Majid Al Futtaim Holding LLC

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	Affirmed 24 Nov 21
Short-Term IDR	F3		Affirmed 24 Nov 21

Click here for full list of ratings

Applicable Criteria

Corporate Rating Criteria (October 2021)
Sector Navigators - Addendum to the Corporate Rating Criteria (October 2021)
Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)
Corporate Hybrids Treatment and Notching Criteria (November 2020)
Sukuk Rating Criteria (February 2021)

Related Research

EMEA Real Estate - Peer Review (January 2021)

Analysts

Bram Cartmell
+44 20 3530 1874
bram.cartmell@fitchratings.com

Shrouk Diab
+971 4 424 1250
shrouk.diab@fitchratings.com

Majid Al Futtaim Holding LLC's (MAF) ratings are driven by Majid Al Futtaim Properties' (MAFP) high-quality portfolio of 29 shopping centres and 13 hotels, which generates more than two-thirds of group EBITDA. MAFP registered a decline of 21% in EBITDA in 2020, caused by pandemic-related government-imposed lockdowns and restrictions. EBITDA grew by about 6% in 1H21 compared with 1H20, as footfall and sales began to return, and recovery is showing signs of accelerating in 2H21.

The Carrefour franchise retail division (MAFR) continues to generate low-margin defensive cash flows, although EBITDA, in Fitch Ratings' view, is likely to fall as sales normalise from the high levels during the pandemic.

The company's liquidity position, which helped it weather 2020, remains strong, with AED1.2 billion of unrestricted cash at 1H21 and undrawn committed facilities of AED10.2 billion with no material maturities before 2024.

Key Rating Drivers

Improving Operating Environment: Following a contraction of around 6% in 2020, Fitch expects UAE real growth of around 1.8% in 2021, with non-oil increasing by 3.5%. A strong vaccination effort and government stimulus programmes allowed UAE to begin to recover earlier than many countries. As vaccinations have increased globally, more borders have opened, oil prices are up and trade and travel are growing. This is particularly benefiting UAE, which began opening relatively early, partly owing to strict lockdown measures and a strong vaccine programme.

Several large events, including the opening of Expo 2020 in October 2021, are attracting tourists and business, increasing footfall in malls and occupancy in hotels. However, this could slow if there is a Covid-19 resurgence or a negative geopolitical event.

High-Quality Malls Anchor Ratings: MAFP remains the group's main generator of profitability and cash flow, contributing more than 60% of EBITDA in 2020. With two super-regional malls opening in 2021, the portfolio now comprises 29 malls, mainly high-quality assets in good locations with a gross leasable area exceeding 1.6 million sqm, as well as 13 hotels.

The division's premier asset is the 255,000 sqm Mall of the Emirates (MOE), one of Dubai's key destination malls. There is asset concentration as MOE generates about a quarter of group EBITDA, and some geographic concentration. Around two-thirds of EBITDA is generated in UAE, although assets in Egypt, Oman, Bahrain, and Lebanon, and planned expansion into Saudi Arabia mitigate this.

Rents Slowly Recovering: The pandemic closing non-essential stores and hotels directly affected MAFP revenue in 2020, which decreased 24%, but with cost-cutting measures, MAFP's EBITDA fell by 21%. This decline also included rents on lease expiries being reset at lower levels compared with passing rent, although re-leasing in 2021 has improved. As restrictions have eased in 2021, revenue and EBITDA grew around 6% in 1H21.

Although still well below 2019 levels, 2H21 is showing good recovery, with hotel occupancy nearing 100% and tenant sales near 2019 levels. Mall occupancy remains steady at around 93% (excluding the new malls). The weighted average unexpired lease term for the portfolio is a short 2.5 years. This provides MAFP with flexibility to capture rent increases, but tenants could demand lower rents if the recovery slows, especially given the oversupply of retail assets in the Dubai market.

Retail Continues to Grow: MAFR opened 48 stores in 2020 and 24 in 1H21 to reach 378 stores across 16 MENA countries. As almost all stores were open throughout 2020, MAFR recorded EBITDA of around AED1.6 billion, growth of 14%. However, 1H21 EBITDA declined by around 12%. A combination of factors drove this fall, including high sales in 1H20 during the pandemic and the boycott of French goods in several countries in the Middle East.

MAFR now accounts for around one-third of group EBITDA. This level is unlikely to materially diminish, but we do not anticipate strong like-for-like growth as competition increases. Although its EBITDA margins are only around 5% (compared with MAFP's 67% at end-2020), MAFR brings stable and diverse revenue that is uncorrelated to the properties business.

Development Continues: To preserve cash in 2020, MAF delayed the openings of two super-regional malls. City Centre Al Zahia (136,000 sqm) in Sharjah UAE opened on 10 March 2021 and the Mall of Oman (142,000 sqm) in Muscat on 1 September 2021. The company only has one major new retail asset planned, the 270,000 sqm Mall of Saudi in Riyadh, Saudi Arabia, but this is expected to open in 2025/26.

Of a total capex pipeline of around AED9 billion, only one-third is committed and is mainly for lower risk projects, such as refurbishments. The company demonstrated its ability to manage development spending during the pandemic, providing financial flexibility. MAF has a successful history of development and pre-letting ahead of project initiation and typically funds capex from free cash flow (FCF) and debt.

Leverage to Peak: As the pandemic caused EBITDA to decline in 2020, group net debt/MAFP rental-derived EBITDA leverage metrics increased to 7.5x (2019: 5.3x). We expect this to reduce around 6.9x in 2021 and below 6x by 2022 as EBITDA increases and as gross debt marginally declines in line with lower development spend. We expect recurring-income EBITDA interest coverage to remain healthy, averaging more than 4x over the forecast period. MAF has access to a diverse range of funding, including conventional bonds, bank lending, green sukuk and hybrid capital.

Financial Summary

Majid Al Futtaim Holding LLC

(AEDm)	Dec 19	Dec 20	Dec 21F	Dec 22F
Gross revenue	35,156	32,575	30,861	33,640
Operating EBITDAR margin (%)	15.1	13.8	14.9	15.4
FFO net leverage (x)	3.4	3.9	3.6	3.2
Total net debt with equity credit/operating EBITDA (x)	3.3	3.7	3.6	3.1
Operating EBITDA/interest paid (x)	11.0	11.8	5.1	5.8

F – Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

MAF differs from most EMEA rated real estate companies, owing to its conglomerate structure, which includes real estate, retail and entertainment subsidiaries (MAF Ventures). In 2020, the group benefitted from MAFR operations' cash generation as these stores remained open during the lockdowns. Most EMEA retail REITs were also partly shut during lockdowns, apart from essential stores. REITs with significant office portfolios, such as The British Land Company PLC (A-/Stable) and Land Securities Plc (Short-Term IDR: F1), including Romania-based office REIT Globalworth Real Estate Investments Limited (BBB-/Stable), benefited from steady cash flow from their office assets as tenants largely continued to pay rents, whether or not staff were in the office.

MAF, which operates mainly in Dubai, and other rated EMEA REITS differ in the operating environment. Dubai's retail real estate market is marked by excess supply, which is increasing competition. In addition, about 90% of Dubai is populated by expatriates, many of whom left the country after losing employment in 2021 and the economy has a high reliance on tourism and oil prices. These can make the consumer base more volatile than most other EMEA jurisdictions.

The company maintains a conservative financial structure compared with most investment-grade EMEA real estate peers, such as UK-based Hammerson Plc (BBB/Negative), which has net leverage of around 9.0x, compared with the group net debt/MAFP EBITDA of around 6.0x in 2020. This reflects the higher income-yielding asset base of MAF's portfolio. Romania-based NEPI Rockcastle plc (BBB/Positive), which has a EUR5.6 billion income-producing portfolio of regionally dominant shopping centres across Eastern and Central Europe, had net debt/EBITDA at end-2020 of only 6.1x, despite its challenging environment.

Rating Sensitivities

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

- Meaningful geographical diversification and/or reduced asset concentration.
- MAFP's recurring income-derived EBITDA interest coverage sustained above 3.0x and MAFP's derived Fitch-adjusted loan to value ratio (LTV) below 40%.

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

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

Liquidity and Debt Structure

Ample Liquidity: At 1H21, MAF had AED1.2 billion of unrestricted cash (excluding cash held in escrow) and undrawn committed facilities of AED10.2 billion. This compares with the first call date of the 2017 hybrid, USD500 million (AED1.8 billion) hybrid in September 2022 and the USD800 million (AED2.94 billion) unsecured notes due May 2024. The debt profile is diverse, comprising unsecured, hybrid, sukuk and most recently, green sukuk issuances. The company has no secured debt.

We expect liquidity to remain healthy during the forecast period with a score well over 2.0x. The company's policy is to maintain at least 18 months' liquidity coverage, but reported coverage of 39 months at 1H21.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

Majid Al Futtaim Holding LLC – Cash and Maturities Report

Liquidity analysis (AEDm)	30 June 2021
Total cash and cash equivalents	1,904
Short-term investments	0
Less: Not readily available cash and cash equivalents	300
Fitch-defined readily available cash and cash equivalents	**1,604**
Availability under committed lines of credit	10,157
Total liquidity	**11,761**
Plus: Fitch-forecast YE21 free cash flow (post-dividend, excluding uncommitted capex)	131
Total sources	11,892
Less: Short-term debt maturities	-1,053
Fitch liquidity ratio	**11.3**

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

Scheduled debt maturities (AEDm)	30 June 2021
2021	1,053
2022	62
2023	66
2024	4,525
2025	3,773
Thereafter	5,182
Total	**14,661**

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

Key Assumptions

- MAF group EBITDA margin averaging around 13% with MAFP margins averaging 65%
- MAFP reaching 2019 EBITDA levels by end-2022.
- Stable liquidity coverage supported by committed unutilised revolving facilities
- Capex intensity ratio at 8% for the forecast period
- Continued dividends distribution throughout the forecast period, albeit at a reduced rate

Financial Data

Majid Al Futtaim Holding LLC

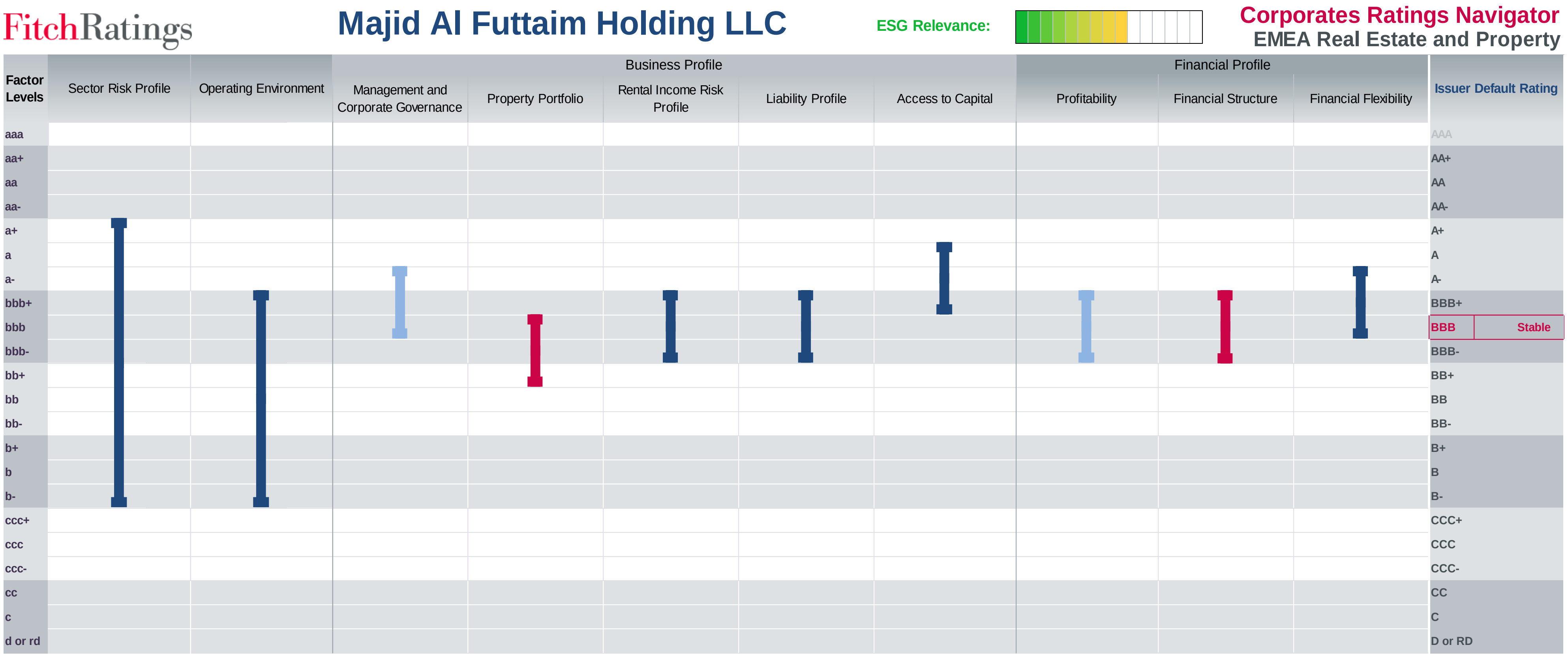
	Historical			Forecast		
(AEDm)	**Dec 18**	**Dec 19**	**Dec 20**	**Dec 21**	**Dec 22**	**Dec 23**
Summary income statement						
Gross revenue	34,655	35,156	32,575	30,861	33,640	34,998
Revenue growth (%)	7.4	1.4	-7.3	-5.3	9.0	4.0
Operating EBITDA (before income from associates)	4,571	4,396	3,684	3,827	4,331	4,754
Operating EBITDA margin (%)	13.2	12.5	11.3	12.4	12.9	13.6
Operating EBITDAR	5,298	5,318	4,510	4,609	5,184	5,642
Operating EBITDAR margin (%)	15.3	15.1	13.8	14.9	15.4	16.1
Operating EBIT	3,068	2,860	2,045	2,213	2,743	3,033
Operating EBIT margin (%)	8.9	8.1	6.3	7.2	8.2	8.7
Gross interest expense	-417	-693	-527	-759	-752	-746
Pretax income (including associate income/loss)	54	-1,723	-2,595	1,706	2,244	2,542
Summary balance sheet						
Readily available cash and equivalents	1,228	1,251	3,699	3,412	3,779	3,960
Total debt with equity credit	15,713	15,732	17,648	17,530	17,412	17,320
Total adjusted debt with equity credit	21,529	23,108	24,256	23,790	24,236	24,420
Net debt	14,485	14,481	13,949	14,118	13,633	13,361
Summary cash flow statement						
Operating EBITDA	4,571	4,396	3,684	3,827	4,331	4,754
Cash interest paid	-625	-401	-319	-759	-752	-746
Cash tax	-70	-82	-94	-85	-112	-127
Dividends received less dividends paid to minorities (inflow/(out)flow)	53	-4	95	81	54	91
Other items before FFO	448	-61	-150	65	45	40
Funds flow from operations	4,451	3,897	3,261	3,186	3,626	4,073
FFO margin (%)	12.8	11.1	10.0	10.3	10.8	11.6
Change in working capital	0	904	-94	-244	396	194
Cash flow from operations (Fitch defined)	4,451	4,801	3,167	2,941	4,022	4,267
Total non-operating/nonrecurring cash flow	0	0	0			
Capex	-4,759	-3,924	-2,088			
Capital intensity (capex/revenue) (%)	13.7	11.2	6.4			
Common dividends	-1,360	-870	-635			
Free cash flow	-1,668	7	444			
Net acquisitions and divestitures	42	-19	-34			
Other investing and financing cash flow items	-93	1,875	1,906	-300	0	0
Net debt proceeds	1,542	-1,645	327	-118	-118	-91
Net equity proceeds	-625	-195	-195	0	0	0
Total change in cash	-802	23	2,448	-287	367	181
Leverage ratios						
Total net debt with equity credit/operating EBITDA (x)	3.1	3.3	3.7	3.6	3.1	2.8
Total adjusted debt/operating EBITDAR (x)	4.0	4.3	5.3	5.1	4.6	4.3
Total adjusted net debt/operating EBITDAR (x)	3.8	4.1	4.5	4.3	3.9	3.6
Total debt with equity credit/operating EBITDA (x)	3.4	3.6	4.7	4.5	4.0	3.6
FFO adjusted leverage (x)	3.8	4.5	5.6	5.1	4.7	4.3
FFO adjusted net leverage (x)	3.5	4.2	4.7	4.4	4.0	3.6
FFO leverage (x)	3.1	3.7	5.0	4.5	4.0	3.6
FFO net leverage (x)	2.9	3.4	3.9	3.6	3.2	2.8
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-6,077	-4,813	-2,757	-2,810	-3,536	-3,995
Free cash flow after acquisitions and divestitures	-1,626	-12	410	131	486	272
Free cash flow margin (after net acquisitions) (%)	-4.7	0.0	1.3	0.4	1.4	0.8
Coverage ratios						
FFO interest coverage (x)	8.0	10.6	11.1	5.1	5.7	6.4
FFO fixed-charge coverage (x)	4.2	3.9	3.8	3.0	3.2	3.5
Operating EBITDAR/interest paid + rents (x)	4.0	4.0	4.0	3.0	3.3	3.5
Operating EBITDA/interest paid (x)	7.4	11.0	11.8	5.1	5.8	6.5
Additional metrics						
CFO-capex/total debt with equity credit (%)	-2.0	5.6	6.1	4.5	7.6	6.4
CFO-capex/total net debt with equity credit (%)	-2.1	6.1	7.7	5.5	9.8	8.4

Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

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

Ratings Navigator



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

FitchRatings

Majid Al Futtaim Holding LLC

Corporates Ratings Navigator
EMEA Real Estate and Property

Operating Environment

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

Management and Corporate Governance

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

Property Portfolio

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

Rental Income Risk Profile

a-	Occupancy	bbb	Moderate occupancy volatility through cycles. Occupancy consistently above 90%. Track record of limited tenant defaults.
bbb+	Lease Duration, Renewal and NOI Volatility	bb	Lease duration between three to five years with some renewed, flat or negative net rental income growth and/or above-average volatility compared to industry average.
bbb	Lease Expiry Schedule	bbb	Smoothed lease maturity profile with no large lease expiries in the near term.
bbb-	Tenant Concentration and Tenant Credit	bbb	Top 10 tenants comprise 15%-30% of annual base rent revenue; average tenant credit risk.
bb+			

Liability Profile

a-	Debt Maturity Profile	bbb	Average debt tenor between five to seven years. No year represents more than 20% of total debt.
bbb+	Fixed/Floating Interest Rate Liability Profile	bbb	Fixed or hedged debt 50%-75% of total debt. Evidence of consistent policy.
bbb			
bbb-			
bb+			

Access to Capital

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

Profitability

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

Financial Structure

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

Financial Flexibility

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

Credit-Relevant ESG Derivation

Majid Al Futtaim Holding LLC has 7 ESG potential rating drivers

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

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
	5	issues	1

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

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

FitchRatings

Majid Al Futtaim Holding LLC

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

Majid Al Futtaim Holding LLC has 7 ESG potential rating drivers

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

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
	5	issues	1

Environmental (E)

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

Social (S)

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

Governance (G)

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

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

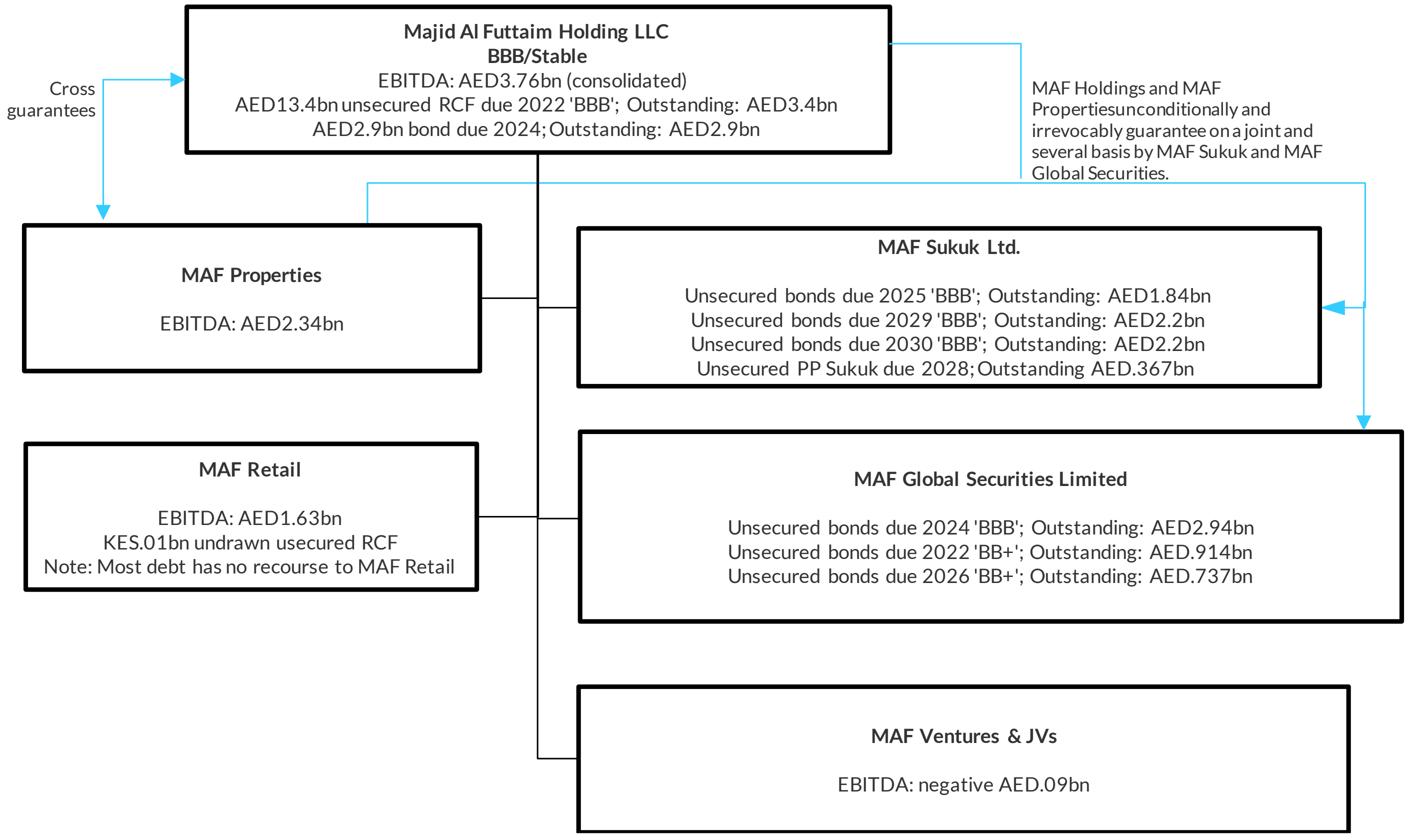
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

CREDIT-RELEVANT ESG SCALE

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

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

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Majid Al Futtaim Holding LLC, as of June 2021

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (AEDm)	Operating EBITDAR margin (%)	FFO net leverage (x)	Total net debt with equity credit/ operating EBITDA (x)	Operating EBITDA/ interest paid (x)
Majid Al Futtaim Holding LLC	BBB						
	BBB	2020	32,575	13.8	3.9	3.7	11.8
	BBB	2019	35,156	15.1	3.4	3.3	11.0
	BBB	2018	34,655	15.3	2.9	3.1	7.4
Arabian Centres Company	BB+						
	BB+	2021	1,856	73.3	5.6	6.6	3.3
	BB+	2020	2,197	78.3	4.1	4.6	3.7
		2019	2,176	79.8	4.7	4.5	8.9
NEPI Rockcastle plc	BBB						
	BBB	2020	380	79.5	6.4	6.1	6.0
	BBB	2019	407	91.6	5.7	5.6	7.9
	BBB	2018	350	90.9	6.3	6.3	7.8
AKROPOLIS GROUP, UAB	BB+						
		2020	56	97.3	4.6	4.4	15.5
		2019	52	97.9	5.7	5.0	16.9
Hammerson plc	BBB						
	BBB	2020	130	27.7	19.6	31.7	0.6
	BBB	2019	184	61.2	9.0	9.2	2.7
	BBB+	2018	223	68.8	11.6	12.0	2.3

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

Fitch Adjustments and Reconciliation Table for Majid Al Futtaim Holding LLC

(AEDm)	Notes and Formulas	Reported Values	Sum of Adjustments	Other Adjustments	Adjusted Values
31 December 2020					
Income Statement Summary					
Revenue		32,575			32,575
Operating EBITDAR		4,510			4,510
Operating EBITDAR After Associates and Minorities	(a)	4,605			4,605
Operating Lease Expense	(b)	0	826	826	826
Operating EBITDA	(c)	4,510	-826	-826	3,684
Operating EBITDA After Associates and Minorities	(d) = (a-b)	4,605	-826	-826	3,779
Operating EBIT	(e)	2,317	-272	-272	2,045
Debt and Cash Summary					
Total Debt with Equity Credit	(f)	17,648			17,648
Lease-Equivalent Debt	(g)	0	6,608	6,608	6,608
Other Off-Balance-Sheet Debt	(h)	0			0
Total Adjusted Debt with Equity Credit	(i) = (f+g+h)	17,648	6,608	6,608	24,256
Readily Available Cash and Equivalents	(j)	3,699			3,699
Not Readily Available Cash and Equivalents		0			0
Cash Flow Summary					
Operating EBITDA After Associates and Minorities	(d) = (a-b)	4,605	-826	-826	3,779
Preferred Dividends (Paid)	(k)	0			0
Interest Received	(l)	45			45
Interest (Paid)	(m)	-591	272	272	-319
Cash Tax (Paid)		-94			-94
Other Items Before FFO		122	-272	-272	-150
Funds from Operations (FFO)	(n)	4,087	-826	-826	3,261
Change in Working Capital (Fitch-Defined)		-94			-94
Cash Flow from Operations (CFO)	(o)	3,993	-826	-826	3,167
Non-Operating/Nonrecurring Cash Flow		0			0
Capital (Expenditures)	(p)	-2,088			-2,088
Common Dividends (Paid)		0	-635	-635	-635
Free Cash Flow (FCF)		1,905	-1,461	-1,461	444
Gross Leverage (x)					
Total Adjusted Debt/Operating EBITDAR[a]	(i/a)	3.8			5.3
FFO Adjusted Leverage	(i/(n-m-l-k+b))	3.8			5.6
FFO Leverage	(i-g)/(n-m-l-k)	3.8			5.0
Total Debt with Equity Credit/Operating EBITDA[a]	(i-g)/d	3.8			4.7
(CFO-Capex)/Total Debt with Equity Credit (%)	(o+p)/(i-g)	10.8%			6.1%
Net Leverage (x)					
Total Adjusted Net Debt/Operating EBITDAR[a]	(i-j)/a	3.0			4.5
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	3.0			4.7
FFO Net Leverage	(i-g-j)/(n-m-l-k)	3.0			3.9
Total Net Debt with Equity Credit/Operating EBITDA[a]	(i-g-j)/d	3.0			3.7
(CFO-Capex)/Total Net Debt with Equity Credit (%)	(o+p)/(i-g-j)	13.7%			7.7%
Coverage (x)					
Operating EBITDA/(Interest Paid + Lease Expense)[a]	a/(-m+b)	7.8			4.0
Operating EBITDA/Interest Paid[a]	d/(-m)	7.8			11.8
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	7.8			3.8
FFO Interest Coverage	(n-l-m-k)/(-m-k)	7.8			11.1

[a]EBITDA/R after dividends to associates and minorities.

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

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

DISCLAIMER & DISCLOSURES

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

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

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

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

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