S&P Global Ratings

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Tear Sheet:

Majid Al Futtaim Holding LLC

August 12, 2025

This report does not constitute a rating action.

We forecast stable profitability for MAF in 2025-2026, reflecting improved performances for its lifestyle and properties segments. The retail segment's performance will likely remain weak, however. We anticipate modest revenue growth of 2%-4% in 2025-2026 supported by the ramp-up of residential real estate projects such as Tilal Al Ghaf (TAG) and Ghaf Woods; resilient mall leasing operations; and growth in the lifestyle segment on the back of MAF's increasing market presence. MAF's retail segment contributed 65% of revenue and about 8% of reported EBITDA as of December 2024. We expect this segment's revenue to remain negatively impacted by increased competition, changes in consumer preferences, and lower sales in Saudi Arabia. The group has started a turnaround of this segment by rationalizing its portfolio and growing customer focus. Consequently, we conservatively anticipate that retail margins will remain around 2%-3% in 2025, versus about 5% in 2023. We foresee the gradual recovery and ramp-up of the online retail business supporting modest revenue growth of 1%-2% and subsequent margin improvement to 3%-4%.

We anticipate that healthy free operating cash flow (FOCF), albeit subject to additional spending on growth, will reduce MAF's leverage and improve its rating headroom. Following stronger-than-anticipated FOCF generation in 2024 amid lower capital expenditure (capex), we anticipate that FOCF will remain healthy at AED700 million-AED900 million in 2025 and potentially increase by an additional AED1 billion in 2026, supported by incremental EBITDA generation and significant working capital reductions. We forecast EBITDA growth to recover in some segments—lifestyle, entertainment, and retail—and we anticipate neutral working capital needs next year as TAG unit handovers release cash in escrow. We foresee capex growing substantially in 2025-2026, from the AED1.7 billion reported in 2024, as MAF focuses on maximizing the use of its existing assets and upgrading and modernizing its malls. We therefore anticipate that company-adjusted debt to EBITDA will decline to 3.0x-4.0x in 2025 and 2.5x-3.5x in 2026, from 3.8x in 2024. Our downside trigger is 4.5x.

S&P Global Ratings will be monitoring how MAF's management and governance, which we currently still assess as strong, evolves over the coming months. MAF recently appointed new board members at the Holding level, and we understand that a special judicial named a nine-member board of directors for Majid Al Futtaim Capital, MAF Holding's parent, composed of five independent or non-executive directors and four family members. We understand from management that it does not expect any broad strategy revisions. However, significant changes

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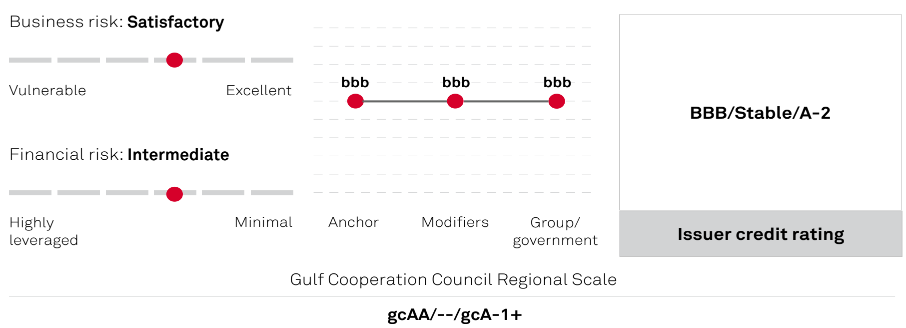
in MAF's management and shareholding structures could potentially introduce a less predictable strategy and decision-making process, which have both historically been a rating strength. Although this is unlikely to, in isolation, affect the ratings, a potential change in the company's strategy and decision-making process following the recent changes to the board could affect our management and governance score.

Ratings Score Snapshot



Recent Research

- Industry Credit Outlook Update GCC : Homebuilders and developers, Jun. 16, 2025
- Industry Credit Outlook Update GCC: Real Estate, Jun. 16, 2025
- GCC Companies Brace For A Storm, April 29, 2025

Company Description

MAF owns and operates 29 shopping malls across the UAE and four other countries in the Middle East and North Africa, with over 1.8 million square meters of gross leasable area--including eight superregional malls--across the Middle East. Additionally, it owns seven hotel properties in the UAE and Bahrain. In 2024, the group operated 452 hypermarkets and supermarkets across the Middle East through an exclusive franchise agreement with France-based international food retailer Carrefour (the world's second-largest food retailer). MAF is owned by nine shareholders, the family members of the founder Majid Al Futtaim.

Outlook

The stable outlook indicates that we expect MAF's revenue and EBITDA from its retail division to remain weak in 2025, resulting in only modest annual revenue growth following two years of revenue contraction. EBITDA margins are expected to remain 15%-17% over the next 12-24 months. As the residential real estate development projects progress toward completion in 2025-2026, improved cash flow generation and higher EBITDA will accelerate the reduction in leverage, such that adjusted debt to EBITDA remans comfortably below 4.5x.

Despite higher interest rates, we anticipate that EBITDA interest coverage will remain healthy at 5.5x-6.5x in 2025 and potentially above 6.5x starting from 2026. We do not consider the rating to be constrained by the credit quality of MAF Holding's parent, MAF Capital LLC, because we consider it to be similar to that of MAF Holding.

The property rentals business can tolerate higher financial leverage than retail and other businesses, in our opinion. We would likely adjust our target ratios if the property rental activities ceased to account for a substantial majority of the group's EBITDA.

Downside scenario

We could consider a downgrade if:

- MAF Holding's performance deteriorates and if its debt-to-EBITDA ratio exceeds 4.5x (3.8x as of Dec. 30, 2024) without near-term prospects of recovery, and it was unable to maintain EBITDA interest coverage above 3.8x (4.4x as of Dec 31, 2024);
- The credit profile of its controlling parent materially weakens; or
- The group's corporate governance practices change, leading to a more aggressive financial policy that could weaken its commitment to the current rating level and leverage targets.

Upside scenario

We see limited upside potential in the next 24 months, given the expected pace of deleveraging. We could consider raising the rating if the group's debt to EBITDA sustainably reduced below 2.5x.

Key Metrics

MAF--Key Metrics*

AED. $	2023a	2024a	2025e	2026f	2027f
Revenue growth (%)	(5.0)	(1.6)	2.0-4.0	2.0-4.0	2.0-4.0
EBITDA margin (%)	15.5	16.0	15.0-17.0	15.0-17.0	15.0-17.0
Adjusted ratios					
Debt to EBITDA (x)	4.0	3.8	3.0-4.0	2.5-3.5	2.5-3.5
EBITDA interest coverage (x)	4.2	4.4	5.5-6.5	6.5-7.5	6.5-7.5

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast.

Financial Summary

Majid Al Futtaim Holding LLC--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	AED	AED	AED	AED	AED	AED
Revenues	35,156	32,575	32,291	36,319	34,497	33,951
EBITDA	5,363	4,623	4,700	4,860	5,356	5,441
Funds from operations (FFO)	4,506	3,841	3,860	3,939	4,129	4,304
Interest expense	1,131	998	885	959	1,271	1,229
Cash interest paid	776	689	698	795	1,067	965
Operating cash flow (OCF)	5,675	3,914	4,652	3,064	2,462	3,026
Capital expenditure	3,924	2,092	2,438	2,472	1,861	1,772
Free operating cash flow (FOCF)	1,751	1,822	2,214	592	601	1,254
Discretionary cash flow (DCF)	734	1,071	1,441	(173)	133	1,105
Cash and short-term investments	1,406	3,699	1,601	1,728	2,041	1,227
Gross available cash	1,406	3,699	1,601	1,728	2,041	1,227
Debt	20,269	19,331	18,761	21,245	21,454	20,421
Common equity	30,428	25,533	27,404	29,154	31,717	33,292
Adjusted ratios						
EBITDA margin (%)	15.3	14.2	14.6	13.4	15.5	16.0
Return on capital (%)	6.3	5.1	5.2	5.6	4.2	6.2
EBITDA interest coverage (x)	4.7	4.6	5.3	5.1	4.2	4.4
FFO cash interest coverage (x)	6.8	6.6	6.5	6.0	4.9	5.5
Debt/EBITDA (x)	3.8	4.2	4.0	4.4	4.0	3.8
FFO/debt (%)	22.2	19.9	20.6	18.5	19.2	21.1
OCF/debt (%)	28.0	20.2	24.8	14.4	11.5	14.8
FOCF/debt (%)	8.6	9.4	11.8	2.8	2.8	6.1
DCF/debt (%)	3.6	5.5	7.7	(0.8)	0.6	5.4

Peer Comparison

Majid Al Futtaim Holding LLC--Peer Comparisons

	Majid Al Futtaim Holding LLC	Unibail-Rodamco-Westfield SE	Mercialys	Klepierre S.A.
Foreign currency issuer credit rating	BBB/Stable/A-2	BBB+/Stable/A-2	BBB/Stable/A-2	A-/Stable/A-2
Local currency issuer credit rating	BBB/Stable/A-2	BBB+/Stable/A-2	BBB/Stable/A-2	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	AED	AED	AED	AED
Revenue	33,951	10,677	668	4,999
EBITDA	5,441	8,311	576	3,929
Funds from operations (FFO)	4,304	2,798	433	3,103
Interest	1,229	2,798	176	580

Majid Al Futtaim Holding LLC--Peer Comparisons

Cash interest paid	965	5,050	139	631
Operating cash flow (OCF)	2,883	5,934	475	3,039
Capital expenditure	1,772	4,671	109	728
Free operating cash flow (FOCF)	1,111	1,262	365	2,311
Discretionary cash flow (DCF)	962	(197)	(231)	203
Cash and short-term investments	1,227	20,112	1,079	1,524
Gross available cash	1,227	20,112	1,079	1,524
Debt	20,421	84,936	3,878	29,534
Equity	33,292	76,349	6,283	40,496
EBITDA margin (%)	16.0	77.8	86.2	78.6
Return on capital (%)	6.2	4.8	4.3	6.0
EBITDA interest coverage (x)	4.4	3.0	3.3	6.8
FFO cash interest coverage (x)	5.5	1.6	4.1	5.9
Debt/EBITDA (x)	3.8	10.2	6.7	7.5
FFO/debt (%)	21.1	3.3	11.2	10.5
OCF/debt (%)	14.1	7.0	12.2	10.3
FOCF/debt (%)	5.4	1.5	9.4	7.8
DCF/debt (%)	4.7	(0.2)	(6.0)	0.7

Rating Component Scores

Foreign currency issuer credit rating	**BBB/Stable/A-2**
Local currency issuer credit rating	**BBB/Stable/A-2**
Business risk	**Satisfactory**
Country risk	Moderately High
Industry risk	Low
Competitive position	Satisfactory
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bbb**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Positive (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- General Criteria: Methodology For Rating Sukuk, Jan. 19, 2015
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011