10.2 Disaggregation of revenue

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

(AED in millions)

	2024	2023
Revenue categorized under IFRS 15 'Revenue from Contracts with Customers':		
Over period of time [a]	4,361	2,671
At a point in time [b]	1,469	1,604
Revenue categorized under IFRS 16 'Leases':		
Rental income	3,272	3,108
	9,102	7,383

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.*

11. Operating expenses

(AED in millions)

	2024	2023
Cost of revenue from property sales [a]	(2,956)	(1,774)
Employee benefits [b, c]	(662)	(710)
Depreciation (notes 16.2, 30.1 and 31.2.1)	(300)	(345)
Selling and marketing expenses	(175)	(148)
Sales commission (note 10(a)) [a]	(163)	(110)
Facilities maintenance and repairs	(151)	(154)
Service charges and other recharges [b, d]	(120)	(85)
Utilities	(106)	(117)
Hotel operator fee and sales commission	(76)	(84)
Housekeeping expenses	(76)	(81)
Consultancy fees	(50)	(69)
Security expenses	(43)	(33)
Insurance premiums	(35)	(29)
Information technology costs	(33)	(42)
Hotels food and beverage expenses	(28)	(33)
Leisure and entertainment units' cost of operations	(26)	(25)
Supplies	(18)	(30)
Travel expenses	(11)	(13)
Amortization charge for intangible assets (note 18)	(11)	(11)
Property taxes	(9)	(14)
Miscellaneous expenses	(89)	(107)
	(5,138)	(4,014)

a) *Cost of revenue from property sales and sales commission amounting to AED 2,956 million (2023: AED 1,774 million) and AED 163 million (2023: AED 110 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 115 million (2023: AED 98 million) (note 30.1).*

c) *Staff costs are net of costs capitalized to various projects amounting to AED 136 million (2023: AED 130 million).*

d) *During the year, the Group incurred AED 1 million (2023: AED 3 million) for corporate social responsibility activities.*

12. Finance costs and income

Accounting Policy

Interest expense and income are recognized in the consolidated statement of profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate. The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. Finance costs comprise of interest expense, arrangement fees, participation fees and similar charges on loans and borrowings; and unwinding of discount adjustments.

(AED in millions)

	2024	2023
Interest expense (including arrangement and participation fees)	(554)	(688)
Interest expense on lease liabilities	(22)	(21)
Unwinding of discounting of long term receivables	24	5
Finance costs	**(552)**	(704)
Interest income	154	67
Finance income	**154**	67

13. 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.

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)

	2024	2023
Impairment of investment property under construction (note 17.2) [a, b, c]	(31)	(612)
Impairment of property and equipment (note 16.2) [a]	(21)	(82)
Impairment of development property (note 21.2(b)) [a]	-	(7)
Reversal of impairment of investments in equity accounted investees (notes 8.2 (a), (d), (e) & (f))	34	322
Impairment loss on non-financial assets – net	**(18)**	(379)
Impairment loss on trade and other receivables – net [e]	(36)	(40)
Impairment loss on financial assets	**(36)**	(40)

a) *During the year, the Group recognized an impairment provision of AED 31 million on investment property on under construction primarily for development projects that no longer align with management's strategic direction. Further, the Group recognized an impairment provision of AED 21 million on property and equipment primarily for the assessed net book value of the damaged assets in the UAE and Bahrain that were impacted by flood due to heavy rains.*

b) *In the prior year, the Group has recognised an impairment provision of AED 654 million (net of previously recognised accumulated impairment), in respect of certain development projects, as a result of an ongoing reassessment of alternative strategies for these specific projects. This impairment provision is arising from investment property under construction of AED 612 million, property and equipment of AED 35 million, and development property of AED 7 million.*

c) *In the prior year, the Group has recorded an impairment provision of AED 47 million for the net book value of a specific digital project.*

d) *In the prior 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 34.3) and AED 5 million due to recovery of cash balance from a joint venture.*

e) *During the year, impairment loss on trade and other receivables include AED 4 million (2023: nil) additional provision recorded in a subsidiary in Lebanon. This provision is based on management's best estimate to account for the increased credit risk due to geopolitical unrest in the region.*

14. Other expense - net

(AED in millions)

	2024	2023
Project costs written-off	(11)	(28)
Development expenses	(39)	(50)
Loss on disposal (note 35.1)	(38)	-
Foreign exchange loss – net [b]	(292)	(103)
Other expense	**(380)**	(181)
Gain on disposal/acquisition (notes 35.2 and 34.3)	102	31
Insurance claim [a]	56	-
Other [c]	34	43
Other income	**192**	74
Other expense - net	**(188)**	(107)

a) *During the year, the Group recognized an insurance claim of AED 56 million, of which AED 31 million has been collected as disclosed in the consolidated statement of cash flows, representing the management's best estimate of the recoverable amount for costs directly related to the restoration of damaged assets in Oman, UAE and Bahrain due to flood and fire insurance claim in Egypt.*

b) *During the year, the foreign exchange loss is realized from repatriation of cash denominated in EGP by a subsidiary in Egypt to the Company. In prior year, foreign exchange loss was due to translation of a USD denominated loan to EGP, held by a subsidiary in Egypt which has been fully settled.*

c) *In the prior year, other income includes a sale of design rights to a joint venture amounting to AED 14 million.*

15. Net valuation gain on land and buildings

(AED in millions)

	2024	2023
Gain on changes in fair value on property, plant and equipment (note 16.2(a))	40	29
Gain on changes in fair value of investment property (note 17.2)	1,059	1,987
	1,099	2,016

16. 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.

Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful life of the respective building structure which ranges from 5 to 50 years.

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.

16.1 Critical judgement

16.1.1 The critical judgement related to the accounting for dual use property (property, plant and equipment and investment property) is discussed in note 17.1.

16.1.2 *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.

16.2 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 2023	3,280	10	2,006	161	308	5,765
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	2,068	161	285	5,765
At 1 January 2024	3,242	9	2,068	161	285	5,765
Additions	29	1	54	-	108	192
Capitalized	108	-	81	5	(194)	-
Accumulated depreciation & impairment eliminated on revaluation	(155)	-	-	-	-	(155)
Transferred from investment property	7	-	-	-	23	30
Net revaluation gain [a]	31	-	-	-	-	31
Disposals/reclass/reversals/other adjustments	-	(1)	(18)	-	(1)	(20)
Disposal of subsidiaries (note 35.1)	(727)	(1)	(41)	-	-	(769)
Effect of changes in foreign currency translation	-	-	(37)	(2)	(1)	(40)
At 31 December 2024	**2,535**	**8**	**2,107**	**164**	**220**	**5,034**

(AED in millions)

	Land & Buildings	Motor vehicles	Furniture, fixtures & equipment	Leisure rides & games	Capital work in progress	Total
Accumulated depreciation/impairment						
At 1 January 2023	-	(6)	(1,607)	(157)	(5)	(1,775)
Depreciation charge for the year	(160)	-	(163)	-	-	(323)
Accumulated depreciation & impairment eliminated on revaluation	160	-	-	-	-	160
Impairment charge (note 13)	-	-	(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)	(1,779)	(157)	(41)	(1,982)
At 1 January 2024	-	(5)	(1,779)	(157)	(41)	(1,982)
Depreciation charge for the year	(140)	-	(133)	(3)	-	(276)
Accumulated depreciation & impairment eliminated on revaluation	155	-	-	-	-	155
Impairment charge (note 13)	(15)	-	(5)	-	(1)	(21)
Disposals/reclass/reversals/other adjustments	-	1	12	-	-	13
Disposal of subsidiaries (note 35.1)	-	1	39	-	-	40
Effect of changes in foreign currency translation	-	-	33	2	-	35
At 31 December 2024	**-**	**(3)**	**(1,833)**	**(158)**	**(42)**	**(2,036)**
Carrying amount						
At 31 December 2024	**2,535**	**5**	**274**	**6**	**178**	**2,998**
At 31 December 2023	3,242	4	289	4	244	3,783

a) *The Group's land and buildings of AED 2.5 billion (2023: AED 3.2 billion) were valued by independent external valuers. During the year, a net revaluation gain of AED 31 million (2023: AED 96 million) has been recognized. This comprises of a revaluation loss of AED 6 million, net of AED 3 million deferred tax charged to other comprehensive income, (2023: AED 62 million net revaluation gain, net of AED 5 million deferred tax charged to other comprehensive income) recognized in other comprehensive income and a net revaluation gain of AED 40 million (2023: AED 29 million) recognized in profit or loss (see note 15).*

16.3 Other notes

i) The fair value measurement for land & buildings of AED 2.5 billion (2023: AED 3.2 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 2024: 9.5% to 11.25% (2023: 9.5% to 11.25%) Compounded annual growth rates of EBITDA 2024: 4.30% (2023: 3.68%)	Equivalent yield 2024: 9.25% (2023: 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) Following significant transfers took place between property, plant and equipment and investment properties during the year:

- *During the year, AED 30 million was reclassified from investment property to property, plant, and equipment, reflecting the cost apportioned to property held for own use due to completion of a project.*

- *In the prior year, net transfers from property, plant and equipment to investment property amounting to AED 118 million mainly pertain to cost of completed property apportioned to the building structure of a certain mall and land reclassified as held for undetermined future use.*

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

(AED in millions)

	2024		2023	
	Land	Buildings	Land	Buildings
Cost	202	3,840	354	4,711
Accumulated depreciation	-	(2,734)	-	(3,297)
At 31 December	**202**	**1,106**	354	1,414

17. 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 16) is transferred to retained earnings.

17.1 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.

17.2 Reconciliation of the net carrying amount at the reporting date

(AED in millions)

	2024	2023
At 1 January	40,049	38,583
Net fair value change (note 15)	1,059	1,987
Additions	685	754
Transferred (to)/from property, plant & equipment (note 16.2)	(30)	118
Additions due to acquisition of a related party (notes 34.3 & 8.2(d))	-	70
Impairment charge (note 13)	(31)	(612)
Effect of movements in exchange rates	(874)	(524)
Transferred to development property and real estate inventory (note 21.2)	(98)	(274)
Disposals/write offs/other adjustments	(67)	(52)
Transfer to related parties (note 30.1)	(3)	(1)
Disposal of subsidiaries (note 35.1)	(57)	-
At 31 December	**40,633**	40,049

i. *The Group's investment property amounting to AED 39.1 billion (2023: AED 38.5 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 2023 valuation. This is primarily driven by an overall increase in net rent across the core shopping malls as against the previous year and continued strong tenant sales in super regional UAE assets. Higher tenant sales across the super regional assets in 2024 had a positive impact on lease renewals and, consequently, on estimated rental values continuing the upward momentum from 2023.*
   b) *Investment property includes a shopping mall with a value net of an estimated capital expenditure allowance of AED 1,193 million (2023: AED 1,110 million) to realize its fair value.*

ii. *Measurement of fair value*
   a) *Fair value hierarchy*

   The fair value measurement for investment property of AED 40.6 billion (2023: AED 40.0 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	<u>Discount rates on income streams</u> 2024: 9% to 22.5% (2023: 7% to 28.75%) <u>Compounded annual growth rates of Net operating income ("NOI")</u> 2024: 2.16% (2023: 2.53%)	<u>Equivalent yield</u> 2024: 8% (2023: 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).

   During the year, there is a heightened degree of uncertainty in the valuation of certain investment properties resulting from the prevailing geopolitical situation in Middle East, in particular Lebanon, that is disclosed in note 6.2 of these consolidated financial statements.

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 177 million (2023: AED 174 million) and operational shopping malls on leasehold lands (right-of-use assets) in Oman amounting to AED 1,754 million (2023: AED 1,663 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. In 2023, 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 in prior 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 in the prior year.*

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.*

17.3 Other notes

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

(AED in millions)

	2024	2023
Revenue from investment property	3,873	3,706
Direct operating expenses on properties that generated rental income	(1,219)	(1,152)

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)

	2024	2023
Fair value of land and buildings	40,670	40,059
Less: Adjustment for accrued operating lease income (note 19)	(363)	(359)
Less: Advances to contractors and right-of-use assets	(29)	(11)
Add: Lease liabilities	317	300
Add: Retention from contractor payments	13	15
Add: Project related trade payables and accruals	25	45
Net adjusted fair value	**40,633**	40,049

iii. *Restrictions on investment property*
In the prior year, two plots of land in Oman, totaling 12,000 sqm. with a carrying amount of AED 13 million, were held by the estate of the late majority shareholder of the Parent Company. These plots were held for the Group's beneficial interest prior to the majority shareholder's passing in December 2021. During the year, the ownership of the property was transferred back to the estate and, as a result, a loss of AED 13 million was recorded in the consolidated statement of profit or loss for the year.

iv. *The Group's investment property includes plots of land that are currently held for undetermined future use amounting to AED 1,768 million (2023: AED 2,138 million).*

18. 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 consolidated statement of profit or loss. 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	2024	2023
At 1 January	84	95
Amortization charge for the year (note 11)	(11)	(11)
At 31 December	**73**	84

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 23 and 26).

19. 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.

19.1 Trade and other receivables - current

(AED in millions)

	2024	2023
Trade receivables, net of loss allowances (note 19.4)	603	548
Prepayments	606	555
Unbilled receivables [a]	1,283	716
Advances and deposits	352	256
Accrued income on operating leases (note 17.3 (ii))	37	80
Other receivables [b]	225	174
At 31 December	**3,106**	2,329

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

b) *Other receivables include AED 108 million (2023: AED 108 million) short term portion of other long term receivables (note 19.2(a)).*

c) *During the year, trade and other receivables include AED 100 million (2023: AED 129 million) balance with related parties as disclosed in note 30.2.*

19.2 Long term receivables

(AED in millions)

	2024	2023
Unbilled receivables (note 19.1(a))	1,083	597
Advances to contractors	494	301
Long term prepayments	234	285
Accrued income on operating leases (note 17.3 (ii))	326	279
Other long term receivables [a]	103	196
At 31 December	**2,240**	1,658

a) *During the year, other long term receivables include AED 101 million (2023: AED 195 million) recoverable from a joint venture partner (note 8.2(f)), net of unamortized discount of AED 10 million.*

b) *During the year, long term receivables include AED 22 million (2023: AED 26 million) balance with related parties as disclosed in note 30.2.*

19.3 Loss allowances

(AED in millions)

	2024	2023
At 1 January	(138)	(104)
Charge for the year (note 13)	(36)	(40)
Write-offs/ reversals/ effect of movements in exchange rates	11	6
At 31 December	**(163)**	(138)

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.*

b) *During the year, impairment loss on trade and other receivables include AED 4 million (2023: nil) additional provision recorded in a subsidiary in Lebanon. This provision is based on management's best estimate to account for the increased credit risk due to geopolitical unrest in the region.*

c) *The Group has written-off AED 11 million (2023: AED 6 million) pertaining to trade receivables fully provided for in prior years and recognized impairment loss on trade receivables amounting to AED 36 million (2023: AED 40 million).*

19.4 Ageing of trade receivables

(AED in millions)

	2024	2023
Current balances	227	282
Past due 31 - 60 days	87	82
Past due 61 - 90 days	70	43
Past due 91 - 180 days	96	89
Past due over 180 days	286	190
Total trade receivables	**766**	686
Less: Loss allowances	(163)	(138)
Net trade receivables	**603**	548

20. 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 20.5). 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.

20.1 Income tax expense recognized in profit or loss

(AED in millions)

	2024	2023
Current tax expense:		
- Current year	(332)	(30)
- Adjustment for prior years	(1)	(10)
	(333)	(40)
Deferred tax expense:		
- Origination and reversal of temporary differences	(105)	(86)
	(438)	(126)

During the year, the Group is subject to income tax in respect of its operations in the UAE, Oman, Egypt and Lebanon (2023: Oman, Egypt and Lebanon). The management believes that accruals for tax liabilities are adequate for all open tax years based on its assessment of all relevant factors, including interpretations of tax laws and prior experience.

20.2 Reconciliation of effective tax rate

(AED in millions)

		2024		2023
Profit before tax		4,558		4,315
Effect of tax rates in domestic and foreign jurisdictions	-7%	(332)	-1%	(30)
Change in recognized deductible temporary differences	-2%	(105)	-2%	(86)
Change in estimates related to prior years	0%	(1)	0%	(10)
	-10%	**(438)**	-3%	(126)

20.3 Deferred tax liabilities

(AED in millions)

	01 January 2024	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2024
Investment property and others	319	116	(2)	(75)	**358**

(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

A portion of the deferred tax liability has been computed on the taxable temporary differences primarily arising as a result of valuation gains on properties in UAE, Oman and Egypt (2023: Oman and Egypt). The tax rates in these countries are 9%, 15% and 22.5%, respectively (2023: 15% and 22.5% in Oman and Egypt, respectively). The corresponding deferred tax expense from valuation gain on land and buildings has been recognized in profit or loss, and revaluation gain on property, plant and equipment has been recognized in other comprehensive income.

20.4 Deferred tax assets

(AED in millions)

	01 January 2024	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2024
Investment property and others	59	11	1	-	**71**

(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

As at 31 December 2024, the Group has unrecognized deferred tax assets of AED 291 million (2023: AED 345 million) relating to its subsidiaries in UAE, 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 and Lebanon (2023: Oman, Egypt and Lebanon) which are not expected to generate sufficient taxable profits and valuation gains in the foreseeable future.

20.5 UAE Corporate Income Tax

UAE Federal Decree-Law No (47) of 2022 on the Taxation of Corporations and Businesses

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

For the Group, appropriate current taxes are accounted for in the financial statements for the year ended 31 December 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact for UAE has also been considered for the year ended 31 December 2024.

20.6 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, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organization for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed commentary and implementation guidance released between March 2022 and December 2024 for the Pillar Two Global Anti-Base Erosion Rules (GloBE rules or Pillar Two rules). These are being used by individual jurisdictions that signed the agreement to amend their local tax laws.

The Group is in the scope of Pillar Two rules as its annual consolidated revenue exceeds €750 million threshold. Below is the status of implementation and impact on the Group on account of Pillar Two:

- *Currently, out of the other jurisdictions in which the Group has presence, UK and France (where the Group has limited activities and no customer base) have final Pillar Two legislations in force from 1 January 2024. As of 31 December 2024, the management does not anticipate any additional top-up tax in these countries on account of Pillar Two rules for the year ended 31 December 2024.*

- *The UAE (location of the Group head office and also its largest market), published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, as part of its commitment to the OECD guidelines. The amendments introduced by this decree are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules. Additionally in December 2024, the UAE Ministry of Finance has announced that a Domestic Minimum Top-up Tax will be effective in the UAE for financial years starting on or after 1 January 2025. This means that the current tax rate of 9% will go up to 15% from 1 January 2025 onwards subject to substance based carveouts and other reliefs under the new regime, details of which are not known at present.*

- *In September 2024, Bahrain has introduced a Domestic minimum top up tax regime with effect from 1 January 2025 and released Executive Regulations in relation to the same in December 2024. As a result, from 2025, Group entities in Bahrain will be liable for the top-up tax of 15% in relation to their operations calculated in line with the applicable rules instead of no taxes at present.*

No other jurisdiction, in which the Group operates, has substantively enacted the legislation to date. The Group will continue to monitor the Pillar Two related developments in all relevant jurisdictions and assess any potential top-up tax in accordance with the relevant legislation after taking into consideration the transitional Safe Harbour relief.

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

21. 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.

21.1 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)

	2024	2023
Development property (note 21.2)	2,190	2,690
Real estate inventories (note 21.2)	13	-
Spares and consumables	17	14
At 31 December	**2,220**	2,704

21.2 Development property and real estate inventory movement during the year

(AED in millions)

	2024	2023
As at 1 January	2,690	2,253
Additions during the year	2,372	1,949
Transferred from investment property [a] (note 17.2)	98	274
Effect of movements in exchange rates	-	9
Transferred to cost of property sales	(2,956)	(1,788)
Impairment charge [b] (note 13)	-	(7)
Reversal	(1)	-
As at 31 December	**2,203**	2,690

a) *During the year, land and certain real estate properties amounting to AED 98 million previously classified as investment property have been reclassified to development property and real estate inventory intended for sale. In prior year, land amounting to AED 297 million, previously held as investment property, has been transferred to development property to develop a community project.*

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

22. Cash and bank balances

(AED in millions)

	2024	2023
Cash in hand	7	13
Call deposits and current accounts [a]	427	565
Fixed deposits	-	221
Cash and cash equivalents	**434**	799
Restricted cash [b]	3,762	3,623
Cash and bank balances at 31 December	**4,196**	4,422

a) *The Group's call deposits and current accounts with banks and financial institutions amounted to AED 427 million at 31 December 2024 (2023: AED 565 million).*

b) *Restricted cash amounting to AED 3,762 million (2023: AED 3,623 million) 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.*

23. 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)

	2024	2023
Trade payables	233	189
Advances from customers (note 23.1) [a]	2,415	2,684
Deposits from customers [a]	904	886
Unearned revenue	607	619
Project related accruals [a]	419	343
Tenant related advances	386	407
Accruals	368	414
Tax payable	365	83
Retention from contractor payments	145	119
Current portion of lease liabilities (note 31.2.2)	42	35
Current portion of deferred liability	11	11
Other	85	84
At 31 December	**5,980**	5,874

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

b) *During the year, trade and other payables include AED 302 million (2023: AED 275 million) balance with related parties as disclosed in note 30.2.*

23.1 Advances from customers

(AED in millions)

	2024	2023
As at 1 January	2,684	1,829
Additions during the year	3,035	2,703
Recognized in the consolidated statement of profit or loss	(3,304)	(1,848)
As at 31 December	**2,415**	2,684

a) *Advances from customers comprise of payments received for the sale of properties mainly from community projects 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 2024 is AED 13,117 million (excluding joint ventures) (2023: AED 10,424 million). The Group estimates to recognize these unsatisfied performance obligations as revenue over a period of up to 3 years.*

24. 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)

	2024	2023
Bonus provisions (short and long term) [a]	131	171
Other provisions [b]	40	179
At 31 December	**171**	350
- Current	**122**	274
- Non-current	**49**	76

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 16 million (2023: AED 150 million).*

24.1 Reconciliation of provisions as at the reporting date

(AED in millions)

	Bonus provisions	Other provisions
At 1 January 2023	152	190
Provisions recognized during the year	113	14
Reduction arising from payments/write backs/reclassifications	(94)	(28)
Effect of changes in foreign currency translation	-	3
At 31 December 2023	171	179
At 1 January 2024	171	179
Provisions recognized during the year	73	21
Reduction arising from payments/write backs/reclassifications made	(112)	(154)
Effect of changes in foreign currency translation	(1)	(6)
At 31 December 2024	**131**	**40**

25. Loans and borrowings

(AED in millions)

	2024	2023
Unsecured – At amortized cost		
Term loans - From banks	-	-
Sukuk certificates [a]	8,416	8,411
At 31 December	**8,416**	8,411
- Current	**1,832**	-
- Non-current	**6,584**	8,411

a) Carrying amount adjusted for unamortized transaction costs of AED 33 million (2023: AED 38 million).

25.2 Sukuk certificates

(AED in millions)

	2024	2023
At 1 January	8,449	6,612
Borrowed during the year	-	1,837
At 31 December	**8,449**	8,449
Net unamortized transaction costs incurred	(33)	(38)
	8,416	8,411
- Current (net of AED 5 million unamortized transaction cost)	**1,832**	-
- Non-current (net of AED 28 million unamortized transaction cost)	**6,584**	8,411

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

(AED in millions)

Loan issuance	2024	2023	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	1,837	5.0% per annum (semi-annual basis)	Bullet payment	Jun 2023	Jun 2033
At 31 December	**8,449**	**8,449**				

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) In the prior 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.

26. Other liabilities

(AED in millions)

	2024	2023
Lease liabilities (note 31.2.2)	301	278
Deferred liability	57	68
At 31 December	**358**	346

26.1 Reconciliation of liabilities arising from financing activities

(AED in millions)

	1 January 2024	Cash Inflows	Cash outflows	Non-cash changes	31 December 2024
Term loan from a related party [a]	4,082	1,997	(5,000)	534	1,613
Loans and borrowings	8,411	-	-	5	8,416
Lease liabilities	313	-	(33)	63	343
At 31 December	**12,806**	**1,997**	**(5,033)**	**602**	**10,372**

a) Non-cash changes relate to AED 188 million additions to term loan from a related party due to transfer of beneficial ownership of certain subsidiaries from Ultimate Parent Company, coupon payment of AED 175 million and interest payable to MAFH of AED 171 million adjusted against /converted to the 'term loan from a related party' are non-cash transactions.

(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.

27. 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)

	2024	2023
Defined benefit plan (note 27.1)	126	131
Defined contribution plan	2	2
At 31 December	**128**	133

27.1 Defined benefit plan

Reconciliation of defined benefit obligation liability at the reporting date:

(AED in millions)

	2024	2023
At 1 January	131	113
Expense for the year	34	32
Benefits paid/ reclassifications during the year	(23)	(24)
Re-measurement of defined benefit liability	(16)	10
At 31 December	**126**	131

27.1.1 *Key assumptions and estimation uncertainties:*

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

	2024	2023
Future salary increase	**4.50%**	5.0%
Discount rate	**4.94%**	4.23%
Probability of employees staying for a full service period	**50%**	50%

Sensitivity analysis

During the year, the Group recorded re-measurement gain on the defined benefit liability amounting to AED 16 million (2023: AED 10 million loss), 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 the future salary rate increases by 100 basis points and the discount rate decreases by 100 basis points, the Group's OCI for the year ended 31 December 2024 would decrease by AED 18 million. Conversely, if the future salary rate decreases by 100 basis points and the discount rate increases by 100 basis points, the Group's OCI would increase by AED 15 million, assuming all other assumptions remain constant.

27.2 Defined contribution plan

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

(AED in millions)

	2024	2023
Total expense recognized in profit or loss during the year	**10**	11
Contributions payable at the end of the reporting year	**2**	2

28. Equity

28.1 Share capital

(AED in millions)

	2024	2023
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

28.2 Shareholder contribution

(AED in millions)

	2024	2023
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.*

28.3 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.

28.4 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations mainly in Lebanon and Egypt. During the year, the Group recorded foreign currency translation loss of AED 634 million (2023: AED 402 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 64.5% from EGP 8.41 against AED to EGP 13.84. The Group's operations in Egypt contributed a net profit of AED 462 million to Group's consolidated results and the net assets amounted to AED 1,674 million at 31 December 2024. A further devaluation of 10% in the exchange rate used would result in a decline in net assets of Egypt by AED 167 million.

The Group manages the foreign currency risk associated with Egypt operations by adjusting its forecasts, investing excess cash in high yielding T-bills, minimizing 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 period, resulting in a significant deviation between the market exchange rate and the official exchange rates. To manage the foreign currency risk, the Group has denominated its real estate assets and all material transactions to USD. For other balances and transactions that are not denominated in USD, these are translated at the Sayrafa rate as at the reporting date and the results are translated at the average rate prevailing during the period.

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

Furthermore, the Lebanese economy was designated as hyperinflationary in 2020, consequently resulting in application of IAS 29 to all the Group entities whose functional currency is LBP. The impact of the application of IAS 29 is not material to the Group's consolidated financial statements and accordingly IAS 29 is not applied.

29. 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.

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

Financial assets

(AED in millions)

At 31 December 2024	Carrying amount A	Non-financial assets B	Financial assets C=A-B	Classification
Trade and other receivables (including long term)	5,346	2,049	3,297	Amortized cost
Cash and cash equivalents	434	-	434	
Restricted cash	3,762	-	3,762	
Receivables from and loans to related parties (short term and long term balances)	50	-	50	
	9,592	**2,049**	**7,543**	

(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)	3,987	1,756	2,231	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)	70	-	70	
	8,479	1,756	6,723	

Financial liabilities

(AED in millions)

At 31 December 2024	Carrying amount A	Non-financial liabilities B	Financial liabilities C=A-B	Classification
Loans and borrowings	8,416	-	8,416	Amortized cost
Term loan from a related party	1,613	-	1,613	
Trade and other payables	5,980	1,358	4,622	
Due to related parties	130	-	130	
Other liabilities	358	-	358	
	16,497	**1,358**	**15,139**	

(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	

29.2 Fair value measurement and hierarchy

As at 31 December 2024, 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 1,821 million (2023: AED 1,836 million) and AED 2,161 million (2023: AED 2,204 million), AED 2,086 million (2023: AED 2,204 million), and AED 1,822 million (2023: AED 1,836 million), respectively. These certificates are carried at level 2 of the fair value hierarchy. The fair value measurement method used is described in note 6.

29.3 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.

29.3.1 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 19.4 and 22, respectively.

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

(AED in millions)

	2024	2023
Trade and other receivables (including long term receivables)	3,297	2,231
Restricted cash	3,762	3,622
Call deposits and current accounts	427	786
Receivables from and loans to related parties and others (short term and long term balances)	50	70
At 31 December	**7,536**	6,709

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 33).

29.3.2 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 2024	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	10,256	2,203	296	3,383	4,374
Term loan from a related party	1,613	1,838	112	112	1,614	-
Trade and other payables	4,622	4,645	4,645	-	-	-
Due to related parties	130	130	130	-	-	-
Other liabilities	358	676	-	48	120	508
	15,172	**17,545**	**7,090**	**456**	**5,117**	**4,882**

(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

29.3.2.1 Funding and liquidity

At 31 December 2024, the Group has net current assets of AED 1.5 billion (2023: AED 3.3 billion). Further, at 31 December 2024, loans and borrowings and term loan from a related party amount to AED 10 billion (2023: AED 12.5 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 7.1 billion (31 December 2023: AED 4.8 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.

29.3.3 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.

a) Interest rate risk

The Group's exposure to interest rate risk relates to the borrowings described in note 25. 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)

		2024		2023
Fixed interest bearing instruments				
- Financial liabilities (loans)		(8,449)		(8,449)
- Financial liabilities (lease liabilities)		(343)		(313)
- Financial liabilities (deferred liability)		(57)		(79)
At 31 December		**(8,849)**		(8,841)
Variable interest bearing instrument				
- Financial liabilities (loans and borrowings)*		(1,613)		(4,082)
At 31 December		**(1,613)**		(4,082)
	P&L	**OCI**	**P&L**	**OCI**
Sensitivity analysis on variable interest bearing instruments:				
- Increase of 100bps	**16**	**-**	(41)	-
- Decrease of 100bps	**(16)**	**-**	41	-

** This primarily includes term loan from a related party amounting to AED 1,613 million (2023: AED 4,082 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 28.4), a significant portion of the Group's foreign currency borrowings and balances are denominated in USD and other currencies linked to USD. As the Company'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.

29.4 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 25) and equity (comprising issued capital, shareholder contribution, revaluation reserve, retained earnings and other reserves as per note 28).

(AED in millions)

	2024	2023
Loans and borrowings (excl. finance lease liabilities)	10,029	12,493
Less: cash and bank balances (note 22)	(434)	(799)
Net debt	**9,595**	**11,694**
Share capital	3,500	3,500
Shareholder contribution	2,938	2,938
Revaluation reserve	13,933	14,157
Retained earnings	20,748	16,876
Other reserves	(1,974)	(1,356)
Total equity attributable to owners of the Company - At 31 December	**39,145**	**36,115**

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.

30. Related party transactions and balances

Balances and transactions between the Company and its subsidiaries (note 7), 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.

30.1 Related party transactions

AED in millions	MAFH		Sister companies		Equity accounted investees		KMP and other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Profit or loss transactions (income/(expenses)):										
Services received:										
- Treasury, corporate secretarial services and others	**(49)**	(29)	**-**	-	**-**	-	**-**	-	**(49)**	(29)
- Facility management services	**-**	-	**-**	-	**(125)**	(121)	**-**	-	**(125)**	(121)
- Global & digital solutions service charge [a]	**-**	-	**(115)**	(98)	**-**	-	**-**	-	**(115)**	(98)
- Loyalty programme	**-**	-	**(52)**	(26)	**-**	-	**-**	-	**(52)**	(26)
Depreciation charges from a related party	**(3)**	(3)	**(6)**	(4)	**-**	-	**-**	-	**(9)**	(7)
Services rendered:										
- Renting of retail and office space	**7**	7	**393**	412	**2**	2	**2**	1	**404**	422
- Asset management	**-**	-	**-**	-	**3**	3	**-**	-	**3**	3
- Project management	**-**	-	**-**	-	**1**	11	**-**	-	**1**	11
- Other service charges	**-**	-	**2**	2	**-**	-	**-**	-	**2**	2
- Interest expense on loans	**(171)**	(328)	**-**	(1)	**-**	-	**-**	-	**(171)**	(329)
Compensation to key management personnel ('KMP') [b]	**-**	-	**-**	-	**-**	-	**(27)**	(32)	**(27)**	(32)
Revenue recognized from sales to key management personnel	**-**	-	**-**	-	**-**	-	**10**	13	**10**	13
Other income recognized from sales to related parties	**-**	-	**-**	-	**-**	14	**-**	-	**-**	14
Unwinding of discount on receivable from a joint venture	**-**	-	**-**	-	**-**	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 (note 8.2(c))	**-**	-	**-**	-	**88**	35	**-**	-	**88**	35
Dividend declared to a non-controlling interest (note 7.2(b))	**-**	-	**-**	-	**-**	-	**(10)**	(19)	**(10)**	(19)
Reduction of investment in equity accounted investee (note 8.2(b))	**-**	-	**-**	-	**(30)**	(92)	**-**	-	**(30)**	(92)
Transfer of investment property to related parties (note 17.2)	**-**	-	**3**	1	**-**	-	**-**	-	**3**	1
Off-balance sheet transactions (received/(provided)):										
Provision of corporate guarantees (note 33):										
- On various bank loans availed by MAFH	**(5,599)**	(7,290)	**-**	-	**-**	-	**-**	-	**(5,599)**	(7,290)
- On hybrid perpetual note instruments and bonds issued under the Global Medium Term Note ('GMTN') program	**(3,306)**	(4,348)	**-**	-	**-**	-	**-**	-	**(3,306)**	(4,348)
Capital commitments (note 32)	**-**	-	**-**	-	**247**	236	**-**	-	**247**	236

a) The aggregate compensation comprises of directors' fees and expenses of AED 4 million (2023: AED 6 million), short term employee benefits (salaries and allowances including provision for bonus) of AED 20 million (2023: AED 23 million) and provision for retirement benefit obligation and long-term incentive plan of AED 3 million (2023: AED 3 million). This does not include amounts paid by MAFH in relation to services provided by its key management personnel to the Company.

30.2 Related party balances:

AED in millions	MAFC		MAFH		Sister companies		Equity accounted investees		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets:												
Long term receivables (note 19.2)	**-**	-	**3**	2	**19**	24	**-**	-	**-**	-	**22**	26
Trade receivables (note 19.1)	**-**	-	**4**	6	**95**	116	**1**	7	**-**	-	**100**	129
Due from related parties:												
- Short-term, interest-free and unsecured receivable [b]	**1**	1	**-**	-	**1**	14	**32**	46	**-**	-	**34**	61
- Less: loss allowances	**-**	-	**-**	-	**-**	-	**(8)**	(10)	**-**	-	**(8)**	(10)
	1	1	**-**	-	**1**	14	**24**	36	**-**	-	**26**	51
Short term loan to related parties:												
- Short-term, interest-free and unsecured loan [b]	**-**	-	**-**	-	**-**	-	**24**	19	**-**	-	**24**	19
Liabilities:												
Trade and other payables (note 23)	**-**	-	**3**	3	**277**	252	**22**	20	**-**	-	**302**	275
Due to related parties:												
- Short-term, interest-free and unsecured payable	**-**	-	**4**	3	**68**	20	**58**	68	**-**	-	**130**	91
Term loan from a related party [a]	**-**	-	**1,613**	4,082	**-**	-	**-**	-	**-**	-	**1,613**	4,082

a) *Effective 1 January 2023, the loan agreement was amended, and the applicable grace period for repayment is four (4) years, starting from the effective date. The unsecured facility carries a margin of 1.72% (2023: 1.91%) per annum over EIBOR for the current period. Refer to note 30.2.1 for movement in the loan.*

b) *Includes dividend receivable from a joint venture amounting to AED 30 million (2023: AED 26 million) and the discounting impact has been fully amortized in the prior year.*

30.2.1 Term loan from a related party

(AED in millions)

	2024	2023
At 1 January	4,082	5,563
Borrowed during the year	1,997	2,380
Additions due to ownership transfer of a related party (note 34.1)	188	-
Interest payable to MAFH converted to long term loan [a]	171	329
Coupon payable to MAFH adjusted against long term loan [a]	175	175
Repaid during the year	(5,000)	(4,365)
At 31 December	**1,613**	4,082
- Current	**-**	-
- Non-current	**1,613**	4,082

a) *The coupon payment of AED 175 million (2023: AED 175 million) and interest payable to MAFH of AED 171 million (2023: AED 329 million) adjusted against /converted to the 'term loan from a related party' are non-cash transactions.*

31. 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.

31.1 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.

31.2 Group as lessee

The Group leases plots of land that meet the definition of investment property (note 17.2). 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.

31.2.1 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)

	2024	2023
At 1 January	16	30
Depreciation charge for the year	(15)	(15)
Net addition during the year	45	1
At 31 December	**46**	16

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.

31.2.2 Lease liabilities

(AED in millions)

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2024	2023	2024	2023	2024	2023
Less than one year	64	56	22	21	42	35
Between one and two years	36	27	21	20	15	7
Between two and five years	84	86	60	66	24	20
More than five years	496	490	234	239	262	251
At 31 December	**680**	659	**337**	346	**343**	313
- Current (note 23)					**42**	35
- Non-current (note 26)					**301**	278

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% (2023: 1.17% to 10.30%) per annum.

31.3 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)

	2024	2023
Less than one year	3,012	2,912
One to two years	2,202	2,182
Two to three years	1,579	1,464
Three to four years	1,161	973
Four to five years	818	717
More than five years	1,836	1,770
At 31 December	**10,608**	10,018

The net rental income earned by the Group from its investment property for the year is set out in note 17.3.

32. Capital commitments

(AED in millions)

	2024	2023
Capital commitments of the Group	3,274	2,036
The Group's share of capital commitments in relation to its equity accounted investees	247	236
At 31 December	**3,521**	2,272

Capital commitments refers to the value of contracts signed for the development and construction of assets as at 31 December 2024, net of costs incurred and advances made up to that date.

33. Contingent liabilities

(AED in millions)

	2024	2023
Corporate guarantees on various bank loans availed by MAFH	5,599	7,290
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
Performance guarantee to government authorities	1,195	1,094
At 31 December	**10,100**	12,732

33.1 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.

34. Acquisitions

34.1 Acquisition of MAFC subsidiaries

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

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

These business combinations arise from transfers of interests in entities that are under the common control of the Ultimate Parent Company. The Group accounts for these transactions on a prospective basis from the date on which control was established. The Group applies the book value measurement method to all common control transactions whereby the assets and liabilities acquired or transferred are de-recognized at the carrying amounts recorded in the financial statements of the transferor. The assets and liabilities transferred are recognized at the carrying amounts de-recognized previously in the Ultimate Parent Company's consolidated financial statements.

The following table summarizes the financial position of Holding Muscat and Capital Investments at 1 January 2024 and the impact on Group's consolidated equity arising from the acquisition.

AED in millions	Holding Muscat	Capital investments	Total
Long term advance	-	68	68
Asset held for sale (note 35.2)	103	-	103
Total assets	**103**	**68**	**171**
Total liabilities	-	-	-
Net assets	**103**	**68**	**171**
Less: Acquisition consideration*	(120)	(68)	(188)
Loss on acquisition of subsidiaries charged against equity	**(17)**	**-**	**(17)**

** The consideration of AED 188 million has been settled by the Group through an addition in the term loan from the Parent Company (note 30.2.1).*

The Group did not apply IFRS 3 Business Combination as the acquisition is a common control transaction at book value defined under IFRS 3. In line with the Group's accounting policy, the Group did not restate the comparatives for prior year, as the impact on the date of transfer has been accounted for in the retained earnings within the consolidated statement of changes in equity.

34.2. Acquisition of Non-Controlling Interest (NCI)

On 1 July 2024, the Group acquired the remaining 13.6% shareholding in Aswaq Al Emarat Trading Co. JSC (AAET), resulting to a 100% ownership, for a total consideration of SAR 374 million (AED 366 million) including 50% of Real Estate Transfer Tax (RETT) due to this transfer. The carrying amount of the AAET's net assets in the Group's consolidated financial statements on the date of acquisition was SAR 127 million (AED 124 million). The transaction has been accounted for as an equity transaction and does not constitute a business combination, as the Group continues to maintain control over the subsidiary.

The following table summarizes the effect of the changes in the Company's ownership interest in AAET.

AED in millions	At date of transfer
Consideration paid for the acquisition of shares	357
RETT (50% MAFP share)	9
Total consideration paid	**366**
Carrying amount of NCI acquired	124
Loss on acquisition of shares*	**(242)**

**Adjusted against retained earnings attributable to owners of the Company.*

34.3 Acquisition of a subsidiary

In the prior year, the remaining 50% shareholding in The Egyptian Emirates Malls S.A.E. (TEEM), previously an equity accounted joint venture, has been fully transferred to the Group 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:

AED in millions	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**

The investment in TEEM has been fully provided in prior years. Accordingly, the Group has recorded in the prior year an impairment reversal of investment in TEEM amounting to AED 14 million and gain on acquisition amounting to AED 31 million to account for the net assets received at the date of transfer.

35. Disposals

35.1. Disposal of subsidiaries

During the year, the Company entered into a binding sales and purchase agreement to sell the shares of the Group's subsidiaries, namely Majid Al Futtaim Hospitality Al Barsha Third LLC, Majid Al Futtaim Hospitality Deira Second LLC and Majid Al Futtaim Hospitality Al Rigga LLC, to a third-party buyer for a net consideration of AED 722 million, net of transaction cost of AED 7 million. Accordingly, a loss on disposal of AED 38 million has been recorded on the sale of the Group's investment in these subsidiaries.

The following table summarizes the financial position and financial performance of the disposed subsidiaries, after intra-group eliminations, at the effective date of disposal on 31 March 2024:

AED in millions	31 March 2024
Non-current assets	
Property, plant and equipment*	729
Investment property	57
Right-of-use assets	2
Current assets	9
Total assets	**797**
Current liabilities	37
Total liabilities	**37**
Net assets	**760**
Less:	
Sale consideration	729
Less: Transaction cost	(7)
Total sale consideration - net	**722**
Loss on disposal	**38**

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

AED in millions	31 March 2024
Revenue	59
Operating expenses	(37)
Net profit	**22**

35.2. Asset held for sale

Effective 1 January 2024, the Group has acquired a joint venture in Oman, classified as 'asset held for sale', through a transfer of beneficial interest in Majid Al Futtaim Holding (Muscat) LLC by the Ultimate Parent Company. Refer to note 34.1 for details.

During the year, the asset held for sale, with a carrying amount of AED 103 million, has been acquired by a third-party buyer (the 'Buyer') for a consideration of AED 205 million (OMR 21.5 million). The sale proceeds have been collected, and the legal ownership transfer to the Buyer was completed during the year. This transaction resulted in a gain on disposal of AED 102 million.

The following table summarizes the financial position of the joint venture as at date of transfer:

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

36. Subsequent events

There has been no significant event subsequent to the reporting date and up to the date of authorization on 3-February-2025, which would have a material effect on the consolidated financial statements as at 31 December 2024.

37. Comparatives

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