FitchRatings

Corporates
Property/Real Estate
United Arab Emirates

Majid Al Futtaim Holding LLC

The ratings reflect good operational metrics across the business segments of Majid Al Futtaim Holding LLC's conglomerate structure. Majid Al Futtaim Properties (MAFP), which anchors the rating, operates a portfolio of retail malls and hotels and generated around two-thirds of 2022 group EBITDA through stable, lease-based revenue. The second key business, MAF Retail (MAFR), provides lower-margin, defensive, cashflows from more than 450 Carrefour stores operated across 15 countries.

MAFP is benefiting from UAE's positive economy and retail market. Footfall and tenants' sales in 2022 exceeded pre-pandemic 2019 levels and continue to grow. Mall occupancy was 95%. Rental renewal rates in 2022 declined around 6% compared with passing rents, mainly due to increased retail space available in wider Dubai.

Key Rating Drivers

High-quality Mall Portfolio: MAFP is the group's primary source of cashflow, generating more than 60% of group EBITDA in 2022. The property portfolio, with 29 malls, was valued at AED34 billion at end-2022 (end-2021: AED33.7 billion) with over 1.8 million square metres (sqm) of gross leasable area (GLA), mainly in UAE, but also four Middle East countries.

The portfolio has eight quality super-regional malls and includes the 245,000 sqm Mall of the Emirates (MOE), one of the largest malls in the GCC. The portfolio is supported by 13 hotels, mostly adjacent to the malls. Footfall of 212 million in 2022 was around 6% above pre-pandemic 2019, while tenants' sales were 12% ahead.

Lease Renewal Rates Pressured: Rental revenue grew around 6% in 2022, mainly driven by higher occupancy and higher luxury brand tenant sales. However, rental renewal rates fell around 6% compared with previous passing rents (2021: -19%). This largely reflects an increase of over 1 million sqm of retail GLA across Dubai since 2019. Another 0.6 million sqm is expected from 2023-2025, with an additional 1.8 sqm announced or on hold.

MAFP's weighted average unexpired lease term was a short 2.2 years at end-2022. This provides flexibility to capture rent increases, but can enable tenants to demand lower rents. MAFP's 2022 EBITDA was 16% above end-2021.

Positive Operating Environment Continues: MAF is benefiting from economic and consumer demand growth in Dubai. Following a 6% increase in GDP in UAE in 2022, Fitch forecasts GDP growth of 1.8% in 2023 and 2.7% in 2024. Consumer confidence remains high. Combined with government reforms that liberalised residency regulations, this is allowing investors to gain long-term visas more easily. The Dubai Statistics Centre reported in June that the population had grown 2.4% yoy to 3.6 million, which follows 5.7% growth between 2019 and 2022.

Residential Sales Continue: Launched in 2020, MAFP is developing Tilal Al Ghaf (TAG), a 3 million sqm multi-phased mixed-use residential project in a prime location in south Dubai. In 2022, TAG generated sales of AED4.4 billion (2021: AED5.1 billion), aided by the launch of new villas, which are in high demand in Dubai. Revenue of AED1.8 billion was recognised (2021: AED1.3 billion). TAG is a key focus of MAFP, but Fitch Ratings expects it to generate under 10% of future group EBITDA and decline as it approaches completion around 2026.

Retail Growth Through Expansion: MAFR has increased its Carrefour stores to 458 (2021: 425 and 463 by 1H23. The portfolio is split between hyper- (31%), super- (47%) and convenience stores (22%). Around a quarter of the stores are in UAE. The increase in stores drove sales growth of 4% in 2022, but like-for-like sales were flat (2021: -8.8%). EBITDA margins fell to 4.3% (2022: 5.3%), reflecting challenging markets affected by high inflation and supply chain disruptions, as well as strong competition across MAFR markets.

Ratings

MAF Global Securities Limited

Senior Unsecured Debt - Long-Term Rating	BBB
Subordinated Long-Term Rating	BB+

MAF Sukuk Ltd.

Senior Unsecured Debt - Long-Term Rating	BBB

Majid Al Futtaim Holding LLC

Long-Term IDR	BBB
Short-Term IDR	F3
Senior Unsecured Debt - Long-Term Rating	BBB

Outlooks

Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

2035 Climate Vulnerability Signal: 27

Applicable Criteria

Sector Navigators – Addendum to the Corporate Rating Criteria (November 2023)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Sukuk Rating Criteria (June 2022)

Corporates Recovery Ratings and Instrument Ratings Criteria (October 2023)

Corporate Rating Criteria (November 2023)

Related Research

EMEA Real Estate Outlook 2024 (November 2023)

EMEA Real Estate – The Adverse Effects of Rising Interest Rates: 2023 Update (October 2023)

Global Corporates Macro and Sector Forecasts

Analysts

Diego Della Maggiore
+44 20 3530 1797
diego.dellamaggiore@fitchratings.com

Samer Haydar
+971 4 424 1240
samer.haydar@fitchratings.com

In line with the industry, MAFR is focussing on furthering its omnichannel capabilities. Digital sales increased 46% in 2022 to AED1.98 billion (2021: AED1.3 billion).

Asset Redevelopments and Improvements: The development pipeline is focussed on TAG and low-risk redevelopments and enhancements to the real estate portfolio, especially MOE. We project total capex for 2023-2025 at more than AED4.6 billion, but only around a third of this is committed, which equates to around 5% of the portfolio value. MAF had been planning to build a 253,000 sqm Mall of Saudi in Riyadh, Saudi Arabia, but this has been put on hold. MAF has a history of delaying or scaling-back capex to preserve liquidity if necessary.

Increased Leverage: Gross debt increased in 2022, mainly because of AED5.8 billion of drawdowns – gross, excluding debt repayment - from the group's AED14.2 billion of committed liquidity facilities. These largely funded working-capital outflows for TAG. As a result, group net debt/MAFP rental-derived EBITDA (excluding TAG sales revenue) increased to 5.95x at end-2022 (end-2021: 5.3x). We forecast leverage to fall marginally to 5.8x at end-2023 and 5.7x by end-2024, as working capital outflows reduce as TAG progresses.

We expect recurring-income EBITDA interest coverage, which was 3.6x at end-2022 (end-2021: 4.3x), to average 2.3x over the forecast period, reflecting higher interest rates. About 78% of MAF's debt book is fixed or hedged against interest rate fluctuations.

Financial Summary

(AEDm)	2021	2022	2023F	2024F	2025F
Gross revenue	32,291	36,319	37,612	40,509	43,853
EBITDA after associates and minorities	4,028	4,213	4,370	4,866	5,584
EBITDA interest coverage (x)	10.8	8.8	3.8	4.2	5.2
EBITDA net leverage (x)	3.3	3.8	3.9	3.5	2.7

F — Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

MAF differs from most EMEA rated real estate companies owing to its conglomerate structure, which mainly includes real estate and retail operations, as well as supportive subsidiaries. MAFP generates stable, lease-generated revenue and high margin EBITDA, while MAFR produces lower-margin, defensive cashflows, which were particularly important during the pandemic when malls were temporarily closed or operational hours reduced.

MAF's closest Fitch-rated peer is Emaar Properties PJSC (BBB/Stable), a Dubai-based conglomerate with a portfolio of 37 retail assets, mainly in Dubai, as well as a large build-to-sell property business that generates around 50% of group EBITDA, depending on building phases and deliveries. Emaar also has a variety of other supportive businesses. Both companies are concentrated in Dubai, but have increasingly large international operations.

Their property portfolios include single-asset concentration: Emaar owns the Dubai Mall, which generates about 85% of recurring EBITDA and is one of the largest malls globally, while MAF's MOE generates 42% of MAFP's EBITDA. However, Emaar's homebuilding business is inherently more volatile and capital intensive than MAFR's Carrefour operations.

A key difference between MAF and other rated EMEA real estate companies is the operating environment. The UAE economy and real estate market can be far more volatile than other EMEA markets due to a high reliance on oil, trade and tourism. In addition, with around 90% of the population being expatriates, the population has been volatile in the past, although it should be more stable following recent visa reforms.

MAF maintains lower leverage than most investment-grade EMEA retail real estate peers such as UK-based Hammerson plc (BBB/Stable), which has a retail portfolio valued at GBP3.1 billion and has expected net leverage of 9.2x by end-2023, compared with 2022 recurring net debt/EBITDA of 5.6x for MAF. NEPI Rockcastle N.V. (BBB+/Stable), which owns and operates a retail portfolio valued at EUR6.4 billion across nine CEE countries, had moderate net debt/EBITDA of 6.4x at end-2022.

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Property Portfolio	Rental Income Risk Profile	Liability Profile	Access to Capital	Profitability	Financial Structure	Financial Flexibility
Arabian Centres Company	BB+/Stable	bbb	bb+	bb+	bb-	bbb-	bbb	bbb-	bbb+	bbb
Majid Al Futtaim Holding LLC	BBB/Stable	bbb+	bbb+	bbb-	bbb	bbb	a-	bbb	bbb	bbb+
NEPI Rockcastle N.V.	BBB+/Stable	bbb+	a-	bbb	bbb	bbb	bbb+	bbb-	a-	a-
Unibail-Rodamco-Westfield SE	BBB+/Stable	aa	a	a	bbb+	a	a	bbb+	bbb-	a

Source: Fitch Ratings.

Relative Importance of Factor: Higher, Moderate, Lower

Rating Sensitivities

Factors that Could, Individually Or Collectively, Lead to Positive Rating Action/Upgrade:

- Meaningful geographical diversification or reduced asset concentration within MAFP.
- MAFP's recurring income-derived EBITDA interest cover sustained above 3.0x.
- MAFP's derived Fitch-adjusted LTV below 40%.

Factors that Could, Individually Or Collectively, Lead to Negative Rating Action/Downgrade:

- Significant downturn in the markets in which MAF operates.
- Higher-than-expected capex, leading to material falls in MAFP's recurring income-derived EBITDA interest cover below 2.0x over a sustained period.
- Group net debt (excluding MAFR capitalised leases) to MAFP recurring EBITDA higher than 8.0x.

Liquidity and Debt Structure

Ample Liquidity: At end-1H23, MAF had AED1.8 billion of unrestricted cash and AED7 billion available from AED14.3 billion of committed revolving facilities. This compares with only AED58 million of amortisations due in 2023. The company's USD800 million (AED2.9 billion) unsecured notes mature in May 2024. MAF has bought back USD516.4 million (AED1.9 billion) of the notes during 2023, leaving a balance of USD283.6 million (AED1 billion). We forecast negative free cash flow of AED1 billion by end-2023, generated by working capital outflows of around AED1.2 billion for the TAG development, and expected group dividends. Available liquidity comfortably covers these cash outflows.

We expect liquidity to remain healthy during the forecast period with a liquidity score well over 2.0x, particularly as working capital outflows will reduce as TAG approaches completion. The company's policy is to maintain at least 18 months' liquidity coverage, but this was more than 2.5 years at 1H23. MAF has a diverse capital structure comprising conventional bonds, bank lending, green sukuk and hybrid capital. The company has no secured debt. In June 2022, MAF issued USD500 million of hybrid notes to replace its hybrid notes issued in 2017, which were redeemed during the year. MAF has a second hybrid issuance with a call date of September 2027.

ESG Considerations

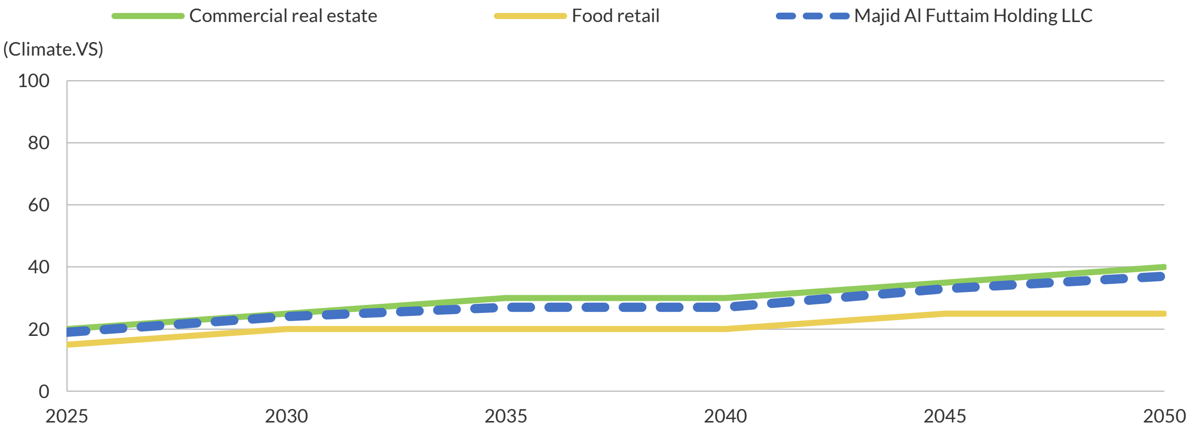
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch's *Climate Vulnerability in Corporate Ratings Criteria* report describes how we use Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). Click here for the criteria.

The FY22 revenue-weighted Climate-Vulnerability Signal (Climate.VS) for MAF for 2035 is 27 out of 100, suggesting low exposure to climate-related risks in that year. For further information on how Fitch perceives climate-related risks in Real Estate and Property – Long-Term Climate Vulnerability Scores.

Climate.VS Evolution
As of Dec. 31, 2022



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(AEDm)	2023F
Available liquidity	
Beginning cash balance	1,728
Rating case FCF after acquisitions and divestitures	-1,059
Total available liquidity (A)	**669**
Liquidity uses	
Debt maturities	-58
Total liquidity uses (B)	**-58**
Liquidity calculation	
Ending cash balance (A+B)	611
Revolver availability	7,000
Ending liquidity	**7,611**
Liquidity score (x)	132.2

F-Forecast
Source: Fitch Ratings, Fitch Solutions, Majid Al Futtaim Holding LLC

Scheduled debt maturities

(AEDm)	31 Dec 22
2023	58
2024	2,996
2025	1,895
2026	1,692
2027	3,129
Thereafter	6,268
Total	**16,038**

Source: Fitch Ratings, Fitch Solutions, Majid Al Futtaim Holding LLC

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer:

- MAF group revenue increasing by more than 3% in 2023, driven by TAG residential sales, growth in new MAFR stores and some rental growth.
- MAF group EBITDA margins averaging around 12% for the next three years. We expect MAFP's margins to be lower than historical levels owing to the higher contribution of TAG development, which has a projected EBITDA margin of around 23%. We expect MAFR's EBITDA margins to be around 4% owing to cost pressures.
- Negative free cash flow of more than AED1 billion in 2023, but breakeven in 2024 as working capital outflows fall to around AED610 million as TAG increases deliveries, releasing cash from escrow accounts.
- Dividends broadly in line with historical levels.
- Capex of around AED7.2 billion over the next three years, mainly for TAG and redevelopments of existing malls.
- Restricted cash of more than AED2.5 billion in 2023 to reflect escrow holdings for TAG development.

Financial Data

(AEDm)	2021	2022	2023F	2024F	2025F
Summary income statement					
Gross revenue	32,291	36,319	37,612	40,509	43,853
Revenue growth (%)	-0.9	12.5	3.6	7.7	8.3
EBITDA before income from associates	3,990	4,213	4,370	4,866	5,584
EBITDA margin (%)	12.4	11.6	11.6	12.0	12.7
EBITDA after associates and minorities	4,028	4,213	4,370	4,866	5,584
EBITDAR	4,706	4,904	5,085	5,636	6,418
EBITDAR margin (%)	14.6	13.5	13.5	13.9	14.6
EBIT	2,277	2,540	2,798	3,137	3,770
EBIT margin (%)	7.1	7.0	7.4	7.7	8.6
Gross interest expense	-416	-338	-1,165	-1,163	-1,082
Pretax income including associate income/loss	2,632	2,597	1,663	2,005	2,718
Summary balance sheet					
Readily available cash and equivalents	1,601	1,728	1,733	1,240	2,445
Debt	14,897	17,680	18,622	18,126	17,731
Lease-adjusted debt	20,625	23,208	24,347	24,292	24,406
Net debt	13,296	15,952	16,889	16,886	15,286
Summary cash flow statement					
EBITDA	3,990	4,213	4,370	4,866	5,584
Cash interest paid	-374	-478	-1,165	-1,163	-1,082
Cash tax	-143	-126	-112	-190	-294
Dividends received less dividends paid to minorities (inflow/outflow)	38	—	—	—	—
Other items before FFO	-361	-222	—	—	—
FFO	3,173	3,437	3,123	3,543	4,238
FFO margin (%)	9.8	9.5	8.3	8.7	9.7
Change in working capital	860	-990	-1,201	-610	604
CFO (Fitch-defined)	4,033	2,447	1,922	2,933	4,842
Total non-operating/nonrecurring cash flow	—	—	—	—	—
Capex	-2,415	-2,472	—	—	—
Capital intensity (capex/revenue) (%)	7.5	6.8	—	—	—
Common dividends	-675	-625	—	—	—
FCF	943	-650	—	—	—
FCF margin (%)	2.9	-1.8	—	—	—
Net acquisitions and divestitures	-54	-13	—	—	—
Other investing and financing cash flow items	1,244	772	—	—	—
Net debt proceeds	-4,036	254	942	-496	-395
Net equity proceeds	-195	-236	—	—	—
Total change in cash	-2,098	127	5	-494	1,205
Leverage ratios (x)					
EBITDA leverage	3.7	4.2	4.3	3.7	3.2
EBITDA net leverage	3.3	3.8	3.9	3.5	2.7
EBITDAR leverage	4.3	4.7	4.8	4.3	3.8
EBITDAR net leverage	4.0	4.4	4.4	4.1	3.4
EBITDAR net fixed-charge coverage	4.4	4.4	2.7	3.0	3.4
FFO leverage	4.2	4.6	4.4	3.9	3.4
FFO net leverage	3.8	4.1	4.0	3.6	2.9
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	-3,144	-3,110	-2,930	-2,931	-3,242
FCF after acquisitions and divestitures	889	-663	-1,009	2	1,600
FCF margin after net acquisitions (%)	2.8	-1.8	-2.7	0.0	3.6

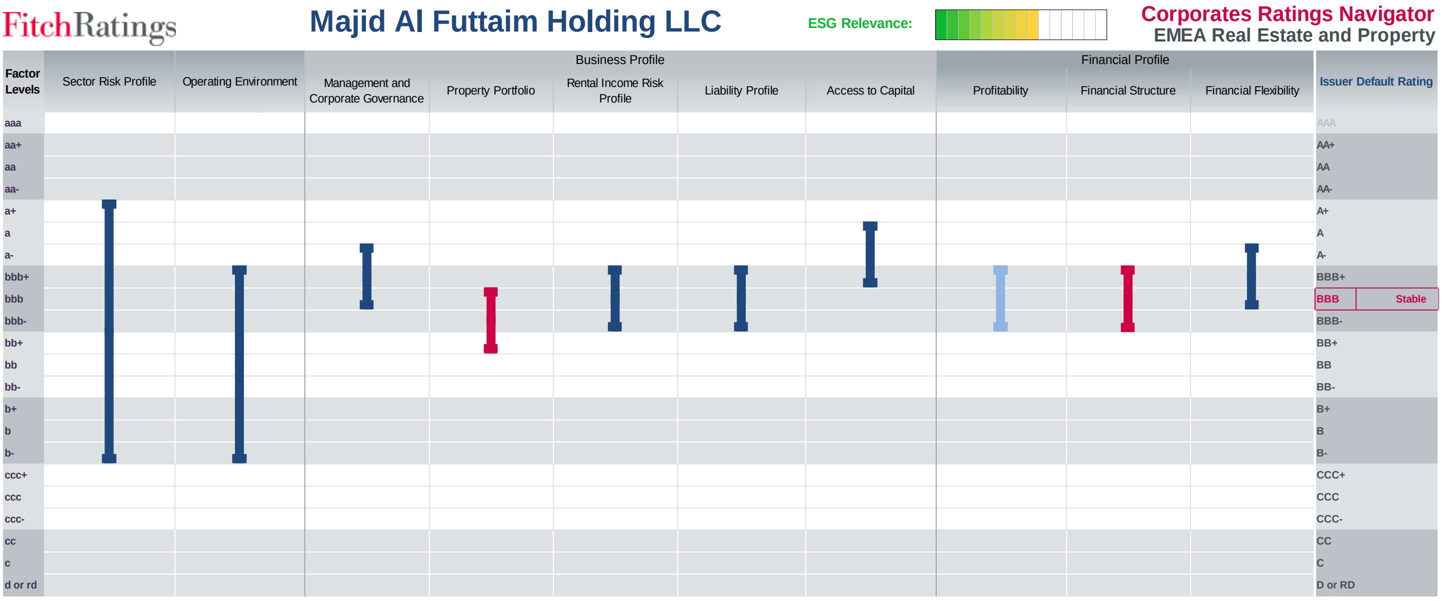
(AEDm)	2021	2022	2023F	2024F	2025F
Coverage ratios (x)					
FFO interest coverage	9.4	8.1	3.7	4.0	4.9
FFO fixed-charge coverage	3.9	3.9	2.6	2.8	3.2
EBITDAR fixed-charge coverage	4.4	4.2	2.7	2.9	3.3
EBITDA interest coverage	10.8	8.8	3.8	4.2	5.2
Additional metrics (%)					
CFO-capex/debt	10.9	-0.1	-2.6	3.5	13.1
CFO-capex/net debt	12.2	-0.2	-2.9	3.8	15.2
CFO/capex	167.0	99.0	79.9	127.7	192.4

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colors = Relative Importance		⇧	Positive
■	Higher Importance	⇩	Negative
■	Average Importance	⇳	Evolving
■	Lower Importance	□	Stable

FitchRatings

Majid Al Futtaim Holding LLC

Corporates Ratings Navigator
EMEA Real Estate and Property

Operating Environment

a-	Economic Environment	a	Strong combination of countries where economic value is created and where assets are located.
bbb+	Financial Access	a	Strong combination of issuer-specific funding characteristics and the strength of the relevant local financial market.
	Systemic Governance	bbb	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'bbb'.
b-			
ccc+			

Management and Corporate Governance

a	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
a-	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb+	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bbb-			

Property Portfolio

bbb+	Portfolio Liquidity and Ability to Leverage Assets	bbb	Average institutional appetite (buyers/sellers/lenders) in strong markets, indicating liquidity and ability to leverage assets.
bbb	Investment Granularity	b	High single asset concentration. Top 10 assets comprise more than 60% of net rental income or value.
bbb-	Geographic Strategy	bb	Portfolio thinly spread across markets; or focus on one non-prime market or small exposure to other non-prime markets.
bb+	Asset Quality	bbb	Prime and good secondary.
bb	Development Exposure	bbb	Committed development cost to complete of 10% of investment properties for average risk projects.

Rental Income Risk Profile

a-	Occupancy	bbb	Moderate occupancy volatility through cycles. Occupancy consistently above 90%. Track record of limited tenant defaults.
bbb+	Lease Duration, Renewal and NOI Volatility	b	Lease duration less than three years with difficulties in renewals, negative net rental income growth and/or higher volatility compared to industry average.
bbb	Lease Expiry Schedule	bb	Lumpy lease maturity profile.
bbb-	Tenant Concentration and Tenant Credit	bbb	Top 10 tenants comprise 15%-30% of annual base rent revenue; average tenant credit risk.
bb+			

Liability Profile

a-	Debt Maturity Profile	bb	Average debt tenor between three to five years. No year represents more than 25% of total debt.
bbb+	Fixed/Floating Interest Rate Liability Profile	a	Fixed or hedged debt above 75% of total debt. Evidence of consistent policy through the cycle.
bbb			
bbb-			
bb+			

Access to Capital

a+	Sources of Capital	bbb	Solid access to all common and preferred equity, unsecured bonds/bank debt, secured debt, and/or joint ventures.
a	Unencumbered Asset Pool	a	Leveragable unencumbered pool with no adverse selection.
a-	Absolute Scale	a	Rent-yielding property assets of at least EUR5bn.
bbb+			
bbb			

Profitability

a-	FFO Dividend Cover	a	1.4x
bbb+	Asset Class Volatility	bb	Portfolio values change less than 40% peak to trough with a track record of recovery
bbb			
bbb-			
bb+			

Financial Structure

a-	Loan-To-Value	bbb	50%
bbb+	Unencumbered Asset Cover	a	2.5x
bbb	Managing Balance Sheet Through the Cycle	bbb	Maintenance of a suitable LTV taking asset volatility into account.
bbb-	Net Debt/Recurring EBITDA	a	8.0x
bb+			

Financial Flexibility

a	Financial Discipline	bbb	Less conservative policy but generally applied consistently.
a-	Liquidity Coverage	a	1.25x
bbb+	Recurring Income EBITDA Interest Cover	a	2.5x
bbb	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging.
bbb-			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

Majid Al Futtaim Holding LLC has 9 ESG potential rating drivers

- n.a.
- n.a.
- Sustainable building practices including Green building certificate credentials
- Portfolio's exposure to climate change-related risk including flooding
- Shift in market preferences
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

Majid Al Futtaim Holding LLC

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

Majid Al Futtaim Holding LLC has 9 ESG potential rating drivers

- Majid Al Futtaim Holding LLC
- Majid Al Futtaim Holding LLC
- Majid Al Futtaim Holding LLC has exposure to unsustainable building practices risk but this has very low impact on the rating.
- Majid Al Futtaim Holding LLC has exposure to extreme weather events but this has very low impact on the rating.
- Majid Al Futtaim Holding LLC has exposure to shifting consumer preferences but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	n.a.	n.a.	5
Energy Management	3	n.a.	n.a.	4
Water & Wastewater Management	2	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Sustainable building practices including Green building certificate credentials	Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	2
Exposure to Environmental Impacts	3	Portfolio's exposure to climate change-related risk including flooding	Property Portfolio; Profitability; Financial Structure; Financial Flexibility	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Data security	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	4
Labor Relations & Practices	2	Impact of labor negotiations and employee (dis)satisfaction	Rental Income Risk Profile; Profitability; Financial Flexibility	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Shift in market preferences	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

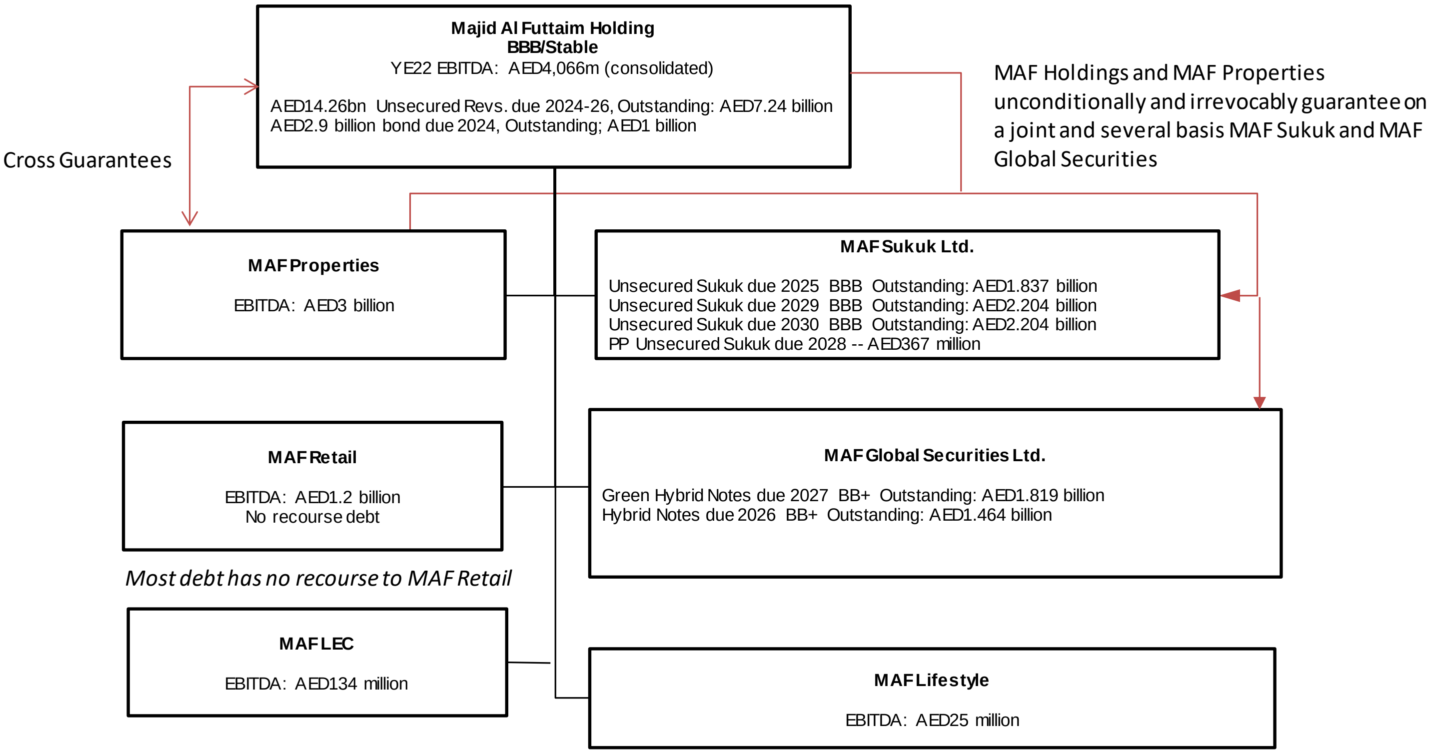
How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Majid Al Futtaim Holding LLC, as of June 2023

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDAR after associates and minorities (EURm)	EBITDA net leverage (x)	EBITDA interest coverage (x)
Majid Al Futtaim Holding LLC	BBB					
	BBB	2022	9,272	1,252	3.8	8.8
	BBB	2021	7,774	1,142	3.3	10.8
	BBB	2020	7,291	1,031	3.7	11.8
Unibail-Rodamco-Westfield SE	BBB+					
	BBB+	2022	2,231	1,851	12.0	2.7
	BBB+	2021	1,795	1,344	18.0	2.0
	BBB+	2020	1,898	1,290	19.9	2.0
NEPI Rockcastle N.V.	BBB+					
	BBB+	2022	422	373	6.4	7.5
	BBB	2021	369	322	5.7	5.7
	BBB	2020	380	302	6.1	6.0
Arabian Centres Company	BB+					
	BB+	2022	422	336	6.3	—
	BB+	2022	489	346	6.7	3.6
	BB+	2021	422	309	6.6	3.3

Source: Fitch Ratings, Fitch Solutions.

Fitch Adjusted Financials

(AED millions as of 31 Dec 2022)	Notes and formulas	Standardised values	Fair value and other debt adjustments	Other adjustments	Adjusted values
Income statement summary					
Revenue		36,319	—	—	36,319
EBITDA	(a)	4,904	—	-691	4,213
Depreciation and amortization		-2,154	—	481	-1,673
EBIT		2,750	—	-210	2,540
Balance sheet summary					
Debt	(b)	17,431	249	—	17,680
Of which other off-balance-sheet debt		—	—	—	—
Lease-equivalent debt		—	—	5,528	5,528
Lease-adjusted debt		17,431	249	5,528	23,208
Readily available cash and equivalents	(c)	1,728	—	—	1,728
Not readily available cash and equivalents		2,572	—	—	2,572
Cash flow summary					
EBITDA	(a)	4,904	—	-691	4,213
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—
Interest paid	(e)	-688	—	210	-478
Interest received	(f)	50	—	—	50
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-126	—	—	-126
Other items before FFO		-12	—	-210	-222
FFO	(h)	4,128	—	-691	3,437
Change in working capital		-990	—	—	-990
CFO	(i)	3,138	—	-691	2,447
Non-operating/nonrecurring cash flow		—	—	—	—
Capex	(j)	-2,472	—	—	-2,472
Common dividends paid		-625	—	—	-625
FCF		41	—	-691	-650
Gross leverage (x)					
EBITDA leverage	b / (a+d)	3.6	—	—	4.2
(CFO-capex)/debt (%)	(i+j) / b	3.8	—	—	-0.1
Net leverage (x)					
EBITDA net leverage	(b-c) / (a+d)	3.3	—	—	3.8
(CFO-capex)/net debt (%)	(i+j) / (b-c)	4.2	—	—	-0.2
Coverage (x)					
EBITDA interest coverage	(a+d) / (-e)	7.1	—	—	8.8

CFO - Cash flow from operations
Notes: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly. Debt includes other off-balance-sheet debt.

Source: Fitch Ratings, Fitch Solutions, Majid Al Futtaim Holding LLC

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.