ماجد الفطيم
MAJID AL FUTTAIM

GREAT MOMENTS
FOR EVERYONE,
EVERYDAY

MAJID AL FUTTAIM PROPERTIES LLC AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Contents

MAJID AL FUTTAIM PROPERTIES 2021 FULL YEAR REPORT

Majid Al Futtaim Properties is a leading shopping mall, hospitality and communities developer and operator in the Middle East since 1994.

Majid Al Futtaim Properties LLC is incorporated in the Emirate of Dubai, United Arab Emirates in 1994 and is a subsidiary of Majid Al Futtaim Holding LLC. The Group has the following business units and segments: Shopping Malls ('SMBU'), Shopping Malls Development ('SMDBU'), Hospitality ('HBU'), Communities ('CBU'), Project Management Centre of Excellence ('PMCOE') and Corporate.

SHOPPING MALLS 'SMBU' / 'SMDBU'	HOSPITALITY 'HBU'	COMMUNITIES 'CBU'	PROJECT MANAGEMENT 'PMCOE"
❖ Owns, develops and operates **29** destination shopping malls across 5 countries: UAE, Oman, Lebanon, Egypt, Bahrain ❖ Total shopping malls GLA of over **1.8 million m²**	❖ Owns **13** hotels in the UAE and Bahrain that are operated by International Hotel Brands ❖ Offers over **3,600** rooms and suites	❖ Develops and operates **5** mixed-used projects in the UAE, Oman and Lebanon ❖ Combined land area of **~11.8M m²**	❖ Supports the delivery of Group's project developments

Key financial highlights:

REVENUE	EBITDA*	NET PROFIT/(LOSS)	CASH FLOW FROM OPERATING ACTIVITIES
AED **4,406** MILLION	AED **2,603** MILLION	AED **2,848** MILLION	AED **2,591** MILLION
2020: AED 3,489m	2020: AED 2,342m	2020: AED (2,839)m	2020: AED 1,838m
2019: AED 4,613m	2019: AED 2,974m	2019: AED (2,225)m	2019: AED 3,408m

** EBITDA is a non-GAAP measure. For further information about this measure, refer to note 10 to the consolidated financial statements.*

2021 key financial highlights:

- MAFP showed continued resilience amidst the pandemic. Revenue and EBITDA increased by 26% and 11% vs 2020, respectively, as shopping malls footfall recovered, communities business ended the year with a strong sales performance, hospitality and leisure & entertainment (L&E) reopened and movement restrictions eased during the year compared to prior year.
- MAFP had a strong net profit performance at AED 2.8 billion, up by AED +5.7 billion vs 2020 and property valuations ended at a net positive (AED 1.0 billion) mainly driven by positive outlook in the shopping malls occupancy, long term lease renewals and improving retail market in Egypt. For hotels, we witnessed gradual improvement in performance during the year with additional upside in the last quarter due to launch of the Expo 2020 Dubai.
- Cash flows from operating activities increased to AED 2.6 billion reflecting the management focus on cash conversion and receivable collection. Cash flow from operating activities to EBITDA ratio bounced back at 100% during the year (2020: 78%).

Directors' report

The Directors' report and the audited consolidated financial statements of Majid Al Futtaim Properties LLC ('MAFP' or 'the Company') and its subsidiaries (collectively referred to as 'the Group') are presented for the year ended 31 December 2021. The consolidated financial statements were prepared by management. 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 these consolidated financial statements on 21 February 2022.

Commemoration of the Founder
The year ended with great sadness for the Group with the passing of its founder, Mr. Majid Al Futtaim. Mr. Majid was a visionary entrepreneur who transformed retailing in the UAE and across the region. His extraordinary foresight and clarity of purpose not only set our Company on the path to success, but greatly contributed towards the UAE's global reputation for innovation and excellence. Mr. Majid believed wholeheartedly in robust private-sector institutions and the role they should play in driving sustainable economic growth and human development. He believed that if a company did not add value to its environment, if it did not deliver sustained positive impact to people's lives, it had no reason to exist. He set out to create an enterprise that would serve as a beacon for the private sector and actively demonstrate how meaningful and enduring contributions to economies create a better future for generations to come. His diligent and unwavering commitment to building a professionally led and independently governed institution has ensured the Group operates as a world-class organization driven by the best regional and international talent.

In doing so, Mr. Majid's vision has become globally synonymous with retailing innovation and expertise across the Group's industries, a magnet for global talent in the Middle East and a champion for public/private sector collaboration across its markets. The 43,000 people representing the MAF Group today are his mindset brought to life and are as much a part of his vision as contributors to his legacy.

Economic Background
Developed countries are now seeing significant improvement in economic recovery from the deep recession in 2020 and global trade volumes and demand have bounced back as economies reopened. Robustness of coronavirus vaccine rollout is paramount to the acceleration of the economic recovery, including immediate response to emerging COVID variants. The UAE, among other nations, is leading the global inoculation with more than 90% fully vaccinated residents as at end of December 2021. The effective health measures and vaccination programme by the UAE government sustained the lifting of government-mandated restrictions and reopening of tourism to major markets. The Expo 2020 Dubai attracted over 8 million visitors from opening in October to December 2021 fuelling the tourism and hospitality industry. These positively impacted the Group's overall business operations (*refer to '2021 Key Financial and Operation Highlights'*).

The outlook for the GCC economy remains positive as the real GDP growth and global oil price trends upwards. The UAE GDP growth rate is forecasted at an average of 4.2% in the next 3 years as the robust inoculation will continue to allow restrictions on movement to ease and boost consumer confidence. KSA, Oman and Bahrain GDP growth rates are also expected to accelerate in 2022 at 4.5%, 3.5% and 3.2%, respectively, due to rebound in oil exportation output. In Egypt, the real GDP growth is forecast at an average of 5.4% as tourism revives and demand returns to pre-pandemic levels. However, Lebanon will continue to face financial difficulties and the economic recovery is expected to be slow due to damage on consumer confidence and slow rollout of vaccination due to the ongoing political instability.

2021 Key Financial and Operational Highlights
MAFP Group YE 2021 results saw an overall improvement, with revenue up by AED +917 million vs 2020, EBITDA up by AED +261 million vs 2020 mainly from SMBU: AED +132 million, HBU: AED +100 million, CBU: AED +49 million, and net valuation gain on the Group's property portfolio of AED 1.0 billion resulting in net profit of AED 2.8 billion during the year, the first time since 2017. The Group's trade receivables have reduced by AED -80 million vs 2020 and cash flow from operations returned to a healthy level at AED 2.6 billion due to management focus on improving cash conversion and strong financial performance from operations. The government mandated mall closures have reduced during the year, with no significant asset closures in UAE and Egypt. The following summarizes the key events and achievements of the Group during the year:

Launched Two (2) Super-Regional Shopping Malls and Trading Recovery
MAFP welcomed visitors after successful opening of City Centre Al Zahia (~136.2K sqm) in March 2021 and Mall of Oman ('MoO') (~140K sqm) in September 2021 amidst the pandemic, with current trading position at 61% and 55% GLA, respectively. MoO occupancy is expected to ramp-up next year, with snow park opening in 2023. Overall, the Group's Shopping Malls business witnessed rebound in retail sales (excl. Carrefour sales) at +40% vs 2020 (+4% vs 2019) and footfall at +24% vs 2020 (-13% vs 2019), inclusive of the newly opened shopping malls during the year. Egypt malls continued to show strong sales growth leading to positive valuation for YE 2021.

Strong Sales Performance in Communities Business
The new villa launches in Tilal Al Ghaf (TAG) were all well received by the market and the Group sold property units during the year with gross sales value (GSV) of AED 5.1 billion (1,514 units). TAG recognized revenue for the first time during the year amounting AED 504 million (net of AED 10 million transfer fees) relating to Elan and Harmony 1 projects for which construction has started significantly. The Group's joint ventures, Al Mouj and Sharjah Holding, property sales have also picked up with total GSV of AED 683 million (152 units) (2020: AED 575 million, 260 units) and AED 507 million (238 units) (2020: AED 238 million, 167 units), respectively. Al Mouj and Sharjah Holding recognized revenue during the year amounting to AED 443 million (2020: AED 258 million) and AED 498 million (2020: AED 440 million), respectively. Expected handover for these properties will commence from 2022 and onwards.

Steady Recovery of Hotels Business
Hotels business remained challenging in the first half of the year due to suspension of travel from key source markets. The relaxation of global lockdowns and lifting of travel restrictions in the second half of the year and launch of the Expo 2020 Dubai significantly increased the Group's hotels business performance and property valuation due to positive outlook in the market resulting in RevPar of AED 266 (+103% vs 2020) and occupancy rate of 64% (+101% vs 2020).

Ground Breaking of the Mall of Saudi Project
In November 2021, the Group started the ground works of the Mall of Saudi project, which is located in the heart of North Riyadh.

Revenue
- The Group's revenue of AED 4,406 million was up by AED 917 million (+26% vs 2020) mainly driven by increase in revenue from TAG property sales (AED +504 million), hospitality revenue (AED +217 million) and rental income (AED +125 million).

Operating Expense (OPEX)
- Management continued its focus on doubling down on operational efficiency, including shift of certain functions to MAF Global Solutions (GS), a subsidiary of MAF Holding. Information technology, procurement, government relation, and part of human capital and finance and & accounting functions of the Group have been successfully transitioned to GS during the year.
- The Group's OPEX of AED 2,126 million increased by AED 582m (+38% vs 2020) driven by TAG cost of revenue from property sales (AED +374 million) and resumption of full business activities due to reduced government mandated asset closures and increase in cost associated with the newly opened shopping malls, which is net of AED 66 million decrease due to lower depreciation as a result of CAPEX mitigation.

Valuation Gain and Net Profit
- The Group's property portfolio recorded a net valuation gain of AED 1.0 billion contributing to the net profit position of AED 2.8 billion. Net profit also includes AED 91 million share of profit from equity accounted investees, mainly from Enova (AED 36 million), which was transferred to MAFP during the year, Sharjah Holding (AED 29 million) and Al Mouj (AED 25 million).

EBITDA
- The Group ended the year with a strong EBITDA performance of AED 2,603 million, up by AED 261 million (11% vs 2020) driven by improvement in revenue.

Cash flows and Coupon payment
- The Group's operating cash flows increased by AED +753 million at AED 2.6 billion reflecting the management focus on improving cash conversion and restricted cash collections from TAG property sales.

- During the year, the Company declared a coupon of AED 175 million (2020: AED 175 million) to MAFH in relation to the subordinated capital loan instrument, carrying a coupon rate of 6.375% (2020: 6.375%) per annum.

Risk Management

To enhance the Group's ability to navigate through the uncertain economic environment affected by the COVID-19 crisis, management has continued to enhance and operationalize the risk management framework with a focus on risk integration into key processes such as Strategic Planning, Budgeting and Financial Planning, Investment Appraisals and Management Reporting. With the adoption of risk indicator monitoring, scenario-based risk mitigation strategies and the evolvement of risk maturity across the group, management is increasingly relying on risk data in their decision-making process.

With this evolved approach, management are using scenario-based risk outlooks to manage and navigate through key principal uncertainties such as COVID-19 Recovery, Competition, Consumer trends as well as business growth opportunities; the assumptions for which are being updated on a bi-annual basis. To get further clarity on MAFP's risk maturity, a detailed risk maturity self-assessment toolkit was developed and rolled out across MAFP business units which provided insight into key priorities needed to achieve a coordinated/systematic level of ERM maturity across the Group. The assessment focused on ERM Framework Design, Skills and Resources, Tools and Systems, Culture and Governance and Risk Integration.

The full impact of COVID-19 remains uncertain with variants continuing to evolve and spread posing a risk on economic recovery, business continuity and human health. The extent of the impact will be determined by factors that continue to evolve, including: the availability of booster vaccines and the need for revaccination to combat new variants, the threat of returned lockdowns and government strategies to handle increasing cases; and travel restrictions / requirements that may be imposed in various countries of operation. The Group continues to view COVID-19 Recovery and its associated risks from a scenario based lens taking into account base case scenarios as well as various alternative scenarios, all of which have been factored into the financial planning and budgeting process for 2022.

Viability assessment

Annually, we review the longer-term viability of the business, including stress testing the outlook against principal risks. This analysis provides reasonable assurance of the resilience of our operations and our ability to meet liabilities as they fall due based on our severe but plausible risk scenarios for the next 3 years. This has been demonstrated by the Group's flexibility and agility in responding to the extreme circumstances caused by COVID-19. Post COVID, financial impacts have been continually monitored and mitigated through rigorous management of costs and liquidity, prudent CAPEX and development properties disbursements, operational excellence as well as continued support to our retail partners to revitalize our business ecosystem.

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

Sustainability

Majid Al Futtaim's investments in sustainable experiences and initiatives continued to grow in 2021. The Group's sustainability strategy, *Dare Today, Change Tomorrow*, brings together all Majid Al Futtaim's businesses under one overarching sustainability vision.

- **Strategy:** For the eighth consecutive year, Majid Al Futtaim, has attained the 'Green Star' status from the Global Real Estate Sustainability Benchmark, for implementing outstanding sustainability practices across its businesses and achieved scores of 85 and 88 for standing investment and development portfolios, respectively. We also maintained our ESG low risk rating (rated by Sustainalytics). As of date, we secured a total of US$2.7 billion through Sustainable Finance (Sustainability Linked Loan Facility and Green Sukuk).
- **Rethinking Resources:** In 2021, we signed a Power Purchase Agreement to extend the solar share to around 20% of our power consumption in the shopping malls which contributes to our Net Positive Carbon goals. In addition we have started an HVAC optimization which aims to increase our energy efficiency and started with City Center Bahrain and the same will be rolled out to our UAE malls in 2022.
- **Awards and Recognition:** All of the Group's 13 hotels have achieved the LEED Platinum certification, first hotel portfolio in the world to achieve such recognition, and received multiple sustainability-related awards during the year. The recently opened Mall of Oman has also achieved LEED Platinum certification. Tilal Al Ghaf Sales and Experience Centre has achieved BREEAM Excellent as well as Zero Energy Certification by The International Living Future Institute for producing all the energy it requires to operate independent from the grid, the first in the region to achieve such certification.
- **Empowering our people:** A Diversity & Inclusion (D&I) Policy and survey was launched to collect the perceptions and experiences of MAFers. Frontliner sustainability training and sustainability e-learning have been rolled out to drive awareness. In line with our Human Rights and Employment Conditions Policy, we have conducted internal trainings on the implementation of the HSE and Accommodation Audits required for select suppliers/contractors.
- **Transforming Lives:** Engaged with suppliers to assess their performance against minimum sustainability requirements set out in the Group's Sustainable Procurement Policy and conducted trainings to support suppliers improve their performance. Our development projects: Mall of Oman, Madinat Al Irfan, Mall of Saudi, Tilal Al Ghaf and Al Zahia have identified opportunities for additional infrastructure investments to support the local economy.

Business Strategy

The Group's strategic priorities remains focused on the following:

- Revamp and reinvent the Group's Shopping Malls physically, digitally and commercially.
- Scale-up Communities business into a new flagship business for the Group financially, experientially and reputationally.
- Operationalize the new MAFP Operating Model to enable our growth ambitions under a capital smart and intellectual property (IP)-heavy model.
- Establish Saudi Arabia as a home market.

2022 Business Events

- The Group continues to make progress with its development and redevelopment projects including Tilal Al Ghaf, Mall of Saudi, and Mall of Emirates expansion of its current successful lifestyle/F&B offering, and hotels renovation.
- The Group plans to undertake renovations of three key hotels including the flagship Sheraton Mall of Emirates.
- Majid Al Futtaim Group in conjunction with the UAE authorities will continue to work toward its commitment of recruiting 3,000 Emiratis across its operations over the next five years.
- The UAE will introduce a Federal Corporate Tax on business profits effective for financial years starting on or after 1 June 2023. This will be applicable to the Group from 1 January 2024. The law is expected to be released by mid of 2022 and, subsequent to this, a detailed assessment for its implications to the Group's businesses will be performed.

Board of Directors

Philip Bowman (Chairman)
John Rishton
Abdullah Al Ghurair
Terry Duddy
John Sullivan
Ahmed Ismail

Auditors

A resolution proposing the reappointment of the auditors of Majid Al Futtaim Properties LLC shall be proposed at the forthcoming general meeting.

On behalf of the Board of Directors

Company Secretary

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Independent Auditors' 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 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021 the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory 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 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

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.

Valuation of property, plant and equipment and investment property

See Notes 7, 16, 17 and 18 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group's accounting policy is to state its properties (primarily comprising of shopping malls, hotels, offices and land) at fair value at each reporting date. The valuation of the property portfolio is a significant area of judgement and is underpinned by a number of assumptions. The existence of significant estimation uncertainty and lack of comparable transactions, heightened by the ongoing COVID-19 pandemic warrants specific audit focus on this area. The Group engaged professionally qualified external valuers to fair value its property portfolio performing their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation - Professional Standards.	— We assessed the competence, independence and integrity of the external valuers and whether the valuation approach was suitable for use in determining the fair value of the properties in the consolidated statement of financial position. — We reviewed the terms of engagement of the external valuers with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed limitations upon their scope of work. — We carried out procedures on selected properties of the portfolio to test on a sample basis whether property-specific current information supplied to the external valuers by management reflects the underlying property records held by the Group which have been tested during our audit.

Valuation of property, plant and equipment and investment property (continued)

See Notes 7, 16, 17 and 18 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Key inputs in the valuation process included discount rates, yield rates, average daily rates, contracted estimated rental values, forecasted operating expenses and cost to complete estimates, which are influenced by prevailing market forces and the specific characteristics, such as property location, income return, growth rate, occupancy rate and development progress, of each property in the portfolio. The property portfolio (excluding land bank and properties under development where the external valuers stated that fair value is not reliably determinable) was valued using discounted cash-flows method. The valuation of land is based on sales comparison method. The key driver of the property valuations in relation to the shopping malls is the contracted terms of the leases in place at the valuation date. These determine the majority of the secured cash flow profile of the property for the contracted lease term and therefore form the base of the valuation. The shopping mall valuation assumes adjustments from the existing contracted rental values in place at the valuation date to the estimated market rent at the time of the next rent review and as existing lease contracts expire and are expected to be replaced by new leases. These estimates can be several years into the future.	— We met with the external valuers of the property portfolio to discuss the results of their work. — We involved our real estate valuation specialists to assess the valuation methodology and determine whether significant assumptions including market comparability for land, discount rates, compounded annual growth rate, EBITDA margin, yield rates for certain shopping malls and hotels are within an acceptable range. — We discussed and challenged the valuation process, overall performance of the portfolio, significant areas of judgement and key assumptions. — 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 otherwise deemed unusual, and/or valuations appeared to experience unexpected movements, we undertook further inquiries and, where necessary, held further discussions with the external valuers in order to challenge the assumptions.

Valuation of property, plant and equipment and investment property (continued)	
See Notes 7, 16, 17 and 18 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The key driver of the property valuations in relation to hotels is the estimated EBITDA (Earnings before interest. tax, depreciation and amortisation) that a market participant would expect to generate from the hotel operations. 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.	— Based on the outcome of our evaluation, we assessed the adequacy of disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2021 Full Year report, and the Directors' report.

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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) 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.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

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

From the matters communicated with those charged with governance, 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 auditors' 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. (2) of 2015 (as amended) we report that for the year ended 31 December 2021:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);

iii) the Group has maintained proper books of account;

iv) the financial information included in the 2021 Full Year report and Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 37 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2021;

vi) note 31 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2021; and

Report on Other Legal and Regulatory Requirements (continued)

viii) note 12 (c) to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2021.

KPMG Lower Gulf Limited

Richard Ackland
Registration number.: 1015
Dubai, United Arab Emirates

Date: 21 FEB 2022

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

(AED in millions)

	Note	2021	2020
Revenue	11	4,406	3,489
Operating expenses	12	(2,126)	(1,544)
Finance costs	13	(376)	(348)
Share of results of equity accounted investees - net of tax	9.1.1	91	18
Impairment loss on non-financial assets	14	(124)	(1,273)
Impairment loss on financial assets	14	(34)	(100)
Finance income		6	6
Other income - net	15	54	144
Profit before net valuation gain/(loss) on land and buildings and tax		**1,897**	**392**
Net valuation gain/(loss) on land and buildings	16	1,039	(3,211)
Profit/(loss) before tax		**2,936**	**(2,819)**
Income tax expense	21.1	(88)	(20)
Net profit/(loss) after tax		**2,848**	**(2,839)**
Net profit/(loss) after tax attributable to:			
Owners of the Company		2,848	(2,836)
Non-controlling interests	8.2	-	(3)
		2,848	**(2,839)**

Comprehensive income:

Net profit/(loss) after tax		**2,848**	(2,839)
Other comprehensive income ('OCI')			
Items that will not be reclassified to profit or loss:			
Gain/(loss) on revaluation of property, plant and equipment	17.2a	168	(400)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences*	29.4	(166)	(713)
Other comprehensive income for the year, net of tax		**2**	(1,113)
Total comprehensive income for the year		**2,850**	(3,952)
Total comprehensive income attributable to:			
Owners of the Company		2,851	(3,932)
Non-controlling interests		(1)	(20)
		2,850	(3,952)

** Significant fluctuation in the 'foreign operations - foreign currency translation differences' mainly reflects the currency devaluation in Lebanon (note 29.4.1).*

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 6 to 13.

Consolidated statement of financial position as at 31 December

(AED in millions)

	Note	2021	2020
Non-current assets			
Property, plant and equipment	17.2	3,792	3,626
Investment property	18.2	37,263	35,785
Investments in equity accounted investees	9.1.1	847	789
Long term receivables	20.2	808	491
Intangible assets	19	106	9
Deferred tax assets	21.4	91	51
Right-of-use assets	32.2.1	22	31
Total non-current assets		**42,929**	40,782
Current assets			
Inventories	22	624	31
Trade and other receivables	20.1	1,007	967
Due from related parties	31.2	119	122
Short term loan to related parties	31.2	43	61
Restricted cash	23.1	1,341	-
Cash and cash equivalents	23	336	209
Total current assets		**3,470**	1,390
Total assets		**46,399**	42,172
Non-current liabilities			
Term loan from a related party	31.2.1	3,854	4,029
Loans and borrowings	26	7,135	7,142
Other liabilities	27	231	152
Retirement benefit obligation	28	112	112
Deferred tax liabilities	21.3	351	224
Provisions	25	15	3
Total non-current liabilities		**11,698**	11,662
Current liabilities			
Trade and other payables	24	4,168	2,928
Provisions	25	151	27
Loans and borrowings	26	55	41
Short term loan from a related party	31.2	57	117
Due to related parties	31.2	388	50
Total current liabilities		**4,819**	3,163
Total liabilities		**16,517**	14,825
Equity			
Share capital	29.1	3,500	3,500
Shareholder contribution	29.2	2,938	2,938
Revaluation reserve		13,960	13,792
Retained earnings		9,842	7,301
Other reserves		(741)	(576)
Equity attributable to owners of the Company		**29,499**	26,955
Non-controlling interests	8.2	383	392
Total equity		**29,882**	27,347
Total equity and liabilities		**46,399**	42,172

The consolidated financial statements were approved by the Board of Directors and signed on their behalf on 21 February 2022.

Ahmed Galal Ismail

Chief Executive Officer

Chief Financial Officer

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The notes on pages 19 to 64 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 6 to 13.

Consolidated statement of cash flows for the year ended 31 December 2021

(AED in millions)

	Note	2021	2020
Cash flows from operating activities:			
Net profit/(loss) for the year		**2,848**	(2,839)
Adjustments for:			
Finance income		(6)	(6)
Share of results of equity accounted investees - net of tax	9.1.1	(91)	(18)
Net valuation loss on land and buildings	16	(1,039)	3,211
Finance costs	13	376	348
Depreciation	12	353	419
Impairment loss on non-financial assets	14	124	1,273
Income tax expense	21.1	88	20
Impairment loss on financial assets	14	34	100
Amortization	19	12	13
(Reversal of)/project costs written off - net	15	5	(6)
Retirement benefit obligations - net		(1)	(3)
Reversal of bonus and long-term incentive plan	25.1	-	(56)
Other income	15(a)	(54)	-
Accrued income on operating leases		43	(259)
Operating profit before working capital changes		**2,692**	2,197
Changes in:			
Inventories		(26)	(24)
Trade and other receivables		(258)	(284)
Restricted cash	23.1	(1,058)	-
Trade and other payables		1,191	(147)
Provisions		99	(56)
Due from/to related parties		(43)	167
Cash from operating activities		**2,597**	1,853
Income taxes paid		(6)	(15)
Net cash from operating activities		**2,591**	1,838
Cash flows from investing activities:			
Additions to property, plant and equipment		(125)	(212)
Additions to investment property		(1,118)	(1,108)
Additions to intangible assets		(20)	-
Proceeds from divestment in a subsidiary	15(a)	54	-
Dividends from equity accounted investees	9.1.2(b)	10	97
Interest received		6	5
Additions to investments in equity accounted investees		-	(13)
Net cash used in investing activities		**(1,193)**	(1,231)
Cash flows from financing activities:			
Proceeds from loans and borrowings and term loan from a related party	26.1, 26.2, 31.2.1	1,763	2,277
Repayment of loans and borrowings and term loan from a related party	26.1, 31.2.1	(2,678)	(2,662)
Payment of lease liabilities		(23)	(41)
Payment of finance costs		(308)	(283)
Additional contribution by a minority shareholder	8.2a	7	6
Dividend payments to non-controlling interests		(18)	-
Net cash used in financing activities		**(1,257)**	(703)
Net increase/(decrease) in cash and cash equivalents		**141**	(96)
Cash and cash equivalents at beginning of the year	23	209	335
Effect of movements in exchange rates on cash held		(14)	(30)
Cash and cash equivalents at end of the year	**23**	**336**	209

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 6 to 13.

Consolidated statement of changes in equity for the year ended 31 December 2021

(AED in millions)

	Attributable to the Owners of the Company								
					Other reserves				
	Share capital	Shareholder contribution	Revaluation reserve	Retained earnings	Statutory reserve	Currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	**3,500**	**2,938**	**13,792**	**7,301**	**1,750**	**(2,326)**	**26,955**	**392**	**27,347**
Comprehensive income for the year:									
Net profit for the year	-	-	-	2,848	-	-	2,848	-	2,848
Other comprehensive income for the year:									
Items that will not be reclassified to profit or loss:									
- Net revaluation gain on property, plant and equipment (note 17.2(a))	-	-	168	-	-	-	168	-	168
Items that are or may be reclassified subsequently to profit or loss:									
- Foreign operations - foreign currency translation differences (note 29.4)	-	-	-	-	-	(165)	(165)	(1)	(166)
Total comprehensive income for the year	**-**	**-**	**168**	**2,848**	**-**	**(165)**	**2,851**	**(1)**	**2,850**
Transactions with owners of the Company:									
Coupon declared (note 29.2a)	-	-	-	(175)	-	-	(175)	-	(175)
Dividends declared [a]	-	-	-	-	-	-	-	(18)	(18)
Beneficial ownership transfer of a related party under common control transaction (note 35)	-	-	-	(129)	-	-	(129)	-	(129)
Additional shareholder contribution (note 8.2)	-	-	-	-	-	-	-	7	7
Reclassification	-	-	-	(3)	-	-	(3)	3	-
Total transactions with owners of the Company	**-**	**-**	**-**	**(307)**	**-**	**-**	**(307)**	**(8)**	**(315)**
Balance at 31 December 2021	**3,500**	**2,938**	**13,960**	**9,842**	**1,750**	**(2,491)**	**29,499**	**383**	**29,882**

a. During the year, a subsidiary of the Company declared and paid dividends to the non-controlling interest amounting to AED 18 million (31 December 2020: nil) from retained earnings available for distribution.

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 6 to 13.

Consolidated statement of changes in equity for the year ended 31 December 2020

(AED in millions)

	Attributable to the owners of the Company								
					Other reserves				
	Share capital	Shareholder contribution	Revaluation reserve	Retained earnings	Statutory reserve	Currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	3,500	2,938	14,192	10,312	1,750	(1,630)	31,062	406	31,468
Comprehensive income for the year:									
Net loss for the year	-	-	-	(2,836)	-	-	(2,836)	(3)	(2,839)
Other comprehensive income for the year:									
Items that will not be reclassified to profit or loss:									
- Loss on revaluation of property, plant and equipment (note 17.2(a))	-	-	(400)	-	-	-	(400)	-	(400)
Items that are or may be reclassified subsequently to profit or loss:									
- Foreign operations - foreign currency translation differences (note 29.4)	-	-	-	-	-	(696)	(696)	(17)	(713)
Total comprehensive income for the year	-	-	(400)	(2,836)	-	(696)	(3,932)	(20)	(3,952)
Transactions with owners of the Company:									
Coupon declared (note 29.2a)	-	-	-	(175)	-	-	(175)	-	(175)
Additional shareholder contribution (note 8.2a)	-	-	-	-	-	-	-	6	6
Total transactions with owners of the Company	-	-	-	(175)	-	-	(175)	6	(169)
Balance at 31 December 2020	3,500	2,938	13,792	7,301	1,750	(2,326)	26,955	392	27,347

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 6 to 13.

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 issuance during the year (note 26.2 (b)).

Effective 1st January 2021, the Group acquired 51% ownership in Enova Facilities Management Services LLC, which was transferred from Majid Al Futtaim Ventures LLC (note 14), and Tilal Al Ghaf Phase A LLC ('TAG') has been transferred to the Group (through MAF Emirati Communities Operations LLC) under a beneficial ownership arrangement with Tilal Al Ghaf Development LLC (note 35).

2. Basis of accounting

These consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') and the applicable provisions of the UAE Company Law No. (2) of 2015 (as amended). They are presented in United Arab Emirates Dirhams ('AED') (rounded to the nearest million unless otherwise stated), which is the functional currency of the Company.

Effective 2 January 2022, the UAE Federal Law by Decree No. (32) of 2021 has been implemented repealing the UAE Federal Law No. (2) of 2015 (as amended). The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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 21 February 2022.

3. COVID-19 Impact

In 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. COVID-19 was an unprecedented, fast moving crisis which continues to have a far reaching global impact and it is likely to lead to long-term or permanent change in behaviors which will impact the business and society more broadly.

The progress in producing and administering vaccines through the first half of 2021 has raised prospects that social distancing rules could be relaxed or removed, which could improve economic activity. In the second half of 2021, slowdown of infection cases has been seen while the late emergence of the Omicron variant of COVID-19 has led both private and public stakeholders to reconsider its preventive measures currently in place. However, the economic situation remains highly fluid globally and will be determined by factors that continue to evolve, such as availability of vaccines, resurgence of variants, success of support measures introduced by governments, the ability of businesses to manage their operations during these times and the effectiveness of public policies intended to contain the spread.

Due to the adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries have progressed towards easing the lockdown restrictions since the second half of 2020.

The Group's businesses in shopping malls, property sales, hospitality, and leisure and entertainment have been impacted by the measures taken by governments and authorities to contain the spread of the COVID-19. During the year, shopping malls in Bahrain and Oman were temporarily closed for various periods mainly between May 2021 and June 2021 while a shopping mall in Lebanon was temporarily closed from January 2021 to February 2021. In addition, shopping malls across all geographies were mandated to operate at reduced capacity / reduced hours for various periods. Hotels in UAE and Bahrain operated at reduced capacity for various lengths during the period and a hotel in Bahrain was temporarily closed during the summer months. In prior period, the Group's shopping malls across all geographies where the Group operates were closed for various periods mainly between March 2020 and June 2020. Further, hotel operations in UAE and Bahrain were temporarily suspended for longer periods.

Despite the macroeconomic challenges, as lockdown and travel restrictions started to ease gradually, the Group is witnessing increased footfall in its shopping malls, improved occupancy in hotels and increase in admissions to its leisure and entertainment businesses resulting in increase in revenue and net valuation gain as compared to prior period results, which was during the onset of the pandemic. Even after certain restrictions have been lifted and reduced, the willingness of customers to visit public places is likely to be reduced and Group's tenants' businesses are likely to be adversely affected by the uncertainties concerning the length and depth of the health-related economic impact and the effectiveness of inoculation at a global scale. Further, demand could remain subdued due to heightened sensitivity to risks associated with the transmission of COVID-19 or other associated diseases.

As the effect of COVID-19 and emerging COVID variants on businesses continues to evolve, there are potential risks and uncertainties impacting the business. To ensure continued resilience, the Group continues to update its plans and liquidity optimization processes, taking into account alternative scenarios for the duration of the pandemic and pattern of economic recovery. Business continuity management, disaster recovery and crisis management programmes are linked to the risk management framework to support effective management of disruptive events. At the same time, the Group is adapting its strategy over medium and long term to enable and continue sustainable growth in the changing landscape through investments in digital assets, omni-channel, agile business model and operational excellence programs.

The Group has assessed the impact of COVID-19 to the consolidated financial statements as set out in the following notes:

- Rental income and tenant incentives (note 11(a)&(b))
- Net realizable value of development property (note 22.1)
- Impairment of non-financial assets (note 14(a))
- Valuation of land and buildings (note 17.2(a))
- Impairment of financial assets (note 20.3(a))
- Liquidity risk (note 30.3.2.1)

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

4.1 Judgements

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

- Note 8 - Interest in other entities
- Note 11.1 - Satisfaction of performance obligations
- Note 11.1 - Determination of transaction price
- Note 11.1 - Transfer of control in contracts with customers
- Note 11(a) - Rent concession during temporary closure period
- Note 11(b) - Discretionary rent relief program
- Note 17.1.2 - Apportionment of fair values between land and buildings
- Note 18.1 - Accounting for dual use property
- Note 22.1 - Net realizable value of development property
- Note 22(b) - Transfer of control over land owned by a subsidiary of MAFC
- Note 29.2(a) - Subordinated capital loan instruments
- Note 32.1 - Determining the lease term as lessee: Whether the Group is reasonably certain to exercise option to renew

4.2 Assumptions and estimation uncertainties

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

- Note 7.2 - Measurement of fair values and valuation process: key inputs and assumptions underlying fair values.
- Note 11.1 - Measurement and recognition of revenue on property sales: key assumptions and estimation uncertainties such as allocation of transaction price to performance obligation in contracts with customers, and cost to complete the projects.
- Note 14.1 - Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.
- Note 20 - Measurement of loss allowances on trade and other receivables: key assumptions in determining the loss rate, including assessment of facts and circumstances such as liquidation, bankruptcy, litigation, financial difficulties, etc.
- Note 21 - Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and unused tax losses/credits carried forward can be utilized.
- Note 28.1 – Measurement of retirement benefit obligation: key valuation assumptions underlying discount rate, service period and salary increase.
- Note 29.4.1 – Lebanon currency devaluation

- Note 34.1 – Contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 9.1.2 (a) – Significant influence over an equity accounted investee.
- Forecast of costs to complete on properties under construction or redevelopment:

The estimation or forecast of cost to complete ('CTC') on properties under construction or redevelopment involves uncertainties.

There are a number of principles that apply to all contracts regardless of size, scale or location. All projects have a Project Cost Review ('PCR') on a regular basis where project management issues the forecast to complete the project. The PCR is attended by all relevant stakeholders within the management group. This forecast to complete includes input from all budget stakeholders who review the Total Development Cost ('TDC') and not just construction related costs. The construction forecast is reviewed and analysed for completeness. Any gaps in the report (early warnings, etc.) are adjusted within the forecasted cost to complete.

The PCR is the forum for the business to review the cost to complete to ensure that the costs reflect an accurate view of the costs to complete. During the PCR there is a debate with all project budget holders on the adequacy of their budgets to complete the project deliverables. Items such as claims are discussed and forecasted in the manner set out above to ensure the business is aware of the provision set aside to deal with these claims or potential claims. The impact of cost changes and forecasts are then taken by the respective development teams and input into the development appraisal, forecasting the impact on the project KPI's, triggering action as required by the Delegation of Authority ('DOA').

5. Significant accounting policies

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

In the current year, a number of new standards and amendments to IFRSs that are mandatorily effective for accounting period that begins on or after 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

These standards and amendments do not have a significant impact on the Group's consolidated financial statements as at 31 December 2021.

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Note	Accounting policy	Page
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25	Provisions	48
28	Retirement benefit obligation	51
30	Financial instruments	53
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5.2 Standards issued but not yet effective

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37) (1 January 2022).
- Annual improvements to IFRS Standards 2018 – 2020 (1 January 2022).
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16) (1 January 2022).
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022).
- Classification of liabilities as current or non-current (Amendments to IAS 1) (1 January 2023).
- IFRS 17 Insurance Contracts (1 January 2023).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimate (Amendments to IAS 8) (1 January 2023).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes (1 January 2023).
- 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.

6. General accounting policies

6.1 Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

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

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

In 2020, Lebanon became a hyperinflationary economy. Management performed a detailed assessment of the impact of applying IAS 29 *Financial Reporting in Hyperinflationary Economies. In 2021 and 2020,* management determined that the impact of applying IAS 29 is not material to the Group (note 29.4.1).

6.2 Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs continues until the assets are substantially ready for the intended use. The capitalization rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds.

6.3 Properties under construction

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

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

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

For other properties that are developed with an intention of constructing an owner occupied property, both the capital expenditure and land are carried at cost, less impairment, if any, until a stage at which the fair value can be reliably determined and as such will be recorded at fair value.

Development expenses 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. 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.

7. Fair value measurement

7.1 Accounting Policy

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

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

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

Determination of fair value hierarchy

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

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

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

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

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

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

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

7.2 Measurement of fair values and valuation process

Non-financial assets

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

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

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

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

(AED in millions)

	2021	2020
Assets valued by independent external valuers	38,917	35,537
Assets valued internally	1,740	3,543
	40,657	39,080

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 costs to complete) is derived using DCF and is benchmarked against net initial yield and comparable transactions.
Shopping malls [fair value is reliably determinable (non-operational)/ newly operational]	Income capitalization approach	Where the external valuer can reliably determine the fair value of the asset, the gross fair value (net of costs to complete) is derived by applying asset specific capitalization rates on the net operating income streams of the property benchmarked to market rates. Following a period of operation (stabilization) the asset is valued using DCF as detailed above.
Hotels	Discounted cash flows	The fair value derived using DCF for Hotels is benchmarked against capital value per key and net initial yield.
Offices	Income capitalization approach	Fair value is derived by applying asset specific capitalization rate on the net operating income of the property benchmarked to market rates.
Lands	Comparable market transactions approach	Properties held for future development ('land bank') are valued using comparable methodology which involves 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 issuance during the year (note 26.2(b))	The fair value for sukuk certificates is benchmarked against the quoted market price (Level 2).

7.3 Assumptions and determination of fair value hierarchy

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

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

8. Subsidiaries

Accounting Policy

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of the subsidiaries is consolidated on a line by line basis (including adjustments to align the accounting policies to the Group's accounting policies, when necessary), from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

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

Non-controlling interests

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

Loss of control

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

Business combinations

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

Business combinations involving entities under common control

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

Interest in other entities

The Group does not hold any direct ownership interest in MAF Sukuk Ltd. (a limited liability company incorporated in the Cayman Islands) which is a structured entity. However, based on the terms of the agreement under which this entity is established, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct this entity's activities that most significantly affect these returns. MAF Sukuk Ltd. has issued Sukuk Certificates which are listed on NASDAQ Dubai and Euronext Dublin, except for the USD 100 million issued in 2020. Accordingly, the results and the financial position of the structured entity are included in these consolidated financial statements.

8.1 Details of the Group's material subsidiaries:

Name of material subsidiary	Principal activity	Country of incorporation	Proportion of ownership and voting rights held (%) 2021	2020
Majid Al Futtaim Shopping Malls LLC [a, e]	Shopping malls	UAE	100%	100%
Majid Al Futtaim Properties Bahrain BSC [d]	Shopping malls/Hotels/ L&E	Bahrain	-	100%
Majid Al Futtaim Hospitality LLC [a, e]	Hotels	UAE	100%	100%
Majid Al Futtaim Properties Lebanon LLC [a,b]	Shopping malls/Mixed use communities	UAE	100%	100%
Majid Al Futtaim Developments LLC [a, e]	Mixed use communities	UAE	100%	100%
Majid Al Futtaim Properties Saudia LLC [a, e]	Shopping malls/Mixed use communities/Hotels	UAE	100%	100%
Majid Al Futtaim Properties Co. Oman LLC [b]	Shopping malls	Oman	100%	100%
City Centre Almaza S.A.E. [b]	Shopping malls	Egypt	100%	100%
Majid Al Futtaim Properties Egypt SAE [b]	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%
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) *The shares of certain subsidiaries are held by MAFH and its subsidiaries for the beneficial interest of the Group.*
c) *MAF Sukuk Ltd. is a subsidiary of the Company by virtue of control exercised over it.*
d) *Effective 1 January 2021, there was a change in the ownership structure of the subsidiary resulting in transfer of the original investment to another subsidiary of MAFP, as new parent company of the subsidiary.*
e) *During the year, the MAFP Group Board of Directors has approved the management recommendation to streamline the MAFP Group legal entity structure that will involve liquidation of certain subsidiaries within the MAFP Group. This resulted in transfer of ownership of certain entities to the Company.*

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

(AED in millions)

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership and voting rights held by NCI 2021	2020	(Loss) / profit allocated to NCI 2021	2020	Accumulated NCI 2021	2020
Fujairah City Centre Investment Company LLC	UAE	37.5%	37.5%	21	7	152	149
Aswaq Al Emarat Trading Closed Joint Stock Co.[a]	Kingdom of Saudi Arabia	15%	15%	(21)	(7)	230	244
Suburban Development Company S.A.L [b]	Lebanon	3.18%	3.18%	-	(3)	-	(2)
Individually immaterial subsidiaries with NCI		Various	Various	-	-	1	1
Total				-	(3)	**383**	392

a) *During the year, an additional contribution of AED 7 million (2020: AED 6 million) has been made by the non-controlling interest.*
b) *During the year, translation of the subsidiary to AED resulted in a foreign currency translation loss attributable to NCI amounting to AED 1 million (2020: AED 17 million).*

9. Investments in equity accounted investees

Accounting Policy

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

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Associates are those entities 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.

9.1 Investments in joint ventures and associate

9.1.1 Summary:

(AED in millions)

	2021	2020
Sharjah Holding Co. PJSC ('SHC')	365	336
Al Mouj Muscat S.A.O.C. ('AMM')	407	421
Enova Facilities Management Services LLC ('Enova')	62	-
Other joint ventures (note 9.1.2 (c) and (d))	13	32
Carrying amount at the reporting date	**847**	789
Group's share of profit from continuing operations - net of tax	91	18
Group's share of other comprehensive income - net of tax	-	-
Group's share of total comprehensive income for the year	**91**	18

9.1.2 Details of the joint ventures and associate:

Name of joint venture/ associate	Principal activity	Country of incorporation	Proportion of ownership and voting rights held 2021	2020
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 [a]	Facilities management services	UAE	51%	-

a) *The Group owns 51% ownership interest in Enova, however, the investment was accounted for using equity method as an investment in associate as the Group only exercises significant influence on the financial and operating policy decisions of Enova.*

Summary of unaudited financial information of the joint ventures (adjusted for aligning accounting policies to the Group's accounting policies) is as follows:

(AED in millions)

	SHC		AMM		Enova [b]		Other [c,d]	
	2021	2020	2021	2020	2021	2020	2021	2020*
Current assets	1,230	1,003	2,392	2,336	446	-	11	11
Non-current assets	423	432	387	382	44	-	-	-
Current liabilities	(647)	(489)	(1,425)	(1,363)	(322)	-	(5)	(5)
Non-current liabilities	(276)	(274)	(540)	(512)	(47)	-	-	-
Net assets	**730**	672	**814**	843	**121**	-	**6**	6
Net assets - Group's share	**365**	336	**407**	421	**62**	-	**-**	-

** Balance is net of right of use asset and lease liability elimination.*

(AED in millions)

	SHC		AMM [a]		Enova [b]		Other [c,d]	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	537	484	447	263	816	-	-	-
Profit/(loss) from continuing operations	59	(6)	44	3	71	-	-	(8)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**59**	(6)	**44**	3	**71**	-	**-**	(8)
Group's share of profit/(loss) from continuing operations	**29**	(3)	**25**	(4)	**36**	-	**-**	-
Carrying amount - At 1 January	336	339	421	387	-	-	-	-
Group's share of profit/(loss) from continuing operations	29	(3)	25	(4)	36	-	-	-
Provision for impairment for the year	-	-	-	-	-	-	-	(13)
Currency translation adjustment	-	-	(1)	-	(2)	-	-	-
Additions during the year	-	-	-	38	50	-	-	13
Reduction in investment	-	-	(38)	-	(22)	-	-	-
Carrying amount - At 31 December	**365**	336	**407**	421	**62**	-	**-**	-

a) *During the year, the Group reinstated the dividend receivable of AED 38 million from Al Mouj Muscat S.A.O.C. ("AMM") subsequent to confirmation of the joint venture compliance with its loan covenants in April 2021 and AMM management intention to settle the dividend in period of 3 years. Accordingly, the receivable was discounted from AED 38 million to AED 27 million with a charge of AED 11 million recorded in the profit or loss.*

b) *During the year, the Group acquired 51% ownership in Enova Facilities Management Services LLC amounting to AED 50 million, which was transferred from Majid Al Futtaim Ventures LLC under a common control transaction within MAFH group. Management has accounted for its investment in associate using equity method. Further during the year, Enova declared dividends amounting to AED 22 million, of which AED 10 million has been received in cash.*

c) *During the year, the Board of Directors of a joint venture in UAE has resolved to amicably wind up the joint venture company and terminate the Musataha Agreement. The Group's share of loss from the joint venture exceeded the carrying amount of the investment and, accordingly, the Group has discontinued recognizing its aggregate share of loss amounting to AED 7 million (2020: AED 30 million) as the Group's interest in the joint venture was reduced to zero and remains fully provided for as at the reporting date and in the prior year.*

d) *The carrying amount of investment in other immaterial joint ventures amounting to AED 13 million (2020: AED 32 million) is after provision for impairment of AED 104 million (2020: AED 104 million) as at the reporting date. Further, the immaterial joint ventures recorded an aggregate share of profit amounting to AED 1 million (AED 26 million) during the year.*

e) *In 2020, the Group received AED 97 million cash from joint ventures for dividend declared in 2020 and 2019, as disclosed in the consolidated statement of cash flows.*

10. Operating segments

Accounting Policy

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

Segment reporting

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different services, and are managed separately because they have operating independence and autonomy.

Reportable Segments	Operations
Shopping Malls Business Unit (SMBU)	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. Another shopping malls segment, Shopping Malls Development Business Unit ('SMDBU') is responsible for leading and managing the delivery of future shopping mall and retail developments of the Group. The financial results of SMDBU form part of SMBU in these consolidated financial statements.
Hotels Business Unit (HBU)	Responsible for leading the development of hotel assets and asset management of these assets with third-party hotel operators.
Communities Business Unit (CBU)	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. The business unit is also responsible for managing the Group's portfolio of three office buildings in Dubai, UAE.
Project Management Center of Excellence ('PM COE')*	Provides advisory, development and management services to SMBU, HBU, CBU and other related parties.
Corporate	Provides corporate support services to the business units of the Group.

** In April 2021, management introduced the 'Project Management Center of Excellence', previously 'Project Management Business Unit'. The shift is aimed to maximize flexibility, efficiency, and ability to scale as needed and in support of the Group's project pipeline.*

EBITDA (Non-GAAP measure)

The Group's measure of segment performance, 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. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measure used by the Group may not be comparable to other similarly titled measures of other companies. To ensure consistency and relevance of EBITDA as a measure of operating performance, EBITDA has been adjusted with the impact of fixed rent expense, which has been derecognized on adoption of IFRS 16 *Leases* in 2019.

10.1 Revenue, net profit and EBITDA – by reportable segments

(AED in millions)

	SMBU		HBU		CBU		PM COE		Corporate		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue	**3,392**	3,197	**453**	236	**531**	36	**30**	20	**-**	-	**4,406**	3,489
Net profit/(loss) after tax	**3,058**	(2,360)	**33**	(284)	**20**	104	**(5)**	(3)	**(258)**	(296)	**2,848**	(2,839)
EBITDA	**2,495**	2,363	**122**	22	**75**	26	**(1)**	(4)	**(88)**	(65)	**2,603**	2,342

a) Intra-group transactions have been excluded.

b) During the year, CBU started recognizing revenue from property sales from a subsidiary that was acquired in 2021 (note 35).

10.2 Revenue by geographical segments

(AED in millions)

	UAE		Oman		Bahrain		Egypt		Lebanon		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue	**3,365**	2,540	**248**	173	**288**	301	**488**	416	**17**	59	**4,406**	3,489

a) Intra-segment transactions have been excluded.

In presenting the geographic information, segment revenue has been based on the geographic location of customers. Geographical segments continue to be divided into UAE, Oman, Bahrain, Egypt, and Lebanon, including the Kingdom of Saudi Arabia and Kuwait for which the Group did not yet commence its operations (hence, no revenue). This table is not presented to the senior management on a regular basis; however, it is disclosed in these consolidated financial statements for the readers' information.

10.3 Statutory segment assets and liabilities – by business segments

(AED in millions)

	SMBU		HBU		CBU		Corporate		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Segment assets	37,024	34,991	3,493	3,455	4,733	2,501	1,149	1,225	46,399	42,172
Segment liabilities	(3,888)	(3,827)	(141)	(134)	(1,770)	(41)	(10,718)	(10,823)	(16,517)	(14,825)
Net assets [a]	**33,136**	31,164	**3,352**	3,321	**2,963**	2,460	**(9,569)**	(9,598)	**29,882**	27,347

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

b) As at 31 December 2021, CBU net assets include Tilal Al Ghaf Phase A LLC balances transferred during the year for the beneficial ownership of the Group (note 35).

10.4 Statutory segment assets and liabilities – by geographical segments

(AED in millions)

	UAE		Oman		Bahrain		KSA		Kuwait		Egypt		Lebanon		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Segment assets	35,763	32,581	2,508	2,179	2,574	2,554	1,919	1,983	4	3	3,548	2,649	83	223	46,399	42,172
Segment liabilities	(14,401)	(12,655)	(580)	(621)	(170)	(170)	(42)	(43)	(2)	-	(1,315)	(1,323)	(7)	(13)	(16,517)	(14,825)
Net Assets [a]	**21,362**	19,926	**1,928**	1,558	**2,404**	2,384	**1,877**	1,940	**2**	3	**2,233**	1,326	**76**	210	**29,882**	27,347

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

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

10.5 Major customer

Rental revenue earned from the Group's related parties have contributed to AED 375 million (2020: AED 333 million) which is more than 10% of the total "revenue from investment property" for the year ended 31 December 2021. No single related party represents more than 10% of total revenue.

11. Revenue

Accounting Policy

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

Rental income
Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognized in profit or loss on a straight-line basis over the term of the lease from the lease commencement date. Lease incentives being offered to lessees to enter into a lease, such as an initial rent-free period or a cash contribution to fit-out or similar costs, are an integral part of the net rental income and are therefore recognized on the same straight-line basis. Contingent rents, being lease payments that are not fixed at the inception of the lease, for example turnover rents, are recorded as income in the periods in which they are earned. Refer to note 32 for the accounting policy on leases.

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

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

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

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

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

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

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

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

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

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

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability. Contract asset is currently presented as "Unbilled receivables" under trade and other receivables (note 20). Contract liabilities is currently presented as "Advances from customers" under trade and other payables (note 24).

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties (i.e. taxes and duty). The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent, The Group has concluded that it is acting as a principal in all of its revenue arrangements.

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

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

Revenue from hospitality, leisure and entertainment and other activities (such as service charge, marketing and promotion contribution) is recognized on rendering the services and when the revenue can be measured reliably. The Group assesses its performance against obligations conditional on earning the income, with income recognized either over time as the obligations are met, or recognized at the point when all obligations are met, depending on contractual requirements.

Sale of alcohol

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

11.1 Critical judgements

Revenue from contracts with customers is recognized in accordance with IFRS 15 which requires management to make the following judgments 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.

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 the cost of providing infrastructure, potential claims by contractors as evaluated by the project management business unit and the cost of meeting other contractual obligations to the customers.

(AED in millions)

	2021	2020
Revenue from investment property:		
- Rental income [a]	2,701	2,576
- Service charge	405	416
- Marketing and promotion contribution	99	96
- Other	36	31
Revenue from property sales - net [d]	504	-
Revenue from hospitality [c]	453	236
Revenue from leisure and entertainment [c]	160	92
Project management revenue	29	20
Other revenue	19	22
	4,406	**3,489**

a) *During the first half of the year, the impact of the COVID-19 pandemic continued to evolve and governments and other authorities in certain geographies where the Group operates imposed measures that resulted in temporary closure of certain Group assets. Shopping malls in Bahrain and Oman were temporarily closed for various periods between May 2021 and June 2021 while a shopping mall in Lebanon was temporarily closed from January 2021 to February 2021. Management assessed that under the applicable commercial laws in the jurisdictions of the Group's* *operations, tenants have a legal entitlement to rent concession during the respective temporary closure period. As a result, rental income of AED 27 million (2020: AED 381 million) was not recognized during the full closure period. This did not constitute as a lease modification. In 2020, the Group's shopping malls across all geographies where the Group operates were closed for various periods mainly between March 2020 and June 2020.*

b) *In 2020, management provided a discretionary rent relief program totalling AED 284 million 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 rent relief program was awarded to eligible tenants through modification of lease terms and, hence, amortized over the new lease term in accordance with IFRS 16. The associated charge to the consolidated statement of profit or loss for the year ended 31 December 2021 amounted to AED 128 million (2020: AED 24 million). As at reporting date, the unamortized portion of this rent relief is AED 158 million (2020: AED 260 million).*

c) *During the year, Group's Hotels in UAE and Bahrain operated at reduced capacity for various lengths and a hotel in Bahrain was temporarily closed during the summer months. In 2020, the Group's hospitality and L&E operations were temporarily suspended for various periods ranging from 3 to 9 months resulting in decline in revenue.*

d) *Revenue from property sales of AED 504 million, net of AED 10 million transfer fees to a government authority, is consequent to Tilal Al Ghaf Phase A LLC revenue recognition during the year.*

11.2 Disaggregation of revenue from contracts with customers

The following table shows the disaggregation of revenue from contracts with customers by timing of revenue recognition under IFRS 15.

(AED in millions)

	2021	2020
Over period of time	504	-
At a point in time	1,201	913
	1,705	913

a) Rental income of AED 2.7 billion (2020: AED 2.6 billion) is not presented above as it does not form part of the Group's 'revenue from contracts with customers' under IFRS 15.

12. Operating expenses

(AED in millions)

	2021	2020
Employee benefits [a, b]	(543)	(404)
Cost of revenue from property sales [d]	(374)	-
Depreciation (notes 17.2, 31.1 and 32.2.1)	(353)	(419)
Facilities maintenance and repairs	(130)	(111)
Selling and marketing expenses	(116)	(95)
Utilities	(72)	(66)
Housekeeping expenses	(71)	(63)
IT costs	(65)	(53)
Consultancy fees	(54)	(64)
Hotel operator fee and sales commission	(51)	(33)
Security expenses	(46)	(41)
Sales commission [d]	(25)	-
Hotels food and beverage expenses	(23)	(14)
Service charges and other recharges	(23)	(30)
Insurance premiums	(21)	(19)
Property taxes	(19)	(18)
Office supplies	(15)	(9)
Leisure and entertainment units' cost of operations	(15)	(10)
Amortization charge for intangible assets	(12)	(13)
Travel expenses	(4)	(4)
Miscellaneous expenses	(94)	(78)
	(2,126)	(1,544)

a) *During the year, employee benefits includes recharges from Majid Al Futtaim Global Solutions LLC of AED 33 million (2020: nil) (note 31.1).*

b) *Staff costs are net of costs capitalized to various projects amounting to AED 99 million (2020: AED 80 million).*

c) *During the year, the Group incurred AED 8 million (2020: AED 4 million) for corporate social responsibility activities.*

d) *Increase in cost of revenue from property sales and sales commission amounting to AED 374 million and AED 25 million, respectively, is consequent to Tilal Al Ghaf Phase A LLC revenue recognition during the year.*

13. Finance costs

Accounting Policy

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

(AED in millions)

	2021	2020
Interest expense (including arrangement and participation fees)	(437)	(531)
Interest expense on lease liabilities	(13)	(15)
Discounting of a long-term receivable	(11)	-
Unwinding of discounting of a long-term receivable	3	7
Less: Amounts capitalized with the cost of qualifying assets [a]	82	191
	(376)	(348)

a) *Capitalized interest arises on borrowings for development expenditure. The capitalization rate range used to determine the amount of borrowing cost eligible for capitalization was 2.95% - 3.97% (2020: 4.28% - 6.00%) depending on the effective interest rate over the tenure of the borrowings for individual developments.*

14. Impairment loss

Accounting Policy

Impairment of financial assets

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

(AED in millions)

	2021	2020
Impairment of investment property under construction (note 14.1)	(122)	(1,293)
Impairment of property and equipment (note 17.2)	(2)	(6)
Reversal of impairment of investments in equity accounted investees	-	26
Impairment loss on non-financial assets	**(124)**	(1,273)
Impairment loss on trade and other receivables – net	(16)	(100)
Impairment loss on other receivables [a]	(18)	-
Impairment loss on financial assets	**(34)**	(100)

a) *During the year, management impaired and wrote-off its receivable from a third-party hotel operator after reaching an agreement to amicably partially settle the receivable of AED 38 million at a discount of AED 18 million.*

14.1 Key judgements and sensitivities

a) *During the year, a total impairment loss of AED 122 million was recognized for the pre-development cost of a shopping mall and related infrastructure under development. Management assessed that these impaired costs represented works carried out in prior years that were superseded or no longer relevant to the current development.*

b) *In the prior year, a total impairment loss of AED 1,293 million was recognized on shopping malls classified as properties under construction, as the carrying amount of each individual asset exceeded its recoverable amount. Following management assessment of the COVID-19 impact and uncertainties in market conditions, the recoverable amounts of these properties under construction further reduced. Cash flow forecasts were revised to reflect the key changes in certain assumptions. In addition, WACC rates used in discounting cash flows increased between 10 bps to 20 bps (versus the previous year) taking into account the heightened risk incorporated in the cash flows. In addition, incremental borrowing costs were provided for.*

The significant unobservable inputs used in the measurement of the recoverable amounts are as follows:

- *Forecasted cash flows and growth rates;*
- *Expected opening dates;*
- *Forecasted occupancy levels;*
- *Total development costs; and*
- *Discount and yield rates.*

The estimated impairment loss would increase/(decrease) if:

- *the forecasted cash flows and growth rates are lower/(higher);*
- *the expected opening dates are deferred/(advanced);*
- *the occupancy levels decrease/(increase);*
- *the total development costs increase/(decrease); and*
- *the discount or yield rates were higher/(lower).*

c) *The recoverable amounts of the impaired investment property under construction as at the reporting date and the key assumptions used in the estimation of the recoverable amount are set out below:*

(AED in millions)

	2021	2020			
	Asset 3	Asset 1[(i)]	Asset 2[(i)]	Asset 3	Asset 4[(iii)]
Recoverable amount	**129**	652	1,093	190	-
Impairment loss - net (note 14)	**(122)**	(771)	(495)	(35)	8
Discount Rate	**N/A**	10.50%	9.80%	N/A	N/A
Yield Rate	**N/A**	N/A	8.00%	N/A	N/A

i. *Construction of Assets 1 and 2 has been completed during the year and the completed property has been subjected to valuation by an independent external valuer.*

ii. *In prior year, final statement of accounts with contractors had been closed resulting in reversal of costs previously provided for amounting to AED 8 million. In 2019, management re-assessed its strategic plan for this asset and, as a result, provided for an impairment loss of AED 220 million for the year ended 31 December 2019, representing the pre-development costs incurred as the reporting period.*

15. Other income - net

(AED in millions)

	2021	2020
Reversal of/(project costs written-off)	(5)	6
Development expenses	(39)	(7)
Foreign exchange loss – net	(1)	-
Other expense	**(45)**	(1)
IT and other service charges levied on related parties (note 31.1)	1	15
Foreign exchange gain – net	-	44
Other	98	86
Other income	**99**	145
Other income - net	**54**	144

a) *During the year, other income includes AED 54 million in respect of a gain from divestment in a subsidiary that was previously fully impaired.*

b) *In the prior year, other income includes AED 38 million in respect of a minimum performance guarantee from a third party hotel operator.*

16. Net valuation gain/(loss) on land and buildings

(AED in millions)

	2021	2020
Gain/(loss) on changes in fair value on property, plant and equipment (note 17.2 (a))	113	(82)
Gain/(loss) on changes in fair value of investment property (note 18.2)	926	(3,129)
	1,039	(3,211)

17. Property, plant and equipment

Accounting policy

Recognition and measurement

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

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

All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

Depreciation

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

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

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

Revaluation reserve

Any revaluation increase arising on the revaluation of such land and buildings is recognized in OCI and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same property previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously accounted for. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in any, profit or loss to the extent that it exceeds the balance, if held in the revaluation reserve relating to a previous valuation of that property.

Reclassification to investment property

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

De-recognition

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

17.1 Critical judgement

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

17.1.2 *Apportionment of fair values between land and buildings*

(i) Where the fair value of a property comprises the aggregate value of land and buildings, the fair value is apportioned between land and buildings based on the reinstatement cost of the building as computed by an external consultant, 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 external consultant or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the building and depreciated over the remaining useful lives of the respective structure of the buildings.

17.2 Reconciliation of the net carrying amount at the reporting date

(AED in millions)

	Land & buildings	Motor vehicles	Furniture, fixtures & equipment	Leisure rides & games	Capital work in progress	Total
Cost/revaluation						
At 1 January 2020	3,731	9	1,347	155	243	5,485
Additions	5	1	62	5	100	173
Disposals/write offs/other adjustments	15	-	(110)	-	70	(25)
Capitalized	8	-	58	-	(66)	-
Accumulated depreciation & impairment eliminated on revaluation	(210)	-	-	-	-	(210)
Transferred (to)/from investment property	96	-	16	-	(107)	5
Net revaluation loss [a]	(482)	-	-	-	-	(482)
Effect of changes in foreign currency translation	-	-	(28)	-	(13)	(41)
At 31 December 2020	3,163	10	1,345	160	227	4,905
At 1 January 2021	3,163	10	1,345	160	227	4,905
Additions	4	1	31	-	107	143
Disposals/write offs/other adjustments	-	-	(12)	-	(20)	(32)
Capitalized	-	-	66	1	(67)	-
Accumulated depreciation & impairment eliminated on revaluation	(190)	-	-	-	-	(190)
Transferred from investment property (note 18)	-	-	77	-	-	77
Net revaluation gain [a]	281	-	-	-	-	281
Additions due to beneficial ownership transfer of a related party (note 35)	6	-	6	-	-	12
Effect of changes in foreign currency translation	(2)	-	(4)	-	(1)	(7)
At 31 December 2021	**3,262**	**11**	**1,509**	**161**	**246**	**5,189**

(AED in millions)

	Land & buildings	Motor vehicles	Furniture, fixtures & equipment	Leisure rides & games	Capital work in progress	Total
Accumulated depreciation/impairment						
At 1 January 2020	-	(6)	(978)	(148)	(11)	(1,143)
Depreciation charge for the year	(210)	(1)	(172)	(7)	-	(390)
Accumulated depreciation & impairment eliminated on revaluation	210	-	-	-	-	210
Impairment charge	-	-	(6)	-	-	(6)
Disposals/write offs/other adjustments	-	-	25	1	-	26
Effect of changes in foreign currency translation	-	-	24	-	-	24
At 31 December 2020	-	(7)	(1,107)	(154)	(11)	(1,279)
At 1 January 2021	-	(7)	(1,107)	(154)	(11)	(1,279)
Depreciation charge for the year	(190)	(1)	(134)	(3)	-	(328)
Accumulated depreciation & impairment eliminated on revaluation	190	-	-	-	-	190
Impairment charge	-	-	-	-	(2)	(2)
Disposals/write offs/other adjustments	-	1	11	-	9	21
Additions due to beneficial ownership transfer of a related party (refer note 35)	-	-	(4)	-	-	(4)
Effect of changes in foreign currency translation	-	-	4	-	1	5
At 31 December 2021	**-**	**(7)**	**(1,230)**	**(157)**	**(3)**	**(1,397)**
Carrying amount						
At 31 December 2021	**3,262**	**4**	**279**	**4**	**243**	**3,792**
At 31 December 2020	3,163	3	238	6	216	3,626

a) *The Group's land and buildings of AED 3.2 billion (2020: AED 3.1 billion) were valued by independent external valuers. During the year, a net revaluation gain of AED 281 million (2020: net revaluation loss of AED 482 million) has been recognized. This comprises of a revaluation gain of AED 168 million (2020: revaluation loss of AED 400 million) recognized in other comprehensive income and a revaluation gain of AED 113 million (2020: revaluation loss of AED 82 million) recognized in profit or loss (see note 16). The external valuer's report as at 31 December 2021 does not contain a material uncertainty statement.*

b) *In the prior year, there was a heightened degree of uncertainty in the valuation of the Group's property portfolio during the onset of the COVID-19 pandemic resulting in increased difficulty in exercising professional judgement to determine the asset values when there were few comparable transactions in the new environment. Consequently, the external valuation report in the prior year contained a material uncertainty statement as part of their valuation which was consistent with the guidance issued by RICS Valuation Global Standards.*

17.3 Other notes

i) The fair value measurement for land & buildings of AED 3.2 billion (2020: AED 3.1 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 2021: 9.75% to 11.25% (2020: 10.25% to 11.75%) Compounded annual growth rates of EBITDA 2021: 12.25% (2020: 13.98%)	Equivalent yield 2021: 9.25% (2020: 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).

a) *For the hotel portfolio, the key drivers to the valuation are the discount rates applied and forecasted EBITDA generated from each asset's operations. During the year, the overall valuation of the Group's hotel portfolio had a resulted in a net valuation gain of AED 281 million compared to 31 December 2020 hotel portfolio valuation. The stabilization of the fair value vs prior year has been driven by the gradual improvement in performance as a result* *of relaxation of global lockdowns, lifting of travel restrictions during the year and the positive impact due to the Expo 2020 Dubai resulting in flattening out of COVID-19 related assumptions and reduction in discount rate by 50 basis points.*

b) *In the prior year, the independent external valuer have made specific adjustments to exit capitalization rates to reflect the more cautious investor sentiment for hotel assets as a result of the income stream being purely unsecured. A 25 basis point increase in discount rate had been reflected across the board for the hotel portfolio, which was flattened out during the year due to reduced uncertainty. EBITDA projections reflected in Year 1 were muted as a result of the adverse impact on occupancy levels as a result of COVID-19.*

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

(AED in millions)

	2021		2020	
	Land	Buildings	Land	Buildings
Cost	354	4,607	354	4,593
Accumulated depreciation	-	(3,006)	-	(2,832)
At 31 December	**354**	**1,601**	354	1,761

18. Investment property

Accounting Policy

Recognition and measurement

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

Reclassification to property plant and equipment

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

De-recognition

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

18.1 Critical judgements

Accounting for dual use property

- Certain properties of the Group include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use by the Group in the supply of services or for administrative purposes. Such properties are called 'dual use properties'.

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

- For dual use properties where portions cannot be sold or finance-leased separately, estimates will be made to assess the level of own use of the property using leasable value of the self-occupied and let out portions. If the level of own use of a property, as determined by leasable value, is insignificant, the property is classified as investment property; otherwise, it is classified as property, plant and equipment.

18.2 Reconciliation of the net carrying amount at the reporting date

(AED in millions)

	2021	2020
At 1 January	35,785	39,753
Additions	840	1,068
Transferred to a related party	-	(31)
Transferred to property, plant & equipment (note 17.2)	(77)	(5)
Net fair value change (note 16)	926	(3,129)
Impairment charge (note 14)	(122)	(1,293)
Disposals/write offs/other adjustments	(10)	(87)
Effect of movements in exchange rates	(79)	(491)
At 31 December	**37,263**	35,785

i. *The Group's investment property amounting to AED 35.7 billion (2020: AED 32.4 billion) were valued by independent external valuers. The independent external valuers adopted consistent valuations methodology with the previous cycles.*

During the year, the overall valuation of the Group's shopping malls portfolio recorded a substantial gain compared to 31 December 2020 valuation. This is primarily driven by the following:

- *Long term renewals secured and minimal changes on the rental assumptions forecast in the prior year.*
- *COVID-19 related vacancy assumptions have been reduced for a number of shopping malls.*
- *Gradual rebound in retail and steady recovery in footfall as consumers return to pre-COVID spending habits.*
- *Successful launching and opening of two (2) super-regional shopping malls, City Centre Al Zahia in March 2021 and Mall of Oman in September 2021.*
- *Positive sales growth in Egypt malls and improving retail market.*

In the prior year, the independent external valuer made specific adjustments to the Shopping Malls portfolio to reflect the impact of COVID-19, as follows:

- *Estimated rental values reduced by 9% across the portfolio reflecting the completed deals in 2020 including Group deals, as well as future leasing prospects.*
- *Short-term vacancy increased by up to 36 months and long term vacancy increased by 0.5% - 3% on average.*

ii. *Measurement of fair value*

a) *Fair value hierarchy*

The fair value measurement for investment property of AED 37.3 billion (2020: AED 35.8 billion) has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

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

Particulars	Shopping malls	Offices
Significant unobservable inputs used	Discount rates on income streams 2021: 7% to 25% (2020: 7% to 25%) Compounded annual growth rates of Net operating income ("NOI") 2021: 2.67% (2020: 1.98%)	Equivalent yield 2021: 8.00% to 9.05% (2020: 8.00% to 9.05%)

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

iii. *The carrying value as at the reporting date includes an operational shopping mall on leasehold land (right-of-use asset) in UAE amounting to AED 29 million (2020: AED 58 million) and an operational shopping malls on leasehold lands (right-of-use assets) in Oman amounting to AED 860 million (2020: AED 720 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, which provided the subsidiary usufruct rights over plots of land in Oman for a period of fifty years. The subsidiary has completed the construction of a shopping mall on this land during the year.*

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

18.3 Other notes

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

(AED in millions)

	2021	2020
Revenue from investment property	3,241	3,119
Direct operating expenses on properties that generated rental income	(1,019)	(905)

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)

	2021	2020
Fair value of land and buildings	37,210	36,004
Less: Adjustment for accrued operating lease income (note 20)	(476)	(519)
Less: Advances to contractors	(1)	(6)
Add: Lease liabilities	140	121
Add: Retention from contractor payments	99	93
Add: Project related trade payables and accruals	291	92
Net adjusted fair value	**37,263**	35,785

iii. *Restrictions on investment property*
Two plots of land in Oman, measuring 12 thousand sqm. with carrying amount of AED 13 million (2020: AED 13 million) are held by the estate of the late majority shareholder (deceased) of the Parent Company for the beneficial interest of the Group.

iv. *The Group's investment property includes plots of land that are currently held for undetermined future use amounting to AED 1,735 million (2020: AED 1,947 million).*

19. Intangible assets

Accounting Policy

Recognition and measurement

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

Amortization

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

(AED in millions)

Metro naming rights	2021	2020
At 1 January	9	22
Additions	109	-
Amortization charge for the year	(12)	(13)
At 31 December	**106**	9

In 2021, the Group entered into an agreement with a Government entity in the UAE to renew its naming rights for two stations of the Dubai Metro for a period of 10 years. Based on the present value of the future payments to be made, intangible assets have been recorded, which are amortized over the contract period using the incremental borrowing cost of the Group at 1.89% per annum, and a corresponding deferred liability was recorded (notes 24 and 27).

20. Trade and other receivables

Accounting Policy

Trade receivables and unbilled receivables

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

Loss allowances	
Receivables of shopping malls' and hotels' businesses	The Group has established a loss allowance matrix applying expected recovery rates on forward looking default rates to derive the loss rate to be applied to past due receivables. The expected recovery rates are applied to different classes of receivables based on their risk classification. Forward looking default rates are calculated by adjusting historical credit loss rates with forward-looking information (i.e. relevant macro-economic indicators). Loss allowance is also created for receivables that are classified as good but which become doubtful/bad as a result of certain business circumstances such as customer going into liquidation or bankruptcy, litigation, financial difficulties, etc. Such specific incidents are determined on a case-to-case basis. The calculated provision amounts based on specific cases will be recognized after netting off the bank guarantees in hand or the security deposits received, provided the Company has the legal right to liquidate such bank guarantees or adjust such deposits against the outstanding receivables.
Receivables of communities' business	Loss allowance is created when any uncertainty arises regarding collectability of receivables, including unbilled receivables. A payment schedule is defined for each customer which is based on construction milestones for the property unit. In the case of receivables where possession of property is already handed over to the customer, loss allowance is created at an accelerated rate or a full provision is made based on the facts and circumstances on a case by case basis.

20.1 Trade and other receivables - current

(AED in millions)

	2021	2020
Trade receivables, net of loss allowances (note 20.4)	492	572
Advances and deposits [a]	127	52
Prepayments [a]	274	58
Accrued income on operating leases (note 18.3 (ii))	88	187
Other receivables [b]	26	98
At 31 December	**1,007**	967

a) *The increase in the advances and prepayments is mainly related to balances from Tilal Al Ghaf Phase A LLC, as a result of the beneficial ownership transfer (note 35), and the launching of several new community projects during the year.*

b) *As at 31 December 2020, other receivables mainly comprised a receivable from a government authority (AED 31 million) and a receivable from a third-party hotel operator (AED 38 million), which were settled subsequently during the year (refer note 14).*

20.2 Long term receivables

(AED in millions)

	2021	2020
Accrued income on operating leases (note 18.3 (ii))	388	332
Long term prepayments	276	120
Advances to contractors [a]	107	37
Long term receivable from a related party (note 31.2)	30	-
Other long term receivable - net	7	2
At 31 December	**808**	491

a) *The increase in the advances to contractors is primarily related to ongoing Tilal Al Ghaf community projects construction (note 35).*

20.3 Loss allowances

(AED in millions)

	2021	2020
At 1 January	(207)	(146)
Charge for the year (note 14)	(16)	(100)
Write-offs/reversals	110	39
At 31 December	**(113)**	(207)

a) *The Group assessed the loss allowance of its trade receivables based on specific provisioning (for specific high risk accounts) and expected credit loss ("ECL") model in line with requirements of IFRS 9 Financial Instruments. The specific provisioning and ECL model were reassessed for the on-going impact of COVID-19, mainly due to the operational disruption faced by the tenants, volatility in the current economic conditions, incidence of default and deterioration in tenant credit standing, that may lead to an increase in impairment on trade receivables. Given the increase in risk of default by tenants and customers, the Group has written-off AED 110 million trade receivables previously fully provided for in prior years and recognized impairment loss on trade receivables amounting to AED 16 million (2020: AED 100 million).*

20.4 Ageing of trade receivables

(AED in millions)

	2021	2020
Current balances	227	231
Past due 31 - 60 days	72	210
Past due 61 - 90 days	29	85
Past due 91 - 180 days	85	197
Past due over 180 days	192	56
Total trade receivables	**605**	779
Less: Loss allowances	(113)	(207)
Net trade receivables	**492**	572

21. Income tax

Accounting Policy

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

Current tax

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

Deferred tax

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

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

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

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent it is probable that future tax profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized

21.1 Income tax expense recognized in profit or loss

(AED in millions)

	2021	2020
Current tax expense:		
- Current year	(3)	(15)
- Adjustment for prior years	(1)	-
	(4)	(15)
Deferred tax expense:		
- Origination and reversal of temporary differences	(84)	(5)
	(88)	(20)

The Group is subject to income tax in respect of its operations in 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.

21.2 Reconciliation of effective tax rate

(AED in millions)

		2021		2020
Profit/(loss) before tax from continuing operations		2,936		(2,819)
Tax using the Company's domestic tax rate	0%	-	0%	-
Effect of tax rates in foreign jurisdictions	0%	(3)	1%	(15)
Change in recognized deductible temporary differences	0%	(84)	0%	(5)
Change in estimates related to prior years	0%	(1)	0%	-
	0%	**(88)**	1%	(20)

21.3 Deferred tax liabilities

(AED in millions)

	01 January 2021	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2021
Investment property and others	224	127	-	-	**351**

(AED in millions)

	01 January 2020	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2020
Investment property and others	188	33	-	3	224

A portion of the deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains on properties in Oman and Egypt. The tax rates in these countries are 15% and 22.5%, respectively (2020: 15% and 22.5%, respectively). The corresponding valuation gain or loss has been recognized in profit or loss. Accordingly, the resulting net deferred tax expense/(credit) has been recognized in profit or loss

21.4 Deferred tax assets

(AED in millions)

	01 January 2021	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2021
Investment property and others	51	43	-	(3)	**91**

(AED in millions)

	01 January 2020	Recognized in profit or loss	Recognized in OCI	Exchange rate movement	31 December 2020
Investment property and others	17	34	-	-	51

During the year, the Group has unrecognized deferred tax assets of AED 318 million (2020: AED 432 million) relating to its subsidiaries in Oman, Egypt and Lebanon. Based on the Group's strategic plan and taking into account the local taxation laws and regulation in those countries, the recognition of deferred tax asset is limited to the extent of future taxable profits and full recoverability of deferred tax asset is unlikely since the subsidiaries in Oman, Egypt and Lebanon are not expected to generate sufficient taxable profits and valuation gains in the foreseeable future.

22. Inventories

Accounting Policy

Development property

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

Cost of development property is determined on the basis of the cost of land plus construction costs incurred and includes borrowing and staff costs capitalized.

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

When the use of a property changes such that it is reclassified as a development property from investment property, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Real estate inventory

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

Spares and consumables

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

22.1 Critical judgements

Net realizable values of development property and real estate inventory

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

AED in millions)

	2021	2020
Development property (note 22.2)	609	13
Spares and consumables	15	18
At 31 December	**624**	31

a) *The increase in the development property is mainly related to balances from TAG, as a result of the beneficial ownership transfer (note 35), and the ongoing construction of its community projects that started during the year.*

b) *The Group has entered into an agreement with a subsidiary of MAFC to develop and sell the project development over the land owned by a subsidiary of MAFC. The agreement stipulates that the subsidiary of MAFC will be entitled to compensation equivalent to cost of land for which the control has been transferred to the Group based on agreed certain level of percentage of construction completion. The cost of land will be settled by the Group upon actual handover of units to the customers within the normal operating cycle. During the year, cost of land transferred to the Group amounted to AED 248 million (2020: nil) due to satisfaction of agreed percentage of construction completion. The Group has contracted sales with third parties for certain plots. The cost of land will be transferred upon satisfaction of control condition as per the terms of the agreement.*

22.2 Development property movement during the year

(AED in millions)

	2021	2020
As at 1 January	13	-
Additions due to beneficial ownership transfer of a related party (refer note 35)	299	-
Additions during the year	643	13
Transferred to cost of property sales	(346)	-
As at 31 December	**609**	13

23. Cash and bank balances

(AED in millions)

	2021	2020
Cash in hand	6	5
Call deposits and current accounts	330	204
Cash and cash equivalents	**336**	209
Restricted cash (note 23.1)	1,341	-
Cash and bank balances at 31 December	**1,677**	209

a) *The Group's call deposits and current accounts with banks and financial institutions amounted to AED 1,668 million at 31 December 2021 (2020: AED 204 million). Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis, reflecting the short maturities of the exposures, and is not considered material to the Group's consolidated financial statements. To manage the credit risk, the Group has concentrated its main activities with counter-parties which are deemed creditworthy based on internal assessment on each counter-party's financial position, credit rating and track record. Individual counterparty credit risk limits and concentration of exposures are set and actively monitored by the Group's treasury department. The Group considers that its cash and deposits with banks and financial institutions have low credit risk based on internal assessment which takes into consideration the external credit ratings of the counterparties. Further, MAFH centrally manages the overall net cash position of the Group in Lebanon such that there is an overall minimal exposure.*

23.1 Restricted cash

(AED in millions)

	2021	2020
Cash in hand	3	-
Call deposits and current accounts	1,338	-
Restricted cash at 31 December	**1,341**	-

a) *This represents the proceeds received from sale of property by Tilal Al Ghaf Phase A LLC (note 35), which is held in escrow accounts in banks and restricted for use on development property expenditures. These deposits/balances are not under lien.*

24. Trade and other payables

Accounting Policy

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

(AED in millions)

	2021	2020
Trade payables	336	577
Project related accruals [a]	296	191
Accruals	379	268
Advances from customers (note 24.1) [a]	1,048	-
Deposits from customers [a]	827	636
Unearned revenue	670	638
Retention from contractor payments	126	210
Tenant related advances	302	228
Tax payable	18	15
Current portion of lease liabilities (note 32.2.2)	17	26
Current portion of deferred liability	22	23
Other	127	116
At 31 December	**4,168**	2,928

a) *The increase in the project related accruals, advances and deposits from customers is mainly related to balances from Tilal Al Ghaf Phase A LLC, as a result of the beneficial ownership transfer (note 35), and the ongoing construction of several community projects that started during the year.*

24.1 Advances from customers

(AED in millions)

	2021
As at 1 January	-
Additions due to beneficial ownership transfer of a related party (refer note 35)	225
Additions during the year	1,337
Recognized in the consolidated statement of profit or loss	(514)
As at 31 December	**1,048**

a) *Advances from customers comprise of payments received for the sale of properties which mainly comes from Tilal Al Ghaf Phase A LLC community projects. The revenues have not yet been recognized in the consolidated statement of profit or loss, in line with the revenue recognition policy of the Group consistent with the IFRS.*

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 2021 is AED 5,908 million (2020: nil). The Group expects to recognize these unsatisfied performance obligations as revenue over a period from 2 to 3 years.*

25. Provisions

Accounting Policy

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

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

(AED in millions)

	2021	2020
Bonus provisions (short and long term) [a]	81	-
Other provisions [b]	85	30
At 31 December	**166**	30
- Current	**151**	27
- Non-current	**15**	3

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 64 million.*

25.1 Reconciliation of provisions as at the reporting date

(AED in millions)

	Bonus provisions	Other provisions
At 1 January 2020	115	36
(Reversal)/additional provisions recognized during the year	(56)	3
Reduction arising from payments/write backs/reclassifications made during the year	(59)	(1)
Effect of changes in foreign currency translation	-	(8)
At 31 December 2020	-	30
At 1 January 2021	-	30
Additions due to beneficial ownership transfer of a related party (refer note 35)	-	37
Provisions recognized during the year	81	21
Reduction arising from payments/write backs/reclassifications made during the year	-	(1)
Effect of changes in foreign currency translation	-	(2)
At 31 December 2021	**81**	**85**

26. Loans and borrowings

(AED in millions)

	2021	2020
Unsecured – At amortized cost		
Term loans - From banks [a]	598	594
Sukuk certificates [a]	6,592	6,589
At 31 December	**7,190**	7,183
- Current	**55**	41
- Non-current	**7,135**	7,142

a) Carrying amount adjusted for unamortized transaction costs of AED 23 million (2020: AED 27 million).

26.1 Term loans - From banks

(AED in millions)

	2021	2020
At 1 January	598	763
Borrowed during the year	40	84
Repaid during the year	(36)	(119)
Currency translation adjustment	(1)	(130)
At 31 December	**601**	598
Net unamortized transaction costs incurred	(3)	(4)
	598	594
- Current	**55**	41
- Non-current	**543**	553

Details of the Group's term loans from banks, gross of unamortized transaction costs incurred, are as follows:

(AED in millions)

Loan facility	2021	2020	Security	Repayment interval	Repayment start date	Maturity date
USD 173 million	601	598	Corporate guarantee by MAFH	Quarterly	Jun 2021	Mar 2029
At 31 December	**601**	**598**				

This loan was obtained at interest margin of 1.35% (2020: 1.35%) over the base lending rates. For loans obtained in the UAE, the base lending rate used is EIBOR / LIBOR. For loans obtained by overseas subsidiaries, an appropriate base lending rate prevailing in the related markets is used.

26.2 Sukuk certificates

(AED in millions)

	2021	2020
At 1 January	6,612	6,245
Borrowed during the year	-	367
At 31 December	**6,612**	6,612
Net unamortized transaction costs incurred	(20)	(23)
	6,592	6,589
- Current	**-**	-
- Non-current	**6,592**	6,589

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

(AED in millions)

Loan issuance	2021	2020	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
At 31 December	**6,612**	6,612				

a) *Arrangement ('Murabaha') includes transfer of ownership of certain identified assets to a special purpose vehicle (MAF Sukuk Ltd.) formed for the issuance of bonds 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.*

b) *In 2020, the Group issued additional Green Sukuk certificates raising USD 100 million (AED 367 million) for general corporate purposes. These Sukuk certificates issuance are not listed on stock exchanges as the issuance relates to a private placement with a third party financial institution. The carrying value as at 31 December 2021 and 2020 is not materially different from its fair value.*

c) *In 2019, the Group issued ten year Green Sukuk certificates raising USD 1.2 billion (AED 4.4 billion) to refinance existing eligible projects in accordance with the MAF Group's Green Finance Framework. These are listed on the stock exchanges - NASDAQ Dubai and Euronext Dublin (refer to note 30.2 for the fair value of the sukuk certificates).*

27. Other liabilities

(AED in millions)

	2021	2020
Lease liabilities	142	152
Deferred liability	89	-
At 31 December	**231**	152

27.1 Reconciliation of liabilities arising from financing activities

(AED in millions)

	1 January 2021	Cash Inflows	Cash outflows	Non-cash changes	31 December 2021
Term loan from a related party [a]	4,029	1,723	(2,642)	744	3,854
Loans and borrowings	7,183	40	(36)	3	7,190
Lease liabilities	178	-	(23)	4	159
Short term loan from a related party	117	-	(60)	-	57
At 31 December	**11,507**	**1,763**	**(2,761)**	**751**	**11,260**

a) Increase in non-cash changes is due to AED 440 million non-cash additions due to beneficial ownership transfer of a related party (note 31.2.1).

(AED in millions)

	1 January 2020	Cash inflows	Cash outflows	Non-cash changes	31 December 2020
Term loan from a related party	4,458	1,709	(2,543)	405	4,029
Loans and borrowings	6,977	451	(119)	(126)	7,183
Lease liabilities	210	-	(41)	9	178
Short term loan from a related party	-	117	-	-	117
At 31 December	11,645	2,277	(2,703)	288	11,507

28. Retirement benefit obligation

Accounting Policy

Defined benefit plan

Provision for retirement benefit obligation is calculated in accordance with the labour laws of the respective country in which they are employed. The Group's retirement benefit obligation is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, and is discounted to determine the present value of the obligation. The discount rate used is the yield at the reporting date on premium bonds that have maturity dates approximating the terms of the Group's obligation.

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)

	2021	2020
Defined benefit plan	108	110
Defined contribution plan	4	2
At 31 December	**112**	112

28.1 Defined benefit plan

Key assumptions and estimation uncertainties:

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

	2021	2020
Discount rate	**1.84%**	2.35%
Future salary increase	**3%**	3%
Probability of employees staying for a full service period	**50%**	50%

Reconciliation of defined benefit obligation liability at the reporting date:

(AED in millions)

	2021	2020
At 1 January	110	113
Expense for the year – net	25	30
Benefits paid during the year	(22)	(21)
Other reclassifications	(5)	(12)
At 31 December	**108**	110

28.2 Defined contribution plan

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

(AED in millions)

	2021	2020
Total expense recognized in profit or loss during the year	**10**	20
Contributions payable at the end of the reporting year	**4**	2

29. Equity

29.1 Share capital

(AED in millions)

	2021	2020
Authorized, issued and fully paid:		
3,500,000 shares of AED 1,000 each	3,500	3,500
At 31 December	**3,500**	3,500

29.2 Shareholder contribution

(AED in millions)

	2021	2020
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 prior year, the agreement with MAFH had been amended resulting in a change in coupon payment rate at a fixed rate of 6.375% per annum payable semi-annually in arrears.*

The hybrid instrument does not have a final maturity date. The coupon is non-cumulative in nature and can be deferred indefinitely at the Company's discretion without constituting a default. In case of MAFH ceasing control of the Company, the prevailing coupon rate on the hybrid instruments will be permanently increased by 5% and such coupons will become cumulative. Based on the terms of the hybrid instruments, these are accounted for as equity instruments. The hybrid instruments were subscribed to through a debt to equity swap transaction.

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

29.3 Statutory reserve

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

29.4 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from translation of the consolidated financial statements of foreign operations mainly in Lebanon and Egypt. During the year, the Group recorded foreign currency translation loss of AED 166 million (2020: AED 713 million).

29.4.1 Lebanon's political and economic crisis continued to deteriorate during year. In the 2020, the central bank started foreign exchange rate management with the help of regulated exchange houses to stabilize the economy and attract foreign inflow and subsequently introduced a secondary exchange rate, referred to as "Sayrafa" rate. This secondary exchange rate currently trades at a discount of c. 93% to the official pegged rate suggesting that the official exchange rate is extremely stressed and is likely to break. With the crisis further deepening, the Group reassessed the exchange rate to be applied for translating the value of its Lebanese operations for the period ended 31 December 2021 and estimated a further currency devaluation from LBP 2,287 against AED to LBP 6,806. At the reporting date, the Group translated its financial position at LBP 6,806 against AED and the results from operations were translated at the average rate prevailing during the year. At the reporting date, the Group's operations in Lebanon contributed a net loss of AED 8 million (2020: AED 160 million) and net assets of AED 76 million (2020: AED 210 million) for the Group's consolidated financial statements. A further devaluation of 25% in the exchange rate used would result in a decline in net assets of Lebanon by AED 19 million.

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

30. Financial instruments

Accounting Policy

Financial assets

Classification and measurement

Initial recognition

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

Financial asset at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial asset at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset at FVTPL

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

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

Subsequent measurement

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

Financial assets	Subsequent measurement
Financial asset at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Financial asset at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Cash and cash equivalents:

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

De-recognition of financial assets

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

Financial liabilities

Financial liabilities are classified in two categories:

- amortized cost ('AC');
- financial liabilities measured at fair value through profit or loss ('FVTPL')

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

Recognition and measurement of financial liabilities

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

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

De-recognition of financial liabilities

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

General

Breakdown between current and non-current

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

Offset of financial assets and financial liabilities

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

Derivatives and hedging activity

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

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

Financial assets

(AED in millions)

At 31 December 2021	Carrying amount A	Non-financial assets B	Financial assets C=A-B	Classification
Trade and other receivables (including long term)	1,815	1,260	555	Amortized cost
Cash and cash equivalents	336	-	336	
Restricted cash	1,341	-	1,341	
Receivables from and loans to related parties (short term and long term balances)	192	-	192	
	3,684	**1,260**	**2,424**	

(AED in millions)

At 31 December 2020	Carrying amount A	Non-financial assets B	Financial assets C=A-B	Classification
Trade and other receivables (including long term)	1,458	786	672	Amortized cost
Cash and cash equivalents	209	-	209	
Receivables from and loans to related parties (short term and long term balances)	183	-	183	
	1,850	786	1,064	

Financial liabilities

(AED in millions)

At 31 December 2021	Carrying amount A	Non-financial liabilities B	Financial liabilities C=A-B	Classification
Loans and borrowings	7,190	-	7,190	Amortized cost
Term loan from a related party	3,854	-	3,854	
Trade and other payables	4,168	990	3,178	
Short term loan from a related party	57	-	57	
Due to related parties	388	-	388	
Other liabilities	231	-	231	
	15,888	**990**	**14,898**	

(AED in millions)

At 31 December 2020	Carrying amount A	Non-financial liabilities B	Financial liabilities C=A-B	Classification
Loans and borrowings	7,183	-	7,183	Amortized cost
Term loan from a related party	4,029	-	4,029	
Trade and other payables	2,928	881	2,047	
Short term loan from a related party	117	-	117	
Due to related parties	50	-	50	
Other liabilities	152	-	152	
	14,459	881	13,578	

30.2 Fair value measurement and hierarchy

Management believes that 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 value of the sukuk certificate that matures in 2025, 2029 and 2030 is AED 1,984 million (2020: AED 2,025 million), AED 2,433 million (2020: AED 2,492 million) and AED 2,350 million (2020: AED 2,378 million), respectively. These certificates are carried at level 2 of the fair value hierarchy. The fair value measurement method used is described in note 7.

30.3 Financial risk management

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

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

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

30.3.1 Credit risk

Credit risk is defined as the unforeseen losses on assets if counterparties should default. The entities in the Group have credit policies in place and the exposure to credit risk is monitored on an on-going basis. A majority of the Group's income is by way of advance receipts and is supported by a deposit equivalent to three months' rental. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no significant concentration of credit risk.

Cash is placed with reputable banks and the risk of default is considered remote. Under the current economic conditions, management has assessed the recoverability of its trade receivables (net of provisions) as at the reporting date and consider them to be recoverable. Due from related parties (net of provisions) are considered recoverable by management. Further details of credit risks on trade receivables and cash and bank balances are discussed in note 20.4 and 23, respectively.

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

(AED in millions)

	2021	2020
Trade and other receivables (including long term receivables)	555	672
Restricted cash	1,338	-
Call deposits and current accounts	330	204
Receivables from and loans to related parties and others (short term and long term balances)	192	183
At 31 December	**2,415**	1,059

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

30.3.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation.

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

(AED in millions)

At 31 December 2021	Gross Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
Unsecured loans and borrowings	7,213	9,141	349	355	2,832	5,605
Term loan from a related party	3,854	3,943	-	-	3,943	-
Trade and other payables	3,178	3,190	3,190	-	-	-
Short term loan from a related party	57	57	57	-	-	-
Due to related parties	388	388	388	-	-	-
Other liabilities	231	488	-	37	73	378
	14,921	**17,207**	**3,984**	**392**	**6,848**	**5,983**

(AED in millions)

At 31 December 2020	Gross Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
Unsecured loans and borrowings	7,210	9,420	326	343	2,879	5,872
Term loan from a related party	4,029	4,613	-	-	4,613	-
Trade and other payables	2,047	2,061	2,061	-	-	-
Short term loan from a related party	117	117	117	-	-	-
Due to related parties	50	50	50	-	-	-
Other liabilities	152	421	-	26	48	347
	13,605	16,682	2,554	369	7,540	6,219

30.3.2.1 Funding and liquidity

As the effect of COVID-19 on businesses continues to evolve, there are potential risks and uncertainties impacting the business. To ensure continued resilience, the Group continues to update its plans and liquidity optimization processes, considering alternative scenarios for the duration of the pandemic and pattern of economic recovery. Business continuity management, disaster recovery and crisis management programmes are linked to the risk management framework to support effective management of disruptive events. At the same time, the Group is adapting its strategy over medium and long term to enable and continue sustainable growth in the changing landscape through investments in digital assets, omni-channel, agile business model and operational excellence programs. The risk management and financial mitigation plan primarily focuses to:

- enhance and operationalize the risk management framework with a focus on risk integration into key processes such as Strategic Planning, Budgeting and Financial Planning, Investment Appraisals and Management Reporting;
- use scenario-based risk outlooks to manage and navigate through key principal uncertainties such as COVID-19 Recovery, Competition, Consumer trends as well as business growth opportunities; the assumptions for which are being updated on a bi-annual basis;
- come up with a roadmap to mitigate the impacts through action plans for revenue, operating expenses, working capital, dividends, and capital expenditures/ investments. Such action plans are continuously updated according to the changing circumstances and anticipated impacts; and
- establish a mechanism to monitor the execution of the defined action plans and ensure progression as planned.

At 31 December 2021, the Group has net current liabilities of AED 1.3 billion (2020: AED 1.8 billion) which includes loans and borrowings maturing in the short-term of AED 112 million (2020: AED 158 million). Further, at 31 December 2021, debt maturing in the long term amounts to AED 11.0 billion (2020: AED 11.2 billion), wherein the earliest repayment of a major loan falls in 2024 ('term loan to a related party' of AED 3.9 billion). To meet its commitments, the Group has access to sufficient undrawn committed facilities from MAFH and banks amounting to AED 5.2 billion (31 December 2020: AED 5.0 billion) as at the reporting period. The Group's assessment of funding and liquidity shows sufficient liquidity for the foreseeable future through its cash and available committed lines. The Group continues to maintain sufficient headroom on its debt covenants relating to net worth, debt to equity, interest coverage and debt service coverage.

30.3.3 Market risk

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

Managing interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The USD LIBOR was planned to be discontinued by the end of 2021 and the Group's main alternative reference rate for USD LIBOR is the Secured Overnight Financing Rate (SOFR). However, in November 2020, the ICE Benchmark Administration (IBA), the FCA-regulated and authorized administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain USD LIBORs after June 2023. Hence, IBOR continues to be used as a reference rate in financial markets and for determining the appropriate interest rate of the Group's loans and borrowings with variable interest rate.

a) Interest rate risk

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

(AED in millions)

		2021		2020
Fixed interest bearing instruments				
- Financial liabilities (loans)		(6,612)		(6,612)
- Financial liabilities (lease liabilities)		(159)		(178)
- Financial liabilities (deferred liability)		(111)		(23)
At 31 December		**(6,882)**		(6,813)
Variable interest bearing instrument				
- Financial liabilities (loans and borrowings)		(4,455)		(4,627)
- Financial liabilities (short term loan from a related party)		(57)		(117)
At 31 December		**(4,512)**		(4,744)
	P&L	**OCI**	**P&L**	**OCI**
Sensitivity analysis on variable interest bearing instruments:				
- Increase of 100bps	**(45)**	**-**	(47)	-
- Decrease of 100bps	**45**	**-**	47	-

b) Foreign currency risk

A significant portion of the Group's foreign currency borrowings and balances are denominated in US Dollar ('USD') and other currencies linked to USD. Aside from the foreign currency risk from Lebanon (refer note 29.4.1), any fluctuation in exchange rate is not likely to have a significant impact on Group's equity and profit or loss as the Group's functional currency is currently pegged to USD.

30.4 Capital management

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

(AED in millions)

	2021	2020
Loans and borrowings (excl. finance lease liabilities)	11,044	11,212
Total debt	**11,044**	11,212
Share capital	3,500	3,500
Shareholder contribution	2,938	2,938
Revaluation reserve	13,960	13,792
Retained earnings	9,842	7,301
Other reserves	(741)	(576)
Total equity attributable to owners of the Company - At 31 December	**29,499**	26,955

All bank covenants are monitored at regular intervals. During the year, the Group complied with its banking covenants. The most frequent agreed covenants in the loan agreements are: net worth, debt to equity, interest coverage and debt service coverage ratios.

31. Related party transactions and balances

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

31.1 Related party transactions

(AED in millions)

	MAFH		Sister companies		Equity accounted investees		KMP and other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Profit or loss transactions (income/(expenses)):										
Services received:										
- Treasury, corporate secretarial services and others	**(27)**	(20)	**-**	-	**(3)**	-	**-**	-	**(30)**	(20)
- Facility management services	**-**	-	**-**	-	**(105)**	-	**-**	(93)	**(105)**	(93)
- Global solutions service charge [b]	**-**	-	**(33)**	-	**-**	-	**-**	-	**(33)**	-
- Loyalty programme	**-**	-	**(16)**	(13)	**-**	-	**-**	-	**(16)**	(13)
Depreciation charges from a related party	**(7)**	-	**-**	-	**-**	-	**-**	-	**(7)**	-
Services rendered:										
- Renting of retail and office space	**8**	8	**366**	323	**1**	-	**-**	2	**375**	333
- Asset management	**-**	-	**-**	-	**3**	5	**-**	-	**3**	5
- Development management	**-**	-	**-**	-	**-**	1	**-**	-	**-**	1
- Project management	**13**	7	**2**	3	**14**	10	**-**	-	**29**	20
- IT and other service charges	**-**	-	**4**	4	**1**	15	**-**	-	**5**	19
Interest expense on loans	**(137)**	(232)	**-**	-	**-**	-	**-**	-	**(137)**	(232)
Unwinding of discount on receivable from a joint venture	**-**	-	**-**	-	**3**	-	**-**	-	**3**	-
Compensation to key management personnel ('KMP') [a]	**-**	-	**-**	-	**-**	-	**(33)**	(27)	**(33)**	(27)
Balance sheet and equity transactions (inflows/(outflows)):										
Coupon declared on subordinated capital loan instrument	**(175)**	(175)	**-**	-	**-**	-	**-**	-	**(175)**	(175)
Additional investment in equity accounted investee (note 9.1.2)	**-**	-	**-**	-	**(50)**	(13)	**-**	-	**(50)**	(13)
Dividend received from equity accounted investee	**-**	-	**-**	-	**22**	39	**-**	-	**22**	39
Additional shareholder contribution	**-**	-	**-**	-	**-**	-	**7**	6	**7**	6
Additions to development property (notes 22 and 31.2(d))	**-**	-	**(248)**	-	**-**	(13)	**-**	-	**(248)**	(13)
Dividend declared to a non-controlling interest	**-**	-	**-**	-	**-**	-	**(18)**	-	**(18)**	-
Off-balance sheet transactions (received/(provided)):										
Provision of corporate guarantees (note 34):										
- On various bank loans availed by MAFH	**(3,391)**	(6,002)	**-**	-	**-**	-	**-**	-	**(3,391)**	(6,002)
- On hybrid perpetual note instruments and bonds issued under the Global Medium Term Note ('GMTN') program	**(6,244)**	(6,244)	**-**	-	**-**	-	**-**	-	**(6,244)**	(6,244)
Capital commitments (note 33)	**-**	-	**-**	-	**279**	343	**-**	-	**279**	343

a) *The aggregate compensation comprises of: directors' fees and expenses of AED 5 million (2020: AED 5 million), short term employee benefits (salaries and allowances including provision for bonus) of AED 27 million (2020: AED 21 million) and provision for retirement benefit obligation of AED 1 million (2020: AED 1 million). This does not include amounts paid by MAFH in relation to services provided by its key management personnel to the Company.*

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

31.2 Related party balances:

(AED in millions)

	MAFC		MAFH		Sister companies		Equity accounted investees		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assets:												
Trade receivables	-	-	**3**	8	**102**	87	-	-	-	1	**105**	96
Due from related parties:												
- Short-term, interest-free and unsecured receivable [a]	**1**	1	-	-	**70**	47	**56**	82	-	-	**127**	130
- Less: loss allowances	-	-	-	-	-	-	**(8)**	(8)	-	-	**(8)**	(8)
	1	1	-	-	**70**	47	**48**	74	-	-	**119**	122
Short term loan to related parties:												
- Short-term, interest-free and unsecured loan	-	-	-	-	-	-	**43**	43	-	18	**43**	61
	-	-	-	-	-	-	**43**	43	-	18	**43**	61
Long term receivable from a related party:												
- Long-term, interest-free and unsecured receivable [e]	-	-	-	-	-	-	**30**	-	-	-	**30**	-
- Long-term, interest-bearing and unsecured receivable	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities:												
Trade and other payables	-	-	**3**	3	**219**	187	**1**	-	-	1	**223**	191
Due to related parties:									-			
- Short-term, interest-free and unsecured payable [d]	-	-	**34**	23	**354**	25	-	-	-	2	**388**	50
Short term loan from a related party [b]	-	-	-	-	**57**	117	-	-	-	-	**57**	117
Term loan from a related party [c]	-	-	**3,854**	4,029	-	-	-	-	-	-	**3,854**	4,029

a) *Includes an amount of AED 14 million (2020: AED 42 million) expected to be settled following the joint venture's normal operating cycle.*

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

c) *Effective April 2014, the loan agreement between MAFH and the Company was amended to increase the facility amount from AED 5,000 million to AED 7,000 million. In February 2017, the limit of the intercompany loan agreement was increased from AED 7,000 million to AED 8,500 million. In February 2018, the limit was further increased from AED 8,500 million to AED 8,800 million. Effective 1 January 2020, the loan agreement has been amended and the applicable repayment date is by 1st January 2024 that is subject to automatic renewal for a period of four (4) years unless agreed otherwise. The unsecured facility carries a margin of 2.3% (2020: 2.5%) per annum over EIBOR in the current period. Refer to note 31.2.1 for movement in the loan.*

d) *Includes an amount of AED 248 million (2020: nil) pertaining to cost of land transferred from a sister company for which control has been transferred to the Group due to satisfaction of agreed percentage of construction completion. This payable amount is expected to be settled following the Group's subsidiary's normal operating cycle.*

e) *Includes dividend receivable from a joint venture amounting to AED 30 million (2020: nil), net of AED 8 million unamortized discounting impact.*

31.2.1 Term loan from a related party

(AED in millions)

	2021	2020
At 1 January	4,029	4,458
Borrowed during the year	1,723	1,709
Additions due to beneficial ownership transfer of a related party (refer note 35)	440	-
Interest payable to MAFH converted to long term loan	129	230
Coupon payable to MAFH adjusted against long term loan	175	175
Repaid during the year	(2,642)	(2,543)
At 31 December	**3,854**	4,029
- Current	**-**	-
- Non-current	**3,854**	4,029

a) *The additions of AED 440 million (2020: nil) due to beneficial ownership transfer of a related party, coupon payment of AED 175 million (2020: AED 175 million) and interest payable to MAFH of AED 129 million (2020: AED 230 million) adjusted against /converted to the 'term loan from a related party' are non-cash transactions.*

32. Leases

Accounting policy

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

i. Definition of a lease

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

ii. As a lessee

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

Right-of-use assets

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

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

Lease liability

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Lease payments associated with these leases are recognized as expense on a straight-line basis over the lease term.

iii. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group accounts for a modification to an operating lease (for example, a change in scope or consideration for a lease that was not part of the original terms and conditions of the lease) as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease, and amortized over the new lease term.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

32.1 Critical judgement

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

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

32.2 Group as lessee

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

32.2.1. Right-of-use assets

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

(AED in millions)

	2021	2020
At 1 January	31	66
Depreciation charge for the year	(18)	(29)
Effect of changes in foreign currency translation	-	(2)
Net addition/(reversal) during the year	9	(4)
At 31 December	**22**	31

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

32.2.2 Lease liabilities

(AED in millions)

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2021	2020	2021	2020	2021	2020
Less than one year	29	40	12	14	17	26
Between one and two years	25	26	11	12	14	14
Between two and five years	39	48	34	34	5	14
More than five years	335	347	212	223	123	124
At 31 December	**428**	461	**269**	283	**159**	178
- Current (note 24)					**17**	26
- Non-current (note 27)					**142**	152

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% (2020: 1.30% to 10.30%) per annum.

32.3 Group as lessor

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

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

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

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

(AED in millions)

	2021	2020
Less than one year	3,051	2,741
One to two years	2,255	1,984
Two to three years	1,566	1,332
Three to four years	951	846
Four to five years	568	488
More than five years	1,732	1,509
At 31 December	**10,123**	8,900

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

33. Capital commitments

(AED in millions)

	2021	2020
Capital commitments of the Group	2,219	620
The Group's share of capital commitments in relation to its equity accounted investees	279	343
At 31 December	**2,498**	963

Capital commitments refers to the value of contracts signed for the development and construction of assets as at 31 December 2021, net of costs incurred and advances made up to that date.

34. Contingent liabilities

(AED in millions)

	2021	2020
Corporate guarantees on various bank loans availed by MAFH	3,391	6,002
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 by a subsidiary of MAFH	2,938	2,938
Performance guarantee to government authorities	573	-
At 31 December	**10,208**	12,246

34.1 Litigation and claims

There are certain litigation and claims that arise during the normal course of business. Management reviews these on a regular basis as and when such litigations and/or claims are received. Each case is treated according to its merit and necessary provisions are created. Based on the opinion of the Group's legal counsel and information presently available, management believes there is no significant exposure that may result in a significant cash outflow for the Group.

35. Acquisition of a subsidiary

From 1 January 2021, Tilal Al Ghaf Development LLC, a wholly owned subsidiary of MAFC, transferred its investment in Tilal Al Ghaf Phase A LLC for the beneficial ownership of the Group. Accordingly, these consolidated financial statements capture the results of Tilal Al Ghaf Phase A LLC. The following table summarizes the financial position of Tilal Al Ghaf Phase A LLC transferred on 1 January 2021:

(AED in millions)

	1 January 2021
Non-current assets	
Property, plant and equipment	8
Long term receivables	5
Total non-current assets	**13**
Current assets	
Development property	299
Trade and other receivables	89
Cash and bank balances	283
Total current assets	**671**
Total assets	**684**
Non-current liabilities	
Retirement benefit obligation	1
Total non-current liabilities	**1**
Current liabilities	
Trade and other payables	320
Due to related parties	455
Provision	37
Total current liabilities	**812**
Total liabilities	**813**
Net liabilities	**(129)**

The Group did not apply IFRS 3 *Business Combination* as the acquisition is a common control transaction at book value defined under IFRS 3.

36. Seasonality and cyclicality

There is no material seasonality or cyclicality impacting these consolidated financial statements.

37. Investment in shares

The Group has not invested in any shares during the year ended 31 December 2021 and 2020 except for investment in Enova Facilities Management Services LLC (note 9.1.2), an associate, and Tilal Al Ghaf Phase A LLC (note 35), a subsidiary, during the year.

38. Subsequent events

Aside from the ongoing impact of COVID-19, there has been no significant event subsequent to the reporting date and up to the date of authorization on 21 February 2022, which would have a material effect on the consolidated financial statements.