IMPORTANT NOTICE

THE ATTACHED PROSPECTUS MAY NOT BE DISTRIBUTED DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the attached prospectus (the "**Prospectus**"), whether received by e-mail, accessed from an internet page or otherwise received as a result of electronic communication and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In reading, accessing or making any other use of the Prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Prospectus, including any modifications made to them from time to time, each time you receive any information from MAF Global Securities Limited (the "**Issuer**"), Majid Al Futtaim Holding LLC ("**Majid Al Futtaim Holding**") or Majid Al Futtaim Properties LLC ("**Majid Al Futtaim Properties**") as a result of such access. You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended only for you and you agree you will not reproduce or publish this electronic transmission or forward the Prospectus to any other person.

RESTRICTIONS: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES TO BE ISSUED DESCRIBED IN THE PROSPECTUS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTIONS AND THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THE PROSPECTUS AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO THOSE PERSONS FALLING WITHIN ARTICLE 19(5) OR ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR TO OTHER PERSONS TO WHOM THE ATTACHED DOCUMENT MAY OTHERWISE BE DISTRIBUTED WITHOUT CONTRAVENTION OF SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, OR ANY PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE. THIS COMMUNICATION IS BEING DIRECTED ONLY AT PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH SUCH PERSONS (SUCH PERSONS BEING THE "**RELEVANT PERSONS**"). NO OTHER PERSON SHOULD RELY ON IT.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view the Prospectus or make an investment decision with respect to the Notes described therein: (a) each prospective investor in respect of the Notes being offered outside of the United States in an offshore transaction pursuant to Regulation S must be outside of the United States; and (b) each prospective investor in respect of the Notes being offered in the United Kingdom must be a Relevant Person.

By accepting this e-mail and accessing, reading or making any other use of the Prospectus, you shall be deemed to have confirmed and represented to the Issuer, Majid Al Futtaim Holding, Majid Al Futtaim Properties and Barclays Bank PLC, Emirates NBD Bank P.J.S.C., Goldman Sachs International, HSBC Bank plc, National Bank of Abu Dhabi P.J.S.C. and Standard Chartered Bank (together, the "**Joint Lead Managers**") that: (a) you have understood and agree to the terms set out herein; (b) the e-mail address to which, pursuant to your request, the Prospectus has been delivered by electronic transmission is not located in the United States, its territories, its possessions and other areas subject to its jurisdiction (and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands); (c) in respect of the Notes being offered in the United Kingdom, you are (or the person you represent is) a Relevant Person; (d) you consent to delivery of the Prospectus and any amendments or supplements thereto by electronic transmission; (e) you will not transmit the Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Joint Lead Managers; and (f) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Notes.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Prospectus, electronically or otherwise, to any other person and in particular to any address in the United States. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

If you received the Prospectus by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Prospectus and the other materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities described herein be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall the Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the Prospectus who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the final version of the prospectus.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, Majid Al Futtaim Holding, Majid Al Futtaim Properties, the Joint Lead Managers nor any person who controls them nor any director, officer, employee nor agent of them or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference or discrepancies between the Prospectus distributed to you in electronic format and the hard-copy version available to you on request from the Joint Lead Managers. Please ensure that your copy is complete.

The distribution of the Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the Prospectus comes are required by the Issuer, Majid Al Futtaim Holding, Majid Al Futtaim Properties and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions.

PROSPECTUS DATED 3 MARCH 2017

MAF GLOBAL SECURITIES LIMITED

(*incorporated with limited liability in the Cayman Islands*)

U.S.$500,000,000 Reset Subordinated Perpetual Notes
irrevocably guaranteed, on a joint and several basis, by

MAJID AL FUTTAIM HOLDING LLC

(*incorporated with limited liability in the Emirate of Dubai, United Arab Emirates*)

and

MAJID AL FUTTAIM PROPERTIES LLC

(*incorporated with limited liability in the Emirate of Dubai, United Arab Emirates*)

The U.S.$500,000,000 reset subordinated perpetual notes (the "**Notes**") are issued by MAF Global Securities Limited (the "**Issuer**"). The payments of all amounts due in respect of the Notes will be irrevocably guaranteed (the "**Guarantee**"), on a joint and several basis, by Majid Al Futtaim Holding LLC ("**Majid Al Futtaim Holding**") and Majid Al Futtaim Properties LLC ("**Majid Al Futtaim Properties**" and, together with Majid Al Futtaim Holding, the "**Guarantors**" and each a "**Guarantor**"). The Notes will be issued in registered form (the "**Registered Notes**").

The Notes will constitute subordinated perpetual instruments with no fixed maturity date. The Notes are redeemable at the Issuer's option on any date during the period commencing (and including) 7 June 2022 to (and including) the First Call Date or on any Interest Payment Date thereafter (each as defined in the terms and conditions of the Notes, the "**Conditions**"). In addition, the Issuer may redeem all outstanding Notes at any time in the event of the occurrence of a Gross-Up Event, an Accounting Event, a Substantial Repurchase Event, a Rating Methodology Event or a Change of Control (each as defined in the Conditions), in each case in accordance with the Conditions.

The Notes will bear interest from and including 7 March 2017 (the "**Issue Date**") to, but excluding, the First Call Date at the rate of 5.500 per cent. per annum, payable (subject to the right of the Issuer to defer payments of interest in accordance with Condition 5.5 (*Interest deferral*)) semi-annually in arrear on each Interest Payment Date, commencing on 7 September 2017 and ending on the First Call Date. Thereafter, the Notes shall bear interest in respect of each Reset Interest Period at a rate per annum which shall be equal to the relevant Reference Rate plus the applicable Margin corresponding to such Reset Interest Period (each as defined in the Conditions).

The claims of the holders of the Notes (the "**Noteholders**") under the Notes and the Guarantee, including in respect of any claim to Optionally Outstanding Payments (as defined in the Conditions), will rank junior to all payment obligations of the Issuer and the relevant Guarantor (other than the Parity Securities and the Junior Securities of each Issuer and the relevant Guarantor) and senior only to the Junior Securities (as defined in the Conditions) of each of the Issuer and the relevant Guarantor.

All obligations of the relevant Guarantor under the Guarantee shall at all times be conditional upon, *inter alia*, the relevant Guarantor being Solvent (as defined in Condition 4.2 (*Subordination in respect of the Guarantee*)) at the time of payment (as further described in Condition 4.2 (*Subordination in respect of the Guarantee*)). **See in particular, "*Risk Factors – The obligations of each Guarantor are conditional, deeply subordinated in right of payment and the rights and claims of the Noteholders against the relevant Guarantor may be extinguished in certain circumstances*".**

An investment in the Notes involves certain risks. For a discussion of these risks, see "*Risk Factors*".

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the "**Prospectus Directive**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Markets in Financial Instruments Directive (Directive 2004/39/EC) (such regulated market being a "**MiFID Regulated Market**") or which are to be offered to the public in any member state of the European Economic Area (each a "**Member State**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a MiFID Regulated Market.

References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to listing on the Official List and have been admitted to trading on the Main Securities Market or, as the case may be, another MiFID Regulated Market.

The Notes may only be offered, sold or transferred in registered form in minimum face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer (see "*Subscription and Sale*").

Each of Standard & Poor's Credit Market Services France SAS ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**") has rated Majid Al Futtaim Holding. Each of S&P and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Fitch has rated Majid Al Futtaim Holding's long-term issuer default rating and senior unsecured rating at 'BBB', with a stable outlook. Fitch has rated Majid Al Futtaim Holding's short-term issuer default rating at 'F3'. Fitch has not independently rated the Issuer or Majid Al Futtaim Properties. Fitch is also expected to rate the Notes at "BB+". S&P has given Majid Al Futtaim Holding a corporate credit rating of 'BBB/A-2', with a stable outlook. S&P has not independently rated the Issuer or Majid Al Futtaim Properties. S&P is also expected to rate the Notes at "BB+".

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

GLOBAL CO-ORDINATORS

Barclays

Goldman Sachs International

HSBC

Standard Chartered Bank

JOINT LEAD MANAGERS

Barclays

Emirates NBD Capital

Goldman Sachs International

HSBC

National Bank of Abu Dhabi

Standard Chartered Bank

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive and is for the purpose of giving information with regard to the Issuer, the Guarantors and the Notes which, according to the particular nature of the Issuer, the Guarantors and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantors.

The Issuer and each of the Guarantors accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantors (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Notes will be issued in accordance with the terms set out herein under the Conditions (see "*Terms and Conditions of the Notes*").

Certain information under the headings "*Description of the Group*" and "*Book-Entry Clearance Systems*" has been extracted from information provided by the Dubai Statistics Center, the Economist Intelligence Unit and the Dubai Department of Tourism and Commerce Marketing (in the case of "*Description of the Group*") and the clearing systems referred to therein (in the case of "*Book-Entry Clearance Systems*") and, in each case, the source of such information is specified where it appears under those headings. The Issuer and each of the Guarantors confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the Joint Lead Managers nor the Trustee (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or the Guarantors in connection with the Notes. No Joint Lead Manager or the Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer or the Guarantors in connection with the Notes.

No person is or has been authorised by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, either of the Guarantors, any of the Joint Lead Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Notes: (a) is intended to provide the basis of any credit or other evaluation save for making an investment decision on the Notes; or (b) should be considered as a recommendation by the Issuer, either of the Guarantors, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantors. Neither this Prospectus nor any other information supplied in connection with the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, either of the Guarantors, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or either of the Guarantors during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantors, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the Cayman Islands, the Dubai International Financial Centre, the European Economic Area (including the United Kingdom), Hong Kong, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Singapore, the State of Qatar, the United Arab Emirates (excluding the Dubai International Financial Centre) and the United States (see "*Subscription and Sale*").

This Prospectus has been prepared on the basis that any offer of the Notes in a Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Member State of Notes which are the subject of an offering contemplated in this Prospectus may only do so in circumstances in which no obligation arises for the Issuer, the Guarantors or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the Guarantors or any Joint Lead Managers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Guarantors or any Joint Lead Manager to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's Currency (as defined in "*Risk Factors – Risks related to the market generally – Exchange rate risks and exchange controls*");
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

In making an investment decision, investors must rely on their own independent examination of the Issuer and each of the Guarantors and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

None of the Issuer, the Guarantors, the Joint Lead Managers or the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) the Notes are legal investments for it; (b) the Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of the Notes, HSBC Bank plc (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is an exempted company incorporated under the laws of the Cayman Islands. All or a substantial portion of the assets of the Issuer are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Cayman Islands upon the Issuer, or, unless certain conditions are met, to enforce in the Cayman Islands judgments against it obtained in courts outside the Cayman Islands predicated upon civil liabilities of the Issuer under laws other than Cayman Islands law, including any judgment predicated upon United States federal securities laws.

Each Guarantor is a corporation organised under the laws of the United Arab Emirates (the "**UAE**"). All or a substantial portion of the assets of each Guarantor is located outside the United States. As a result, it may not be possible for investors to effect service of process outside the UAE upon either Guarantor, or to enforce judgments against either Guarantor obtained in courts outside the UAE predicated upon civil liabilities of such Guarantor under laws other than UAE law, including any judgment predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States. The Notes and the Guarantee (as defined under "*Terms and Conditions of the Notes*") are governed by English law and disputes in respect of them may be settled by arbitration under the LCIA Arbitration Rules in London, England. In addition, actions in respect of the Notes and the Guarantee may be brought in the English courts.

In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the Dubai courts are unlikely to enforce an English judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Notes and the Guarantee. Investors may have difficulties in enforcing any English judgments or arbitration awards against the Issuer or either Guarantor in the courts of Dubai (see "*Risk Factors – Risks relating to enforcement*").

CAYMANS ISLANDS NOTICE

No invitation may be made to any member of the public of the Cayman Islands to subscribe for the Notes and this Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Notes.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain ("**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This offer does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Prospectus he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

The Notes will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Prospectus has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority in accordance with their regulations or any other regulations in the State of Qatar. The Notes are not and will not be traded on the Qatar Exchange.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF GROUP FINANCIAL INFORMATION

The financial statements relating to the Group (as defined below) included in this Prospectus are as follows:

- audited consolidated financial statements as at and for the financial year ended 31 December 2016 of Majid Al Futtaim Holding (the "**2016 Group Financial Statements**"); and

- audited consolidated financial statements as at and for the financial year ended 31 December 2015 of Majid Al Futtaim Holding (the "**2015 Group Financial Statements**" and, together with the 2016 Group Financial Statements, the "**Group Financial Statements**").

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**"). The Group Financial Statements have been audited in accordance with International Standards on Auditing by KPMG Lower Gulf Limited ("**KPMG**") without qualification. The Group publishes its financial statements in UAE dirham.

PRESENTATION OF MAJID AL FUTTAIM PROPERTIES FINANCIAL INFORMATION

The financial statements relating to Majid Al Futtaim Properties included in this Prospectus are as follows:

- audited consolidated financial statements as at and for the financial year ended 31 December 2016 of Majid Al Futtaim Properties (the "**2016 Majid Al Futtaim Properties Financial Statements**"); and

- audited consolidated financial statements as at and for the financial year ended 31 December 2015 of Majid Al Futtaim Properties (the "**2015 Majid Al Futtaim Properties Financial Statements**" and, together with the 2016 Majid Al Futtaim Properties Financial Statements, the "**Majid Al Futtaim Properties Financial Statements**").

The Majid Al Futtaim Properties Financial Statements have been prepared in accordance with IFRS. The Majid Al Futtaim Properties Financial Statements have been audited in accordance with International Standards on Auditing by KPMG without qualification. Majid Al Futtaim Properties publishes its financial statements in UAE dirham.

As a result of certain reclassifications made in 2015, adjustments have been made to long term receivables, receivables and prepayments, long term loans and due from / (to) related parties in the consolidated statement of financial position, in the 2016 Group Financial Statements and, as a result, these statements are not comparable in all respects to the 2015 Majid Al Futtaim Properties Financial Statements.

The table below summarises the effect of these reclassifications:

Consolidated statement of financial position
Year Ended 31 December 2015

	After reclassification	Before reclassification
	(AED thousands)	
Non-current assets		
Property, plant and equipment	4,933,407	4,933,407
Investment property	36,319,714	36,319,714
Total non-current assets	41,253,121	41,253,121
Other non-current assets		
Investments in joint ventures and an associate	1,099,178	1,099,178
Long term receivables from related parties	116,741	116,741
Long term receivables	290,634	351,800
Intangible asset	72,855	72,855
Deferred tax assets	9,391	9,391

Total other non-current assets	1,588,799	1,649,965
Current assets		
Development property	—	—
Inventories	25,387	25,387
Receivables and prepayments	485,373	435,660
Due from related parties	34,165	35,588
Short term loan to a related party	—	—
Cash in hand and at bank	598,895	598,895
Total current assets	1,143,820	1,095,530
Current liabilities		
Payables and accruals	2,569,304	2,569,304
Provisions	81,417	81,417
Due to related parties	53,382	54,804
Loans and borrowings	196,853	196,853
Total current liabilites	2,900,956	2,902,378
Non-current liabilities		
Loans and borrowings	9,122,759	9,134,213
Other long term liabilities	83,850	83,850
Deferred tax liabilities	197,752	197,752
Long term portion of provision for bonus	19,210	19,210
Provision for staff terminal benefits	69,777	69,777
Total non-current liabilites	9,493,348	9,504,802
Net assets	**31,591,436**	**31,591,436**
Equity:		
Share capital	3,500,000	3,500,000
Shareholder contribution	2,938,430	2,938,430
Revaluation reserve	14,268,688	14,268,688
Other reserves	10,552,265	10,552,265
Equity attributable to owners of the Company	31,259,383	31,259,383
Non-controlling interest	332,053	332,053
Total equity	**31,591,436**	**31,591,436**

PRESENTATION OF ISSUER FINANCIAL INFORMATION

The audited financial statements of the Issuer for the financial year ended 31 December 2016 and for the financial year ended 31 December 2015 are included in this Prospectus. These financial statements have been prepared in accordance with IFRS. These financial statements have been audited in accordance with International Standards on Auditing by KPMG without qualification. The Issuer publishes its financial statements in U.S. dollars.

USE OF ALTERNATIVE PERFORMANCE MEASURES

The Group has presented certain information in this Prospectus based on non-IFRS alternative performance measures. Such alternative performance measures are presented in this Prospectus to show the underlying business performance and to enhance comparability between reporting periods. Alternative performance measures should not be considered as a substitute for measures of performance in accordance with IFRS. The alternative performance measures included in this Prospectus are unaudited and have not been prepared in accordance with IFRS or any other accounting standards. Such alternative performance measures include EBITDA, EBITDA margin and LTV in respect of the Group (each as defined under "*Summary of Group Financial Information – EBITDA*").

Such alternative performance measures should not be considered in isolation or viewed as a substitute for operating profit, profit, cash flows from operating activities or other measures of performance as defined by IFRS. Such alternative performance measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. The Group's management has used, and expects to use, EBITDA-based measures to assess operating performance and to make decisions about allocating resources among the Group's various business lines. In assessing the Group's overall performance and the performance of each of the Group's business lines, management reviews adjusted EBITDA-based measures as a general indicator of performance compared to prior periods.

PRESENTATION OF OTHER INFORMATION

In this Prospectus, references to:

- "**AED**, "**dirham**" or "**fils**" are to the lawful currency of the UAE. One dirham equals 100 fils;
- "**Abu Dhabi**", "**Ajman**", "**Dubai**", "**Fujairah**" and "**Sharjah**" are to the Emirates of Abu Dhabi, Ajman, Dubai, Fujairah and Sharjah, respectively;
- "**Carrefour**" are to Carrefour France SA and Carrefour Nederland BV and (when referring to the Group's stores) include reference to the Group's Carrefour stores in Pakistan which are branded as "Hyperstar";
- "**EUR**", "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time;
- "**Group**" are to Majid Al Futtaim Holding and its consolidated subsidiaries, associates and joint ventures;
- "**Majid Al Futtaim Properties**", unless the context does not permit, include its subsidiaries;
- "**Majid Al Futtaim Retail**" are to Majid Al Futtaim Retail LLC and, unless the context does not permit, include its subsidiaries;
- "**Majid Al Futtaim Ventures**" are to Majid Al Futtaim Ventures LLC and, unless the context does not permit, include its subsidiaries;
- the "**MENA region**" are to the Middle East and North Africa region and include Pakistan; and
- "**U.S.$**" or "**U.S. dollars**" are to the lawful currency of the United States.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00. All U.S. dollar translations of dirham amounts appearing in this Prospectus have been translated at this fixed exchange rate. Such translations should not be construed as representations that dirham amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Prospectus, data in relation to footfall, hotel occupancy levels and population in territories in which the Group operates are sourced from the Group's internal data unless otherwise stated.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Guarantors' plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Group Financial Review*", "*Majid Al Futtaim Properties Financial Review*" and "*Description of the Group*" and other sections of this Prospectus. The Guarantors have based these forward looking statements on the current view of their management with respect to future events and financial performance. Although each of the Guarantors believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as at the date of this Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Guarantors have otherwise identified in this Prospectus, or if any of the Guarantors' underlying assumptions prove to be incomplete or inaccurate, the Guarantors' actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections "*Risk Factors*", "*Group Financial Review*", "*Majid Al Futtaim Properties Financial Review*" and "*Description of the Group*", which include a more detailed description of the factors that might have an impact on the Group's business development and on the industry sector in which the Group operates.

The risks and uncertainties referred to above include:

- the economic and political conditions in the markets in which the Group operates;
- increased exposure to adverse events affecting any part of the Group's business due to the inter-dependence of the Group's businesses;
- the Group's ability to successfully manage the growth of its business;
- operational risks that may arise as a result of the Group companies being party to a number of joint ventures and franchise arrangements; and
- limitations on the Group's flexibility in operating its businesses due to restrictions contained in debt agreements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

Any forward looking statements contained in this Prospectus speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations (including, without limitation, the Central Bank's and Irish Stock Exchange's rules and regulations regarding ongoing disclosure obligations), each of the Guarantors expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

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OVERVIEW OF THE NOTES

This description must be read as an introduction to this Prospectus. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole by any investor. The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus (including the Conditions).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

Issuer:	MAF Global Securities Limited
Guarantors:	Majid Al Futtaim Holding LLC Majid Al Futtaim Properties LLC
Issue Date:	7 March 2017
Description:	Reset Subordinated Perpetual Notes. The Notes will constitute deeply subordinated securities of the Issuer with no maturity date. The obligations of the Issuer under the Notes will be irrevocably guaranteed, on a joint and several basis, by the Guarantors.
Subordination in respect of the Notes:	The Notes constitute direct, unsecured, conditional and subordinated (as described in Condition 3.2 (*Subordination in respect of the Notes*)) obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves. In accordance with Condition 3.2 (*Subordination in respect of the Notes*), the claims of the Noteholders in respect of the Notes, including in respect of any claim to Optionally Outstanding Payments, will, in the event of the winding-up or insolvency of the Issuer (subject to and to the extent permitted by applicable law), rank: (a) junior to all payment obligations of the Issuer (other than Parity Securities of the Issuer or Junior Securities of the Issuer); (b) *pari passu* with each other and with Parity Securities of the Issuer; and (c) senior only to the Junior Securities of the Issuer.
Subordination in respect of the Guarantee:	The payment of principal and interest on the Notes and all other moneys payable by the Issuer under or pursuant to the Conditions and/or the Trust Deed have been irrevocably guaranteed, on a joint and several basis, by the Guarantors (the "**Guarantee**") in the Trust Deed. The obligations of the relevant Guarantor under the Guarantee are direct, unsecured, conditional and subordinated obligations of the relevant Guarantor. In accordance with the terms of the Trust Deed, the rights and claims of the Noteholders under the Guarantee against the relevant Guarantor, including in respect of any claim to Optionally Outstanding Payments, will, subject as set out in the paragraph below: (a) be subordinated to all payment obligations of such Guarantor (other than Parity Securities of such Guarantor or Junior Securities of such Guarantor); (b) rank *pari passu* with each other and with

	any Parity Securities of such Guarantor; and (c) rank senior only to the Junior Securities of such Guarantor. Payments under the Guarantee are conditional upon the relevant Guarantor being Solvent at the time of such payment and no payment shall be payable by the relevant Guarantor in respect of the Guarantee except to the extent that such Guarantor could make such payment and any other payment (excluding any payment to a member of the Group) required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the payment obligations of such Guarantor under the Guarantee and still be able to pay its debts as they fall due immediately thereafter. For this purpose the relevant Guarantor shall be "**Solvent**" if: (i) it is able to pay its debts as they fall due; and (ii) its Assets exceed its Liabilities. For these purposes: "**Assets**" means the unconsolidated total assets of the relevant Guarantor as shown in the latest audited balance sheet of such Guarantor, but adjusted to reflect the prevailing market value of such assets (including the prevailing market value of any equity held by such Guarantor in any company) and for any other subsequent events in such manner as determined by: (a) the directors of such Guarantor (and as certified by the auditors of such Guarantor in the event of any non-payment by such Guarantor); or (b) if a trustee in bankruptcy has been appointed in respect of such Guarantor, such trustee in bankruptcy; and "**Liabilities**" means the unconsolidated total liabilities of the relevant Guarantor as shown in the latest audited balance sheet of such Guarantor, but adjusted for contingent liabilities and for any other subsequent events in such manner as determined by: (a) the directors of such Guarantor (and as certified by the auditors of such Guarantor in the event of any non-payment by such Guarantor); or (b) if a trustee in bankruptcy has been appointed in respect of such Guarantor, such trustee in bankruptcy.
Joint Lead Managers:	Barclays Bank PLC Emirates NBD Bank P.J.S.C. Goldman Sachs International HSBC Bank plc National Bank of Abu Dhabi P.J.S.C. Standard Chartered Bank
Principal Paying Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
Trustee:	Citibank, N.A., London Branch
Distribution:	The Notes will be distributed on a syndicated basis pursuant to Regulation S.

Denomination:	U.S.$200,000 plus integral multiples of U.S.$1,000 in excess thereof.
Issue Price:	100 per cent.
Form of Notes:	The Notes will be issued in registered form as described in "*Form of the Notes*".
Rate of Interest on the Notes:	The Notes will bear interest as follows: (a) from and including the Issue Date to and excluding the First Call Date at a fixed rate of 5.500 per cent. per annum, payable semi-annually in arrear; and (b) thereafter, the interest rate shall be reset every 5 years to a new fixed rate payable semi-annually in arrear at the relevant Reference Rate plus the relevant Margin.
First Call Date:	7 September 2022
Reference Rate:	The mid-swap rate for U.S. dollar swap transactions with a maturity of five years displayed on Bloomberg page "ICE Swap Rate" (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at or around 11.00 a.m. (New York time) on the relevant Determination Date.
Margin:	(a) in respect of the period from and including the First Call Date to, but excluding the First Step-Up Date, 3.476 per cent. per annum; (b) in respect of the period from and including the First Step-Up Date to, but excluding, the Second Step-Up Date, 3.726 per cent. per annum; and (c) in respect of the period from, and including, the Second Step-Up Date, 4.476 per cent. per annum.
First Step-up Date:	7 September 2027
Second Step-up Date:	7 September 2042
Interest Payment Dates:	7 March and 7 September in each year, commencing 7 September 2017.
Deferral of Interest and Payment of Deferred Interest:	Pursuant to Condition 5.5 (*Interest deferral*), the Issuer may, in its sole and absolute discretion, elect not to pay interest on the relevant Interest Payment Date (whether in whole or in part). Any such election not to pay interest shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose. Any interest not paid due to such an election of the Issuer shall constitute Optionally Deferred Payments. Optionally Deferred Payments shall themselves bear interest as if they constituted the principal of the Notes at the Prevailing Interest Rate and the amount of such interest

(the "**Additional Interest Amount**") shall be calculated by the Principal Paying Agent by applying the Prevailing Interest Rate to the amount of the Optionally Deferred Payments.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added for the purpose of calculating the Additional Interest Amount accruing thereafter to the amount of Optionally Deferred Payments remaining unpaid on such Interest Payment Date so that it will itself constitute Optionally Deferred Payments.

The nominal amount of any Optionally Deferred Payments together with any Additional Interest Amount shall constitute "**Optionally Outstanding Payments**". The Issuer may pay unpaid Optionally Outstanding Payments (in whole or in part) at any time in accordance with the Conditions.

Compulsory Payment of Interest:

Pursuant to the Conditions, the Issuer shall be obliged to pay interest, including any Optionally Outstanding Payments (in whole but not in part), upon the occurrence of certain events on the Mandatory Settlement Date. Such Compulsory Payment Events include:

(a) the shareholders of the Issuer or the shareholders of either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors have resolved at the annual general meeting on the proposal by its board of directors to pay or distribute a dividend or make a payment on any Junior Securities or the Issuer, either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors has elected to make a payment or distribution of an interim dividend in respect of any Junior Securities, in each case other than a dividend, distribution or payment on any Junior Securities which is made to any member of the Group;

(b) the Issuer or either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors has resolved, in its absolute discretion, to pay any dividend or make any distribution or other payment on any Parity Security, other than a dividend, distribution or payment on any Parity Security which is made to any member of the Group;

(c) the Issuer, either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors redeems Junior Securities or Parity Securities or the Issuer, either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors repurchases or otherwise acquires any Junior Securities or Parity Securities, other than: (i) in connection with any existing or future buy-back programme, share option or free share allocation plan or any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants; or

(ii) a redemption, repurchase or acquisition of a Junior Security or Parity Security issued to another member of the Group; or

(d) (i) the Notes are redeemed at the option of the Issuer; or (ii) the Notes are substituted for, or varied so that they become, Qualifying Notes,

except, for the avoidance of doubt, in the case of paragraphs (a) to (c) (inclusive) above if the Issuer, the relevant Guarantor or the relevant Subsidiary is obliged under the terms and conditions of such Junior Securities or Parity Securities, or if required by law, to make such payment or distribution, such redemption, such repurchase or such other acquisition.

Redemption:

The Notes do not have a maturity date. On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*), the Issuer may call and redeem the Notes (in whole but not in part) on any date during the period commencing (and including) 7 June 2022 to (and including) the First Call Date or on any Interest Payment Date thereafter (each a "**Par Call Date**") as specified in the Optional Redemption Notice at their principal amount (together with interest accrued to (but excluding) the relevant Par Call Date and any Optionally Outstanding Payments).

The Conditions also stipulate a number of circumstances in which the Issuer may redeem the Notes (in whole but not in part) at any time. Such events include the occurrence of a Gross-Up Event, an Accounting Event, a Substantial Repurchase Event, a Rating Methodology Event or as a result of a Change of Control.

Taxation:

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantors will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantors, will (subject to a limited number of exceptions specified in Condition 8 (*Taxation*)) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction.

Rating:

Upon issue, the Notes are expected to be assigned a rating of "BB+" by Standard & Poor's Credit Market Services France SAS ("**S&P**") and a rating of "BB+" by Fitch Ratings Ltd. ("**Fitch**"). A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Listing and admission to trading:	An application has been made for the Notes to be listed on the Official List and admitted to trading on the Main Securities Market.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. In respect of any dispute under any such agreement or deed to which it is a party, the Issuer and each of the Guarantors has agreed to arbitration in London under the LCIA Arbitration Rules. The Issuer and each of the Guarantors has also agreed to submit to the jurisdiction of the courts of England, at the option of the Trustee, the Noteholders or the Agents, as the case may be, in respect of any dispute under the Trust Deed, the Conditions or the Agency Agreement (as applicable).
Clearing Systems:	Euroclear and/or Clearstream Luxembourg.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the Cayman Islands, the Dubai International Financial Centre, the European Economic Area (including the United Kingdom), Hong Kong, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Singapore, the State of Qatar, the United Arab Emirates (excluding the Dubai International Financial Centre) and the United States (see "*Subscription and Sale*").
United States Selling Restrictions:	Regulation S, Category 2.

RISK FACTORS

Each of the Issuer and the Guarantors believes that the following factors may affect its ability to fulfil its obligations under the Notes and the guarantee of those Notes, as the case may be. All of these factors are contingencies which may or may not occur and neither the Issuer nor either Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

If any of the risks described below actually materialise, the Issuer, the Guarantors and/or the Group's business, financial condition, results of operations and prospects could be materially adversely affected. If that were to happen, the trading price of the Notes could decline and investors could lose all or part of their investment.

Each of the Issuer and the Guarantors believes that the factors described below represent all the material risks inherent in investing in the Notes, but the inability of the Issuer or either Guarantor to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The Issuer has a limited operating history

The Issuer is a company with limited liability incorporated under the laws of the Cayman Islands on 12 May 2011 and, accordingly, only has a limited operating history. The Issuer has issued U.S.$500,000,000 5.25 per cent. notes due 2019 in July 2012, U.S.$500,000,000 4.750 per cent. notes due 2024 in May 2014 (the "**May 2014 Notes**") and U.S.$300,000,000 4.750 per cent. notes due 2024 in July 2016 (consolidated and forming a single series with the May 2014 Notes) under the Issuer's U.S.$3 billion global medium-term note programme unconditionally and irrevocably guaranteed, on a joint and several basis, by Majid Al Futtaim Holding and Majid Al Futtaim Properties and most recently updated on 17 May 2016 (the "**GMTN Programme**"). The Issuer has also issued U.S.$500,000,000 reset subordinated perpetual notes in October 2013. The Issuer will not engage in any business activity other than the issuance of the Notes and the issuance of securities under other borrowing programmes established from time to time by the Guarantors, the making of loans to one or both of the Guarantors or other companies controlled by the Guarantors and other activities incidental or related to the foregoing. The Issuer is not expected to have any income but will receive payments from the Guarantors and/or from other companies controlled by the Guarantors in respect of loans made by the Issuer to those companies, which will be the only material sources of funds available to meet the claims of the holders of the Notes (the "**Noteholders**"). As a result, the Issuer is subject to all the risks to which the Guarantors are subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to the Issuer under any such loans. See "*Risk Factors – Risks Relating to the Group*", "*Risk Factors – Risks Relating to Majid Al Futtaim Properties*", "*Risk Factors – Risks Relating to Majid Al Futtaim Retail*" and "*Risk Factors – Risks Relating to Majid Al Futtaim Ventures*" for a further description of certain of these risks.

RISKS RELATING TO THE GROUP

The risks set out below apply to all of the Group's businesses. In addition, certain specific risks apply to the particular businesses carried on by Majid Al Futtaim Properties, Majid Al Futtaim Retail and Majid Al Futtaim Ventures and these are discussed separately below.

All of the Group's businesses are affected by the economic and political conditions in the markets in which they operate

All of the Group's businesses are, and will continue to be, affected by economic and political developments in or affecting the UAE and the MENA region. The Group currently has a significant proportion of its operations and interests in the UAE, with a particular focus on Dubai. While the UAE is currently seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact the UAE. Further, there is no guarantee that the UAE will continue to have a stable political environment in the future.

Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of countries in which the Group operates in the MENA region, including Bahrain, Egypt, the Kingdom of Saudi Arabia and Lebanon. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and has given rise to increased political uncertainty across the region. Such unrest in Egypt (which accounted for 10 per cent. of the revenue and 4 per cent. of the total assets of the Group as at 31 December 2016 and 11 per cent. of the revenue and 8 per cent. of the total assets of the Group as at 31 December 2015) and Bahrain (which accounted for 3 per cent. of the revenue and 7 per cent. of the total assets of the Group as at 31 December 2016 and 3 per cent. of the revenue and 7 per cent. of the total assets of the Group as at 31 December 2015) since 2011 has directly impacted the Group, including forcing the closure of some properties in Egypt for up to 60 days and the closure of its shopping mall in Bahrain for five days in 2011.

Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain is current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on the UAE. No assurance can be given that the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur.

By way of example, since early 2008, global credit markets, particularly in the United States and Europe, have experienced difficult conditions of varying intensity. These challenging market conditions have resulted at times in reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit markets. In addition, since late 2008, property and construction markets in the UAE and a number of other countries in the MENA region have been significantly adversely affected. As a result, in 2009 the fair values of the Group's properties were adversely affected which in turn resulted in a total comprehensive loss for the Group in that year. The Group could be adversely affected in the future by any deterioration of general economic conditions in the markets in which the Group operates, as well as by United States, European and international trading market conditions and/or related factors.

Investors should also note that the Group's business and financial performance could be adversely affected by political, economic or related developments both within and outside the MENA region because of interrelationships within the global financial markets.

Economic and/or political factors which could adversely affect the Group's business, financial condition, results of operations and prospects include:

- regional geopolitical instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;

- military strikes or the outbreak of war or other hostilities involving nations in the region;

- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;

- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;

- the ongoing fluctuation of international prices for crude oil (since June 2014, international crude oil prices have declined dramatically (falling by approximately 75 per cent. from a high monthly average OPEC Reference Basket price per barrel of U.S.$108 in June 2014, to a monthly average price of U.S.$52.41 in January 2017);

- an increase in inflation and the cost of living, combined with a slowing of GDP growth in the GCC region;
- a devaluation in the currency of any country in which the Group has operations;
- cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use and foreign ownership;
- arbitrary, inconsistent or unlawful government action;
- changing tax regimes, including the imposition of taxes in tax favourable jurisdictions such as the UAE and across the GCC region;
- difficulties and delays in obtaining governmental and other approvals for the Group's operations or renewing existing ones; and
- potential lack of reliability as to title to real property in certain jurisdictions in which the Group operates.

There can be no assurance that either the economic performance of, or political stability in, the countries in which the Group currently operates or may in the future operate can or will be sustained. To the extent that economic growth or performance in these countries or the MENA region as a whole slows or begins to decline, or political conditions become sufficiently unstable to adversely affect the Group's operations in those countries, the Group's business, financial condition, results of operations and prospects may be adversely affected.

The Group's businesses are inter-dependent to a significant extent and this could increase its exposure to adverse events affecting any part of its business

The Group's businesses are inter-dependent to a significant extent and will be affected by factors that impact the retail industry as a whole (see "*Risks Relating to Majid Al Futtaim Retail*"). For example, the financial performance of the Group's hypermarkets, other retail businesses, leisure and entertainment businesses and hotels are, in large part, dependent on the ability of the shopping malls in or close to which they are located to attract footfall. Conversely, the success of the Group's shopping malls is, to an extent, dependent on the extent to which its other businesses located in or close to the shopping malls act as an incentive to potential customers to visit the malls. As a result of this inter-dependence, adverse events affecting one part of the Group's business could also impact other parts of the business and therefore have a materially adverse effect on the Group's business, financial condition, results of operations and prospects.

As the Group derives the majority of its revenue and EBITDA from its activities in the UAE, it is particularly exposed to any adverse developments affecting the UAE and Dubai in particular

For the financial year ended 31 December 2016, 53 per cent. of the Group's revenue and 69 per cent. of the Group's EBITDA (and 53 per cent. of the Group's revenue and 73 per cent. of the Group's EBITDA for the financial year ended 31 December 2015) were attributable to its operations in the UAE, principally Dubai. This reflects the fact that a significant proportion of the Group's malls and Carrefour stores and 10 of its 12 hotels which are currently operating are located in the UAE. In part, this is due to the fact that Dubai is a significant tourist destination. As a result, the Group is particularly exposed to adverse events affecting the UAE and Dubai in particular, including events which impact on Dubai's attractiveness as a tourist destination and to the occurrence of factors that result in a decline in consumer spending in the UAE, such as a downturn in general economic conditions, an increase in the cost of living, an increase in unemployment or a decline in tourism or business travel to Dubai. The occurrence of any or all of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's growth strategy depends on its ability to successfully manage its growth

The Group's strategy of continuing to expand its existing operations in its target markets is dependent on a number of factors. These include its ability to:

- identify suitable investments and/or development opportunities;
- reach agreements with joint venture and strategic partners on terms satisfactory to it;
- maintain, expand or develop relationships with customers, suppliers, contractors, lenders and other third parties;
- increase the scope of its operational and financial systems to handle the increased complexity and expanded geographic area of operations;
- secure adequate financing on commercially reasonable terms;
- recruit, train and retain qualified staff to manage its growing business efficiently and without losing operational focus; and
- obtain necessary permits or approvals from governmental authorities and agencies.

These efforts will require significant capital and management resources, further development of the Group's financial and internal controls and information technology ("**IT**") systems, and additional training and recruitment of management and other key personnel. At the same time, the Group must maintain a consistent level of customer service across its operations to avoid loss of business or damage to its reputation. Any failure by the Group to manage its growth effectively could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's businesses face significant competition in the markets in which they operate

Several of the markets in which the Group operates are highly competitive. In particular, the Group faces increased shopping mall and hotel competition in Dubai, where the majority of its business is concentrated. The population growth of Dubai from 1.3 million in 2005 to an estimated 2.4 million in 2015 (as estimated by the Dubai Statistics Centre), along with the growth in business and leisure travel to Dubai, contributed to the opening and announced development of a number of new shopping malls and hotels over this period. The global financial crisis and associated decline in the property and construction market in the UAE since the end of 2008 has placed additional competitive pressure on these businesses. The Group's Carrefour stores also face significant competition in many of the markets in which the Group operates, including the UAE and the Kingdom of Saudi Arabia in particular.

Factors affecting the competitive environment in which the Group operates include, among others:

- certain of the Group's competitors may have greater financial, technical, marketing or other resources and, therefore, may be able to withstand price competition and volatility more successfully than the Group;
- some of the Group's competitors may have a lower cost of capital and access to funding sources that are not available to the Group, including in particular competitors that are controlled by regional governments, and, therefore, may be able to invest more heavily or effectively in their businesses than the Group;
- in many of the markets in which the Group operates, government permission is required to operate businesses and local governments grant access to land and infrastructure. As some of the Group's competitors are owned by the government of the countries in which they operate, they may benefit from preferential treatment; and
- some of the Group's competitors in markets outside the UAE may have a deeper cultural understanding or longer or broader operational experience in such markets, which may reduce the time and therefore the costs necessary for them to execute competing projects, and allow them to attract and retain customers more effectively than the Group.

If the Group is unable to compete effectively, it may not be able to achieve a market share that allows it to remain profitable or increase its market share in the markets in which it operates, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The countries in which the Group operates may introduce new laws and regulations that adversely affect the way in which the Group is able to conduct its businesses

The countries in which the Group operates are emerging market economies which are characterised by less comprehensive legal and regulatory environments. However, as these economies mature, and in part due to the desire of certain countries in the MENA region, in particular the UAE, to accede to the World Trade Organisation, the governments of these countries have begun, and the Group expects they will continue, to implement new laws and regulations which could impact the way the Group conducts many of its businesses. For example, in 2007, the Dubai, Sharjah and Ajman governments passed laws restricting the ability of landlords to increase commercial rents and, in 2008, the Oman government followed suit. Furthermore, Dubai's legal system for addressing rent disputes is new and largely untested. Any rent disputes in Dubai are, in the first instance, referred to the Rental Dispute Settlement Centre, which began to operate in November 2013. In addition, the government of the UAE has announced the potential introduction of a value added tax to be implemented across the UAE. There can be no assurance that if a value added tax or other laws or regulations were imposed in respect of the products and services offered by the Group it would not adversely affect the way in which the Group conducts its business or otherwise adversely affect its financial condition, results of operations and prospects.

In addition, given the relatively illiquid nature of the Group's property assets, a change in law or regulation that results in the Group ceasing to conduct business in a particular country could result in a significant loss to the Group on the sale of its material properties in that country.

The Group may operate in countries which are subject to international sanctions and operates in countries which are affected by terrorist activities and any failure to comply with these sanctions or the occurrence of any such terrorist activities could adversely affect the Group

European, U.S. and other international sanctions have in the past been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Companies operating in certain countries in the Middle East and Africa have been the subject of such sanctions in the past. The terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret.

Although the Group has in the past conducted business activities in countries which have been subject to sanctions, as at the date of this Prospectus, no Group company is in violation of any existing European, U.S. or other international sanctions. Should any Group company in the future violate any existing or further European, U.S. or international sanctions, penalties could include a prohibition or limitation on such company's ability to conduct business in certain jurisdictions or on the Group's ability to access the U.S. or international capital markets. Any such sanction could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group has operations in Pakistan, which has, in recent times, been affected by terrorist activities. To the extent further terrorist acts are carried out, in particular in the cities where the Group has stores, this may adversely affect demand for its services or products in those areas, which may in turn have a material adverse effect on its business, financial condition, results of operations and prospects.

Many of the Group's businesses are subject to licensing requirements and any failure to obtain such licenses or to comply with their terms could adversely affect the Group's businesses

Many of the Group's businesses are subject to licensing requirements, both at the local and national level. Because of the complexities involved in procuring licenses and permits, as well as in ensuring continued compliance with different and sometimes inconsistent local and national licensing regimes, the Group cannot give any assurance that it will at all times be in compliance with all of the licensing requirements to which it is subject although it is not aware of any material breaches that currently exist. Any failure by the Group to comply with applicable laws and regulations and to obtain and maintain requisite approvals, certifications, permits and licenses, whether intentional or unintentional, could lead to substantial sanctions, including criminal, civil or administrative penalties, revocation of its licenses and/or increased regulatory scrutiny, and liability for damages. It could also trigger a default under one or more of its financing agreements or invalidate or increase the cost of the insurance that the Group maintains for its businesses (insofar as it is covered for any consequential losses). For the most serious violations, it could also be forced to suspend operations until it obtains required approvals, certifications, permits or licenses or otherwise brings its operations into compliance. In addition, any adverse publicity resulting from any compliance failure, particularly as regards the safety of its leisure and entertainment venues and the food sold in its Carrefour stores, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

Furthermore, changes to existing, or the introduction of new, laws or regulations or licensing requirements in the jurisdictions in which it operates are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any such laws, regulations or licensing requirements could adversely affect its business by reducing its revenue and/or increasing its operating costs, and the Group may be unable to mitigate the impact of such changes. Any of these occurrences could have a material adverse effect on its business, financial condition, results of operations and prospects.

Group companies are party to a number of joint ventures and franchise arrangements which give rise to specific operational risks

Group companies may enter into joint venture agreements for a number of reasons, including to gain access to land or where it is required to operate with a local partner in a particular jurisdiction. Joint venture transactions present certain operational risks, including the possibility that the joint venture partners may have economic, business or legal interests or goals that are inconsistent with those of the Group, may become bankrupt, may refuse to make additional investments that the Group deems necessary or desirable or may prove otherwise unwilling or unable to fulfil their obligations under the relevant joint venture agreements. In addition, there is a risk that such joint venture partners may ultimately become competitors of the Group. Many of the Group's joint venture partners are governmental agencies which exposes the Group to additional risks, including the need to satisfy both political and regulatory demands and the need to react to differences in focus or priorities between successive governments, both of which can lead to delays in decision making, increased costs and greater exposure to competition.

To the extent that the Group does not control a joint venture, the joint venture partners may take action that is not in accordance with Group policies or objectives. Should a joint venture partner act contrary to the Group's interests, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's ability to expand successfully through joint ventures will depend upon the availability of suitable and willing joint venture partners, the Group's ability to consummate such transactions and the availability of financing on commercially acceptable terms. The Group cannot give any assurance that it will be successful in establishing any future joint ventures or that, once established, a joint venture will be profitable for the Group. If a joint venture is unsuccessful, the Group may be unable to recoup its initial investment and its financial condition and results of operations may be materially adversely affected.

The Group's most significant joint venture is currently with Carrefour (see "*Risks Relating to Majid Al Futtaim Retail – Majid Al Futtaim Retail is dependent on its relationship with Carrefour and the market perception of Carrefour*"). Certain matters identified in this joint venture agreement require the approval of Carrefour (see "*Description of the Group – Majid Al Futtaim Retail – Agreements with Carrefour*").

The Group is party to a number of franchise agreements, of which the most important is the franchise agreement with Carrefour. As such, the Group is exposed to the risk of such agreements not being renewed when they expire and to the risk of non-performance by the relevant franchisor, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Certain of the Group's debt agreements contain restrictions that may limit the flexibility of the Group in operating its businesses

Certain of the Group's debt agreements contain covenants that limit its ability to engage in specified types of transactions. These include covenants requiring the Group's operating subsidiaries to maintain certain net worth, interest coverage and debt to equity ratios. Certain of the Group's debt agreements also contain covenants limiting the Group's and its operating subsidiaries' ability to, among other things:

- incur or guarantee additional financial indebtedness;
- grant security or create any security interests; and
- sell, lease, transfer or otherwise dispose of any of its assets without the consent of the relevant lender, unless the disposal is made in the ordinary course of business or to another Group company.

The notes issued under the GMTN Programme contain (and any notes issued in the future under the GMTN Programme will contain) covenants from each of Majid Al Futtaim Holding and Majid Al Futtaim Properties similar to certain of those described above. In addition, the trust certificates issued under the U.S.$1.5 billion trust certificate issuance programme established by MAF Sukuk Ltd. with Majid Al Futtaim Properties as obligor and Majid Al Futtaim Holding as guarantor and most recently updated on 31 May 2016 (the "**Sukuk Programme**") contain (and any trust certificates issued in the future under the Sukuk Programme will contain) similar covenants.

In addition, certain of the Group's outstanding debt contains, and its future debt may contain, cross-default clauses whereby a default under one debt obligation may constitute an event of default under other debt obligations. Any of these covenants could prevent the Group from engaging in certain transactions that it may view as desirable.

Although the Group believes that it is currently in compliance with its covenants and is not currently aware of any circumstances which indicate that the Group may in the future be in breach of any such covenants, there can be no assurance that the Group will continue to comply with all such covenants in the future. The Group's continued compliance with these covenants depends on a number of factors, some of which are outside of the Group's control. The Group's activities in all of its operating segments are affected by the global economic environment and the economic environment in the jurisdictions in which it operates (see "*– All of the Group's businesses are affected by the economic and political conditions in the markets in which they operate*"). Further, in the event that the financial results of the Group deteriorate, the Group may no longer be able to comply with financial covenants (such as those mentioned above) under certain of its debt agreements. In these circumstances, the Group may be required to either obtain a waiver from its creditors, renegotiate its credit facilities, raise additional financing from its shareholders or repay or refinance borrowings in order to avoid the consequences of a default. If the Group were unable to obtain such a waiver, to renegotiate its credit facilities, to raise additional financing from its shareholders or to repay or refinance its borrowings on terms that are acceptable to it, or at all, the Group's creditors would be entitled to declare an event of default and, as a result of cross-default provisions, there would be a strong possibility that default would also arise in respect of a substantial portion of the Group's other financial indebtedness. Such an event would permit the Group's creditors to demand immediate payment of the outstanding borrowings under the relevant debt agreements and instruments and to terminate all commitments to extend further credit to the Group. Such an event would also affect the Group's ability to raise additional capital at an acceptable cost in order to fund its operations. Any of these occurrences could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

As at 31 December 2016, the Group had short-term borrowings from related parties of AED2 million and AED539 million as a bank overdraft. Approximately 30 per cent. of the Group's existing long-term borrowings as at 31 December 2016 fall due to be repaid within one year, including drawdowns under revolving credit facilities which have a final maturity date in 2019 and 2020. To the extent that it needs to, there is no assurance that the Group will be able to refinance such maturing borrowings as they fall due on terms acceptable to it or at all.

As at 31 December 2016, the Group had AED10,358 million in outstanding borrowings (excluding bank overdrafts and short-term borrowings from related parties). Of this amount, AED1,287 million was borrowing which had the benefit of security (see "*Group Financial Review – Liquidity and Borrowings*"). As subordinated creditors, the claims of Noteholders will be subordinated to all payment obligations of the Guarantors (other than Parity Securities of such Guarantor or Junior Securities of such Guarantor) (see Condition 4 (*Guarantee*)).

The Group's business may be adversely affected by changes in interest rates

Interest rates are highly sensitive to many factors beyond the Group's control, including the interest rate and other monetary policies of governments and central banks in the jurisdictions in which it operates. As at 31 December 2016, a significant portion of the Group's interest bearing loans and borrowings carried interest at floating rates. A hypothetical 1.0 per cent. increase in interest rates (assuming all other relevant factors remained constant) would have resulted in the Group's finance costs increasing by AED180 million in 2016. The Group's interest-bearing loans and borrowings are subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such instruments. Consequently, any increase in such reference rates would result in an increase in the Group's interest rate expense and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Although the Group seeks to hedge part of its interest rate risk, there can be no assurance that this hedging will be successful or will protect the Group fully against its interest rate risk. Such failure to successfully hedge against changes in interest rates could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Foreign exchange movements may adversely affect the Group's profitability

The Group maintains its accounts and reports its results in dirham, the currency in which the majority of its revenue is earned. A portion of the Group's income and expenses are incurred in the currencies of other countries in the MENA region. As a result, the Group is exposed to movements in foreign exchange rates. Although there can be no assurance that foreign currency fluctuations will not adversely affect the Group's results of operations in the future, the Group's management believes that the Group is not currently subject to significant foreign exchange risk given the fact that the majority of its revenue and expenses is incurred in dirham or in currencies which, like the dirham, are pegged to the U.S. dollar at a fixed exchange rate. In relation to its other currency earnings and expenses, the Group's management believes that its foreign exchange rate risk is reduced by the fact that to a large extent its revenue in a local currency is matched by its expenses being incurred in the same currency.

As at the date of this Prospectus, the dirham remains pegged to the U.S. dollar. However, there can be no assurance that the UAE government will not de-peg the dirham from the U.S. dollar, or alter the fixed exchange rate between the two currencies, in the future, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group fails to attract and retain qualified and experienced employees, its businesses may be harmed

The Group's ability to carry on and grow its businesses will depend, in part, on its ability to continue to attract, retain and motivate qualified and skilled personnel to manage its day-to-day operations. In particular, the Group depends on finance, technical and engineering staff at both middle management and senior management level. Experienced and capable personnel with these skill sets generally and in the industries in which the Group operates in particular remain in high demand, and there is significant competition in the MENA region for their talents. Consequently, when any such employees leave, the Group may have difficulty replacing them. In addition, the loss of key members of the Group's senior management team or staff with institutional knowledge may result in (amongst other things): (a) a loss of organisational focus; (b) poor execution of operations and the Group's corporate strategy; and (c) an inability to identify and execute potential strategic initiatives such as future investments and acquisitions. These adverse results could, among other things, reduce potential revenue, expose the Group to downturns in the markets in which it operates and/or otherwise have a materially adverse affect on its business, financial condition, results of operations and prospects.

The Group's businesses expose it to health and safety risks

Due to the people-based nature of its business, the Group's operations are subject to health and safety risks, particularly in relation to its shopping malls and leisure and entertainment businesses. Although all of the shopping malls currently comply with applicable health and safety standards, there can be no assurance that a major health and safety hazard, such as a fire, will not occur. Given the high number of shoppers that visit the Group's shopping malls on a daily basis, such an event could have serious consequences, particularly in the event of fatalities. Similarly, although the Group's leisure and entertainment facilities and hotels also comply with currently applicable health and safety standards, there can be no assurance that the customers of these facilities will not engage in inappropriate behaviour, endangering their safety and the safety of others. Any of the foregoing incidents could expose the Group to material liability and adversely affect its reputation. All of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may not be able to secure full insurance coverage for the risks associated with the operation of its businesses

Management believes that the Group's insurance coverage for all material aspects of its operations is comparable to that of other companies operating in the sectors and markets in which the Group operates. The Group's operations may, however, be affected by a number of risks for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various other events, such as accidents and other mishaps, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes, natural catastrophes and other eventualities, may result in losses or expose the Group to liabilities in excess of its insurance coverage or significantly impair its reputation. There is no assurance that the Group's insurance coverage will be sufficient to cover the loss arising from any or all such events or that it will be able to renew existing insurance cover on commercially reasonable terms, if at all.

Should an incident occur for which the Group has no, or insufficient, insurance cover, the Group could lose all or part of the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed. Any of these occurrences could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The interests of the Group's controlling shareholder may, in certain circumstances, be different from the interests of the Noteholders

The Group's controlling shareholder is Mr. Majid Al Futtaim who beneficially owns almost all of the shares in Majid Al Futtaim Holding. As a result, Mr. Majid Al Futtaim is in a position to control the outcome of actions requiring shareholders' approval and also has the ability to approve the election of all the members of the board of directors (the "**Board**") of Majid Al Futtaim Holding and thus influence Board decisions. The interests of Mr. Al Futtaim may be different from those of the Group's creditors (including the Noteholders).

During the ordinary course of business, Group companies may become subject to lawsuits which could materially and adversely affect the Group

From time to time, Group companies may in the ordinary course of business be named as defendant in lawsuits, claims and other legal proceedings. These actions may seek, among other things, compensation for alleged losses, civil penalties or injunctive or declaratory relief. In the event that any such action is ultimately resolved unfavourably at amounts exceeding the Group's accrued liability, or at material amounts, the outcome could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's operations are in emerging markets which are subject to greater risks than more developed markets, including significant political, social and economic risks

All of the Group's operations are conducted, and its assets are located in emerging markets. There is no assurance that any political, social, economic and market conditions affecting such countries and the MENA region generally would not have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

Any unexpected changes in the political, social, economic or other conditions in the countries in which the Group operates or neighbouring countries may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Investors should also be aware that emerging markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in developing markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

RISKS RELATING TO MAJID AL FUTTAIM PROPERTIES

Majid Al Futtaim Properties' business is capital intensive and it may not be able to raise sufficient capital to make all future investments and capital expenditures that it deems necessary or desirable

Majid Al Futtaim Properties engages in projects which require a substantial amount of capital and other long-term expenditures, including the development of new shopping malls, hotels and mixed-use developments. The capital commitments associated with these projects generally exceed Majid Al Futtaim Properties' cash inflows over the period of the project. In the past, these expenditures and investments have been financed through a variety of means, including internally-generated cash and external borrowings.

Majid Al Futtaim Properties and the Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including its future financial condition, general economic and capital market conditions, interest rates, credit availability from banks or other lenders or investors, lender and investor confidence in Majid Al Futtaim Properties and the Group's businesses and the markets in which they operate, the credit rating assigned to Majid Al Futtaim Properties and the Group by credit rating agencies, applicable provisions of tax and securities laws, and political and economic conditions in any relevant jurisdiction. Neither Majid Al Futtaim Properties nor the Group can provide any assurance that it will be able to arrange any such external financing on commercially reasonable terms, if at all, and it may be required to secure financing with a lien over its assets and those of its subsidiaries and/or agree to contractual limitations on the operation of its businesses. Majid Al Futtaim Properties or the Group's failure to obtain adequate funding as required to satisfy its contractual commitments could result in defaults on existing contracts, completion delays and damage to Majid Al Futtaim Properties and the Group's reputation as a reliable contractual counterparty, and could have a material adverse effect on Majid Al Futtaim Properties and the Group's business, financial condition, results of operations and prospects.

A significant proportion of Majid Al Futtaim Properties' and the Group's assets as at 31 December 2016 comprised real estate held either as property, plant and equipment or investment property. The valuation of these assets is inherently subjective, the values attributed to these assets may not accurately reflect their market value at any future date and they may be difficult to sell

The Group appoints an independent external Royal Institute of Chartered Surveyors ("**RICS**") valuer to determine the fair value of its real estate assets bi-annually as at 30 June and 31 December in each year. However, real estate valuations are inherently subjective because they are made on the basis of assumptions that may prove to be incorrect. No assurance can be made that the valuations of the Group's real estate assets will reflect actual sale prices, even where any such sale occurs shortly after the relevant valuation date. Significant differences between valuations and actual sales prices could have a material adverse effect on the financial condition and results of operations both of Majid Al Futtaim Properties (which is the owner of the majority of the assets) and the Group as a whole.

Given that real estate assets in general are relatively illiquid, the ability of Majid Al Futtaim Properties to sell promptly one or more of its properties in response to changing political, economic, financial and investment conditions is limited. Majid Al Futtaim Properties is susceptible to decreases in demand for commercial property in the MENA region, and in particular Dubai, given its exposure to the real estate market there. Majid Al Futtaim Properties cannot predict the length of time needed to find a willing purchaser and to close the sale of a property or whether it would be able to sell a property on commercially reasonable terms, if at all. Majid Al Futtaim Properties' inability to promptly sell its properties or on commercial terms could have a material adverse effect on Majid Al Futtaim Properties and the Group's business, financial condition, results of operations and prospects.

The success of Majid Al Futtaim Properties' business strategy and profitability depends upon its ability to locate and acquire or lease land suitable for development at attractive prices

Majid Al Futtaim Properties' growth and profitability to date have been attributable, in part, to its ability to locate and acquire or lease land at attractive prices, and the success of Majid Al Futtaim Properties' business strategy and future profitability depends upon its continued ability to do so. Many of Majid Al Futtaim Properties' most significant competitors are owned by the government of the countries in which they operate and, therefore, they may be accorded preferential treatment when acquiring land. In the past, Majid Al Futtaim Properties has been able to acquire land suitable for its planned shopping malls, hotels and other developments, but there can be no assurance that it will continue to be able to acquire land suitable for development in the future at attractive prices. In addition, Majid Al Futtaim Properties faces the risk that competitors may anticipate and capitalise on certain potential investment opportunities in advance of Majid Al Futtaim Properties doing so, which could have a material adverse affect on Majid Al Futtaim Properties and the Group's business, financial condition, results of operations and prospects of the Group as a whole.

The MENA region in which Majid Al Futtaim Properties operates is characterised by a lack of real estate transparency

According to a real estate transparency survey conducted by Jones Lang LaSalle in 2016, the real estate markets in which Majid al Futtaim Properties and the Group operates are categorised as semi-transparent (Dubai, Abu Dhabi, Kenya, the Kingdom of Saudi Arabia, Egypt and Bahrain), low-transparent (Kuwait, Qatar, Jordan, Kazakhstan and Pakistan) and opaque (Oman, Lebanon and Iraq). The degree of transparency of a real estate market is determined by reference to a number of factors, including comparable transactions, accessibility of information relating to counterparties and land title, reliability of market data, clarity of regulations relating to all matters of real estate conveyance and access to government agencies to verify information provided by counterparties in connection with real estate transactions. Although Majid Al Futtaim Properties endeavours to undertake comprehensive due diligence with respect to its real estate investments in order to mitigate any risks in connection with the markets in which it operates, there can be no assurance that the factors described above will not result in its discovery at a later date of information or liabilities in association with its investments that could affect their value, expected purpose or returns on investment, which could in turn have a material adverse effect on Majid Al Futtaim Properties and the Group's business, financial condition, results of operations and prospects.

Majid Al Futtaim Properties does not have unrestricted title to all of its land parcels

Further, in a limited number of cases, Majid Al Futtaim Properties acquires title to land parcels which are subject to certain conditions as to the timeframe within which the land should be developed. If Majid Al Futtaim Properties fails to comply with any such conditions, it may lose title to the land parcel concerned.

In Egypt, title to the land on which one of Majid Al Futtaim Properties' shopping malls is built is in the process of being transferred to Majid Al Futtaim Properties, which may be a lengthy process. Registration of title to Majid Al Futtaim Properties' land parcels (including one project under construction) may also be subject to conditions in relation to the completion of construction thereon.

If Majid Al Futtaim Properties loses title or is unable to acquire title to its properties, this could have a material adverse effect on Majid Al Futtaim Properties and the Group's business, financial condition, results of operations and prospects.

Majid Al Futtaim Properties has not to date experienced a situation where its title or interest in its properties or land parcels has been lost, has been the subject of legal proceedings leading to the loss of title or interest in its properties or land parcels. However, Majid Al Futtaim Properties is subject to the risk that it may not in the future be able to acquire or be granted unrestricted title or interest to any land and/or that it could be determined to be in violation of applicable law should it violate any restrictions applicable to any such title or interest. Any such outcome could have a material adverse effect on Majid Al Futtaim Properties and the Group's business, financial condition, results of operations and prospects.

Majid Al Futtaim Properties is exposed to a range of development and construction risks

Majid Al Futtaim Properties is subject to a number of construction, financing, operating and other risks associated with project development which have resulted, and may in the future result, in significant cost overruns and delays in the delivery of its projects. These risks include, but are not limited to:

- shortages and increases in the cost of raw materials (such as steel and other commodities common in the construction industry), energy, building equipment (including, in particular, cranes), labour or other necessary supplies;
- shortages of project managers, contractors and construction specialists, both within Majid Al Futtaim Properties and externally, to ensure that planned developments are delivered both on time and on budget;

- an inability to obtain on a timely basis, if at all, requisite governmental licenses, permits or approvals;
- an inability to obtain necessary financing arrangements on acceptable terms or at all, and otherwise fund construction and capital improvements and provide any necessary performance guarantees;
- defaults by, or the bankruptcy or insolvency of, contractors and other counterparties;
- inadequate infrastructure, including as a result of failure by third parties to provide utilities and transportation and other links that are necessary or desirable for the successful operation of a project; and
- discovery of design or construction defects and otherwise failing to complete projects according to design specification.

The occurrence of one or more of these events may negatively affect the ability of Majid Al Futtaim Properties' contractors to complete the development and construction of projects on schedule, if at all, or within the estimated budget, and may prevent Majid Al Futtaim Properties from achieving projected internal rates of return for its projects, which could in turn have a material adverse effect on Majid Al Futtaim Properties and the Group's business, financial condition, results of operations and prospects. In addition, there can be no assurance that the revenues that Majid Al Futtaim Properties is able to generate from its development and construction projects will be sufficient to cover the associated construction costs.

Majid Al Futtaim Properties' rental revenues depend upon its ability to find tenants for its shopping malls and offices and the ability of such tenants to fulfil their lease obligations as well as on Majid Al Futtaim Properties achieving an optimal tenant mix for its shopping malls. In addition, Majid Al Futtaim Properties is exposed to tenant concentration

There can be no guarantee that Majid Al Futtaim Properties will find or be able to retain tenants for its shopping malls and other properties on terms and conditions that are satisfactory to it. In addition, Majid Al Futtaim Properties' tenants may be adversely affected by a range of factors which may affect their ability to perform their obligations under the relevant lease agreements and may therefore adversely affect the financial performance of the properties leased by Majid Al Futtaim Properties and the cash flows generated by them. Further, certain jurisdictions in which Majid Al Futtaim Properties operates as a landlord, including the UAE, have imposed restrictions on rental increases and these restrictions may also adversely impact Majid Al Futtaim Properties' business.

Majid Al Futtaim Properties seeks to ensure that it has the right mix of retail outlets in its shopping malls to cater to the consumer preferences of its local customers. In pursuit of this strategy, Majid Al Futtaim Properties has sought in the past, and may seek in the future, to terminate lease agreements of existing tenants in order to replace them with new tenants to its shopping malls. In addition, Majid Al Futtaim Properties may seek to terminate the lease agreements of tenants who default under their leases. It is relatively difficult to evict tenants under the laws of the jurisdictions in which Majid Al Futtaim Properties operates. Therefore, Majid Al Futtaim Properties may experience delays in evicting tenants for cause or changing its tenant mix to meet strategic directives prior to the expiry of relevant lease terms, and efforts to do so could require considerable expense. Although Majid Al Futtaim Properties' tenants have rarely defaulted in performing their obligations under the lease agreements they have entered into with Majid Al Futtaim Properties, should one or more tenants stop paying rent for a period of time, whether with or without cause, this could reduce Majid Al Futtaim Properties' cash flows and could have a material adverse affect on the business, financial condition, results of operations and prospects of Majid Al Futtaim Properties and the Group as a whole.

A significant proportion of the tenants in Majid Al Futtaim Properties' shopping malls are members of a limited number of large retail groups. As a result, Majid Al Futtaim Properties would be materially adversely affected should any of these retail groups cease to carry on business with Majid Al Futtaim Properties or at all.

Majid Al Futtaim Properties' shopping malls depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants

Shopping malls are typically anchored by hypermarkets, department stores and other large nationally recognised tenants. Many of Majid Al Futtaim Properties' major tenants are owned by a limited number of large retail groups. The performance of some of Majid Al Futtaim Properties' shopping malls could be adversely affected if these tenants fail to comply with their contractual obligations, seek concessions in order to continue operations, or cease their operations. Concessions made to existing tenants may also be made to potential new tenants with a view to attracting such potential new tenants. There is no assurance that any such concessions made will achieve their purpose or will not materially adversely affect Majid Al Futtaim Properties and the Group's revenue or profitability. In addition, the closure of tenants' operations may enable other tenants to negotiate a modification to the terms of their existing leases, and such closures could result in decreased customer traffic which could adversely affect the performance of the shopping mall concerned and, as a result, could have a material adverse affect on the business, financial condition, results of operations and prospects of Majid Al Futtaim Properties and the Group as a whole.

Majid Al Futtaim Properties' hotels are all managed by independent third-party operators and Majid Al Futtaim Properties is, therefore, exposed to the performance of these operators

Majid Al Futtaim Properties has entered into hotel management agreements with Accor Sàrl ("**Accor**"), Kempinski Hotels S.A. ("**Kempinski**"), Hilton International Manage LLC ("**Hilton**") and Starwood EAME License and Services Company BVBA ("**Starwood**"). While Majid Al Futtaim Properties has close relationships with the operators of its hotels and a successful track record of working with them to make property and operational improvements, Majid Al Futtaim Properties does not have the means to compel any hotel to be operated in a particular manner or to govern any particular aspect of its operations. Therefore, even if Majid Al Futtaim Properties believes its properties are being operated inefficiently or in a manner that does not result in satisfactory revenues or operating profits, it will generally not have rights under the management agreements to change who operates the properties or how they are operated until the expiry of the term of the agreements unless there is a breach of specific contractual provisions permitting such termination. Majid Al Futtaim Properties can only seek redress if an operator breaches the terms of the management agreements or, in the case of the agreements with Kempinski, if the hotel does not reach certain prescribed levels of profitability for three consecutive years, and then only to the extent of the remedies provided for under the terms of that agreement. In the event that Majid Al Futtaim Properties were to seek to replace any of its current hotel operators, it would likely experience significant disruptions at the affected properties, which could have a material adverse effect on the business, results of operations, financial condition and prospects of Majid Al Futtaim Properties and the Group as a whole.

RISKS RELATING TO MAJID AL FUTTAIM RETAIL

Majid Al Futtaim Retail's results of operations and financial performance could be materially adversely affected by a change in consumer preferences, perception and/or spending

Majid Al Futtaim Retail accounted for 80 per cent. of the Group's revenue and 30 per cent. of the Group's EBITDA for the financial year ended 31 December 2016. Majid Al Futtaim Retail's performance depends on factors which may affect the level and patterns of consumer spending in the UAE and the MENA region. Such factors include consumer preferences, confidence, incomes and perceptions of the quality of certain products. A general decline in purchases at Majid Al Futtaim Retail's Carrefour stores could occur as a result of a change in consumer preferences, perceptions and spending habits at any time and Majid Al Futtaim Retail's future success will depend partly on its ability to anticipate or adapt to such changes and to offer, on a timely basis, new products that match consumer demand. Such changes, and a failure to adapt its offering to respond to them, may result in reduced demand for the products sold at Majid Al Futtaim Retail's Carrefour stores, a decline in the market share of its products and increased levels of selling and promotional expenses. Any changes in consumer preferences could result in lower sales of the products sold at Majid Al Futtaim Retail's Carrefour stores or put pressure on pricing, and could materially adversely affect the business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole.

Majid Al Futtaim Retail is dependent on its relationship with Carrefour and the market perception of Carrefour

All of Majid Al Futtaim Retail's revenue and EBITDA for the financial year ended 31 December 2016 was derived from the operations of its Carrefour stores. The business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole could be materially and adversely affected to the extent that Majid Al Futtaim Retail's franchise rights with Carrefour become compromised in any material respect.

In addition, the willingness of the public to shop at Carrefour, which is considered by many to be associated with France, is also subject to various factors outside Majid Al Futtaim Retail's control, including the public's perception of Carrefour and, more generally, of France. Should any of these factors be perceived in a negative manner, this would have a material adverse affect on the financial condition and results of operations of Majid Al Futtaim Retail and the Group as a whole.

The planned increase in the number of Carrefour stores may not be achieved

Majid Al Futtaim Retail plans to open 10 Carrefour hypermarkets (one store each in the Kingdom of Saudi Arabia, Jordan, Lebanon and Kenya and two each in UAE, Egypt and Pakistan) during 2017. In addition, Majid Al Futtaim Retail plans to open 19 Carrefour supermarkets during 2017.

However, there can be no assurance that it will be able to expand its store network as planned or that all of such new stores will be profitable. While the Group's management believes that Majid Al Futtaim Retail has identified areas in the MENA region where Majid Al Futtaim Retail could increase the number of its stores, unforeseen factors could result in potential sites not becoming available on acceptable terms. This could adversely affect the business, reputation, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole. Furthermore, if competitors are able to secure high-quality sites, they may be able to gain market share and may effectively restrict Majid Al Futtaim Retail's ability to grow. In addition, Majid Al Futtaim Retail's ability to open new stores, convert or refurbish existing stores, change the use of part of an existing store or implement any of these activities without delay may be significantly restricted by regulatory obstacles associated with obtaining the approvals, permits, consents and/or registrations necessary to construct and/or operate its stores, which could have a material adverse effect on the business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole.

Interruptions in the availability of products from suppliers or any changes in the costs to Majid Al Futtaim Retail of obtaining such products could adversely affect its business

Majid Al Futtaim Retail's operations may be interrupted or otherwise adversely affected by delays or interruptions in the supply of its products or the termination of any product supplier arrangement where an alternative source of product supply is not readily available on substantially similar terms. Any breakdown or change in Majid Al Futtaim Retail's relationships with product suppliers could materially adversely affect the business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole. If Majid Al Futtaim Retail is forced to change a supplier of products, there is no guarantee that this would not interrupt supply continuity or result in additional cost. Further, Majid Al Futtaim Retail is currently able to secure significant rebates and other supplier benefits from its product suppliers. Should these benefits decline or become unavailable, this could have a material adverse effect on the business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole.

In addition, the price of the products which Majid Al Futtaim Retail sells at its Carrefour stores may be significantly affected by the cost of the raw materials used to produce those products in the source markets of Majid Al Futtaim Retail's suppliers. Wherever practicable, Majid Al Futtaim Retail seeks to put in place supply contracts which ensure the supply of products for the period that they are anticipated to be offered by the Carrefour stores and in such quantities as its forecasts require. Failure to continue to source products at competitive cost from international markets or to forecast accurately the required quantities could result in Majid Al Futtaim Retail having to buy products from other suppliers on short-term contracts which could result in additional cost. Any increases in the prices of products where prices have not been fixed under contractual supply agreements could materially adversely affect the business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole.

Interruptions in or changes to the terms of Majid Al Futtaim Retail's shipping or distribution arrangements could adversely affect its business

Majid Al Futtaim Retail is reliant on the services of third-party distribution, shipping and haulage companies for the movement and storage of its private label goods and the entire range of products for its Carrefour supermarkets within the regions in which it operates and the jurisdictions from which it sources its products. Although it has entered into management contracts with two third-party distribution, shipping and haulage companies, any change in the terms of, interruption or failure in the services of one or more of these service providers could affect Majid Al Futtaim Retail's ability to supply and distribute its products and consequently could materially adversely affect the business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole. Such interruption or failure could potentially involve significant additional costs to Majid Al Futtaim Retail in obtaining an alternative source of supply or distribution.

Majid Al Futtaim Retail faces the risk of product liability claims and associated adverse publicity

The packaging, marketing, distribution and sale of food products purchased from others, as well as production of foods under Carrefour's private labels, entail an inherent risk of contamination or deterioration, which could potentially lead to product liability claims, product recalls and associated adverse publicity. Any contaminated products inadvertently distributed by Majid Al Futtaim Retail may, in certain cases, result in illness, injury or death, or lead to product liability claims asserted against Majid Al Futtaim Retail and/or require product recalls. There can be no assurance that such claims will not be asserted against it in the future, or that such recalls will not be necessary. While the Group has product liability insurance, such policy does not include insurance cover against product recall specifically and there is no certainty that any product liability insurance available to the Group will be sufficient to cover all claims, or any product recall claims, that may be asserted against it.

In addition, because Majid Al Futtaim Retail's success is linked to the reputation of Carrefour, any product liability claims or product recalls that cause adverse publicity involving Carrefour stores not owned by Majid Al Futtaim Retail may have an adverse effect on Majid Al Futtaim Retail, regardless of whether such claim or recall involves any products sold by Majid Al Futtaim Retail's Carrefour franchises. Further, even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding any assertion that the products it sells caused illness or injury could adversely affect Carrefour's reputation with existing and potential customers, as well as the business, financial condition, results of operations and prospects of Majid Al Futtaim Retail and the Group as a whole (see "*– Risks Relating to the Group – The Group may not be able to secure full insurance coverage for the risks associated with the operation of its businesses*").

RISKS RELATING TO MAJID AL FUTTAIM VENTURES

Majid Al Futtaim Ventures' wholesale finance and credit card businesses may require higher costs of funding and expose it to credit risk

Majid Al Futtaim Ventures issues credit cards through its wholly-owned subsidiary Majid Al Futtaim Finance. As the Group does not have a consumer banking operation, which is considered to be one of the principal means of achieving inexpensive funding to support such business, such operations are funded through intra-Group and third party loans, which may be more costly than the funding to which certain of its competitors, particularly local and regional banking groups, have access to. A decrease in Majid Al Futtaim Ventures' access to external funding in particular, or a rise in the cost of intra-Group funding, could have an adverse effect on the results of operations and prospects of Majid Al Futtaim Ventures' credit card business.

In addition, the target customers of its credit card business are principally UAE residents. The UAE lacks a centralised credit bureau, and Majid Al Futtaim Ventures and its competitors do not share customer information. Therefore, this business is unable to confirm independently information provided by credit applicants regarding the extent of their credit exposure. As a result, customers may be overextended by virtue of other credit obligations about which Majid Al Futtaim Ventures is unaware. To some extent, Majid Al Futtaim Ventures is therefore exposed to credit risks which it may not be able to accurately assess or provide for and, in the case of expatriates, may be unable to enforce a judgment obtained against defaulting creditors who no longer live in the UAE. Such credit risks could have an adverse effect on the results of operations and prospects of Majid Al Futtaim Ventures.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

Risks related to the structure of a particular issue of Notes

The Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

The obligations of each Guarantor are conditional, deeply subordinated in right of payment and the rights and claims of the Noteholders against the relevant Guarantor may be extinguished in certain circumstances

Prospective investors should note that the obligations of each Guarantor under the Guarantee are subordinated in right of payment to the prior payment in full of all other liabilities of the relevant Guarantor, except for Parity Securities (as defined in Condition 1.1 (*Definitions*)) of the relevant Guarantor. In addition, all payment obligations of the relevant Guarantor under the Guarantee are, at all times, subject to the relevant Guarantor being Solvent at the time of such payment.

For this purpose the relevant Guarantor shall be "**Solvent**" if, at the time of the relevant payment under the Guarantee: (a) it is able to pay its debts as they fall due; and (b) its Assets exceed its Liabilities.

In the case of paragraph (a) above, the relevant Guarantor must also be capable of making the relevant payment under the Guarantee and any other payment in respect of the Parity Securities of the relevant Guarantor (excluding a payment to a member of the Group) and still satisfy paragraph (a) above immediately after such payment.

"**Assets**" means the unconsolidated total assets of the relevant Guarantor as shown in the latest audited balance sheet of such Guarantor, but adjusted to reflect the prevailing market value of such assets (including the prevailing market value of any equity held by such Guarantor in any company) and for any other subsequent events in such manner as determined by: (i) the directors of such Guarantor (and as certified by the auditors of such Guarantor in the event of any non-payment by such Guarantor); or (ii) if a trustee in bankruptcy has been appointed in respect of such Guarantor, such trustee in bankruptcy.

"**Liabilities**" means the unconsolidated total liabilities of the relevant Guarantor as shown in the latest audited balance sheet of such Guarantor, but adjusted for contingent liabilities and for any other subsequent events in such manner as determined by: (i) the directors of such Guarantor (and as certified by the auditors of such Guarantor in the event of any non-payment by such Guarantor); or (ii) if a trustee in bankruptcy has been appointed in respect of such Guarantor, such trustee in bankruptcy.

Prior to the appointment of a trustee in bankruptcy, if a Guarantor is not Solvent, the rights and claims of the Noteholders under the Guarantee against the relevant Guarantor are limited

Prior to the appointment of a trustee in bankruptcy (as described below) the determination of whether a Guarantor is Solvent will be made by the board of directors of the relevant Guarantor together with, in the case of an assessment of the Assets and Liabilities of the relevant Guarantor, the auditors of such Guarantor. If the Noteholders wish to challenge any such determination or non-payment by the relevant Guarantor, the sole recourse available to the Noteholders will be to institute proceedings for the winding up of the relevant Guarantor and/or prove in the winding up of the relevant Guarantor.

If a Guarantor is not Solvent, the rights and claims of the Noteholders under the Guarantee against the relevant Guarantor will be extinguished

If the board of directors of the relevant Guarantor together with, in the case of an assessment of the Assets and Liabilities of the relevant Guarantor, the auditors of such Guarantor, make a determination that the relevant Guarantor is not Solvent, the rights and claims of the Noteholders under the Guarantee against the relevant Guarantor will be extinguished.

In the event that bankruptcy proceedings (or any analogous actions) are commenced in relation to a Guarantor (which would be by application to a court in the UAE by any creditor (including the Noteholders), the relevant Guarantor itself or a public prosecutor), the court will, if it is satisfied that a bankruptcy order should be issued based on the inability of the relevant Guarantor to pay its debts as they fall due, issue a bankruptcy order and appoint a trustee in bankruptcy, in respect of the relevant

Guarantor. The responsibilities of the trustee in bankruptcy include verifying the relevant Guarantor's debts and preserving, managing and realising the assets of the relevant Guarantor.

As part of the process of verification of the relevant Guarantor's debts and specifically in relation to the Guarantee, the trustee in bankruptcy is required to determine whether the relevant Guarantor is Solvent. If the trustee in bankruptcy determines that the relevant Guarantor is not Solvent, the rights and claims of the Noteholders under the Guarantee against the relevant Guarantor will also be extinguished.

However, as the obligations of the Guarantors under the Guarantee are joint and several, such extinguishment in respect of the obligations of one Guarantor would not affect the obligations of the other Guarantor if such other Guarantor is Solvent.

Following extinguishment of the rights and claims of the Noteholders no amounts will be paid to the Noteholders

Even if, following the realisation of the relevant Guarantor's assets and payments having been made to all prior ranking creditors of the relevant Guarantor, residual amounts are available as part of the bankruptcy estate of the relevant Guarantor, the rights and claims of the Noteholders shall remain extinguished. Instead, such residual amounts will most likely be paid to the shareholders of the relevant Guarantor.

Further, it is possible for a company in bankruptcy proceedings in the UAE to agree a composition with its verified creditors (which, as described above, would not include the Noteholders) and if such composition resulted in the relevant Guarantor not being liquidated or dissolved but being permitted to continue its business as a going concern, the rights and claims of the Noteholders under the Guarantee against the relevant Guarantor should remain extinguished, although prospective investors should note that the insolvency regime in the UAE is largely untested and there is little guidance as to how the legislative framework will be applied in practice.

The insolvency regime in the UAE is largely untested with little guidance as to how the legislative framework will be applied in practice

Prospective investors should note that the insolvency regime in the UAE is largely untested as there have been no large scale insolvencies. As a result, there is little guidance as to how the legislative framework will be applied in practice and, in particular, the definitive approach that would be adopted by a trustee in bankruptcy appointed by a court in the UAE in relation to the relevant Guarantor in assessing the claims of senior and subordinated creditors of a company incorporated in the UAE.

The Notes are perpetual but may be redeemed at the option of the Issuer

The Issuer is under no obligation to redeem the Notes at any time and the Noteholders have no right to call for their redemption. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes indefinitely.

The Issuer may redeem all outstanding Notes at any time in the event of a Gross-Up Event, an Accounting Event, a Substantial Repurchase Event, a Rating Methodology Event or as a result of a Change of Control (each as defined in the Conditions), in each case in accordance with the Conditions.

In addition, the Notes are redeemable at the Issuer's option on any date during the period commencing (and including) 7 June 2022 to (and including) the First Call Date or on any Interest Payment Date thereafter. In the case of a redemption of the Notes by the Issuer, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Under certain conditions, interest payments under the Notes may be deferred

The Issuer may elect, in its sole and absolute discretion, to defer all or some of the interest which would otherwise be payable on the Notes on any Interest Payment Date. While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the relevant Notes and, in such event, the Noteholders are not entitled to claim immediate payment of interest so deferred.

However, upon the occurrence of a Compulsory Payment Event (as described under the Conditions), the Issuer will be obliged to pay the deferred interest (in whole and not in part) on the Mandatory Settlement Date. One of the Compulsory Payment Events giving rise to payment of the deferred interest is where the Issuer or the Guarantors pay dividends to any third party shareholders outside the Group (excluding dividends paid pursuant to a contractual or legal obligation). Historically, entities forming part of the Group have rarely declared or made dividend payments to third parties outside the Group on a voluntary basis, and when such payments have been made they have been of a relatively low value. Majid Al Futtaim Holding is under no obligation to make any such dividend payment. There can be no assurance that any dividends will ever be paid by Majid Al Futtaim Holding to its shareholders pursuant to its dividend policy or otherwise, and there can be no assurance generally with regard to the timing or frequency of dividend payments or other distributions (if any) by the Issuer, Majid Al Futtaim Holding or Majid Al Futtaim Properties to any person outside the Group.

Any deferral of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's and/or Guarantors' financial condition.

The Notes may not be redeemed, substituted or varied unless and until all Optionally Outstanding Payments are satisfied in full, on or prior to the date set for the relevant redemption, substitution or variation.

Due to the deeply subordinated nature of the obligations arising under the Notes, the Conditions of the Notes contain limited Enforcement Events and remedies

There is no obligation on the Issuer to repay principal. In addition, payments of interest on the Notes may be deferred in accordance with Condition 5.5 (*Interest deferral*) and interest will not therefore be due other than in the limited circumstances described in the Conditions. The only events of default in the Conditions are: (a) if a default is made by the Issuer for a period of seven Business Days or more in the payment of any principal due on the Notes or 14 Business Days or more in the payment of any interest due on the Notes or the Guarantors fail to pay any amount due under the Guarantee; (b) if an order is made or a resolution is passed for the winding-up of the Issuer or Majid Al Futtaim Holding; or (c) if Majid Al Futtaim Properties initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (all as more fully described in Condition 12.1 (*Enforcement Events*)). Therefore, it will only be possible for the Noteholders to enforce claims for payment of principal or interest of the Notes when the same have become due pursuant to the Conditions and the Guarantee. Moreover, pursuant to Condition 12.1 (*Enforcement Events*), upon the occurrence of any such event of default, the remedies available to the Trustee and/or the Noteholders (as applicable) are limited to: (i) instituting proceedings for the winding-up of the Issuer and/or the relevant Guarantor and/or prove in the winding-up of the Issuer and/or the relevant Guarantor; and/or (ii) claiming in the liquidation of the Issuer and/or the relevant Guarantor for the payment referred to in paragraph (a) above and/or giving notice to the Issuer and the relevant Guarantor that the Notes are, and shall immediately become, due and payable at their principal amount together with any accrued and unpaid interest to such date and any Optionally Outstanding Payments, subject in each case to the Noteholders having a claim against the relevant Guarantor under the conditional subordination described above (see "*– The obligations of each Guarantor are conditional, deeply subordinated in right of payment and the rights and claims of the Noteholders against the relevant Guarantor may be extinguished in certain circumstances*").

Furthermore, the claims of Senior Creditors of the Issuer and/or of the Guarantors, as applicable, will first have to be satisfied in any winding-up, liquidation or analogous proceedings before the Noteholders may expect to obtain any recovery in respect of their Notes and prior thereto Noteholders will have only limited (if any) ability to influence the conduct of such winding-up, liquidation or analogous proceedings. As noted earlier in this section, if the condition as to Solvency set out in Condition 4.2(b) (*Subordination in respect of the Guarantee*) is not satisfied, the holders of the Notes shall not be entitled to receive any amounts under the Guarantee in the winding-up or liquidation of the Guarantors.

There is no limitation on issuing senior or pari passu securities

There is no restriction on the amount of securities or other liabilities which the Issuer or the Guarantors may issue or incur and which rank senior to, or *pari passu* with, the Notes or the Guarantee (as the case may be). The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer or the Guarantors (as the case may be) and/or may increase the likelihood of a deferral of interest under the Notes.

Resettable fixed rate notes have a market risk

A holder of notes with a fixed interest rate that will be reset during the term of the notes (as will be the case for the Notes on each Reset Date (as defined in the Conditions) if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. While the nominal remuneration rate of the Notes is fixed until the First Call Date (with a reset of the initial fixed rate on every Reset Date as set out in the Conditions), the current interest rate in the capital markets (the "**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the price of the Notes also changes, but in the opposite direction. If the market interest rate increases, the price of the Notes would typically fall. If the market interest rate falls, the price of the Notes would typically increase. Noteholders should be aware that movements in these market interest rates can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell the Notes.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders, in the circumstances described in Condition 13.2 (*Variation, waiver, authorisation and determination*) agree to: (a) any variation of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or any of the provisions of the Trust Deed or the Agency Agreement; or (b) determine without the consent of the Noteholders that any Enforcement Event (as defined in Condition 12.1 (*Enforcement Event*)) shall not be treated as such.

Change of law

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Investors in the Notes must rely on Euroclear and Clearstream, Luxembourg procedures

Notes will be represented on issue by a Global Note that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each as defined under "*Form of the Notes*"). Except in the circumstances described in the Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Note held through it. While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by the Global Note, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note.

Holders of beneficial interests in the Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks relating to enforcement

Set out below is a brief description of the principal risks relating to enforcement against the Issuer or the Guarantors:

Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Dubai

The payments under the Notes are dependent upon the Issuer (failing which, the Guarantors) making payments to investors in the manner contemplated under the Notes or the Guarantee, as the case may be. If the Issuer and subsequently both of the Guarantors fail to do so, it may be necessary to bring an action against the Guarantors (or either of them) to enforce their (or its) obligations and/or to claim damages, as appropriate, which may be costly and time-consuming.

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

Under current Dubai law, the Dubai courts are unlikely to enforce an English or United States court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in Dubai have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in Dubai. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

The Notes, the Trust Deed, the Agency Agreement (as defined in "*Terms and Conditions of the Notes*") are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under LCIA Rules.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in Dubai in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Dubai courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. It should be noted that only the Dubai Court of Cassation was a final decision. The uncertainty regarding the interpretation and application of the New York Convention provisions by the courts is further reinforced by the lack of system of binding judicial precedent in the UAE and because of the independent existence of different Emirates within the UAE, some with their own court systems, whole rulings may have no more than persuasive force within other Emirates. There is therefore no guarantee that the Dubai courts will take the same approach in similar proceedings in the future. In practice, therefore, how the New York Convention provisions would be interpreted and applied by the Dubai courts, and whether the Dubai courts will enforce a foreign arbitration award in accordance with the New York Convention, remains largely untested.

There are limitations on the effectiveness of guarantees in the UAE

Under the laws of the UAE the obligation of a guarantor is incidental to the obligations of the principal debtor, and the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor. The laws of the UAE do not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplate a guarantee by way of suretyship. Accordingly, it is not possible to state with any certainty whether a guarantor could be obliged by the Dubai courts to pay a greater sum than the debtor is obliged to pay or to perform an obligation that the debtor is not obligated to perform.

In order to enforce a guarantee under the laws of the UAE, the underlying debt obligation for which such guarantee has been granted may need to be proved before the Dubai courts.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. The liquidity of any market for the Notes that may develop depends on a number of factors, including:

- the method of calculating the principal and interest in respect of the Notes;
- the time remaining to the maturity of the Notes;
- the outstanding amount of the Notes;
- the redemption features of the Notes; and
- the level, direction and volatility of market interest rates generally.

Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantors will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency-equivalent yield on the Notes; (b) the Investor's Currency equivalent value of the principal payable on the Notes; and (c) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note may not be available at such Note's maturity.

Credit ratings may not reflect all risks

Each of Fitch and S&P is expected to rate the Notes at "BB+". The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

FORM OF THE NOTES

The Notes will be represented by a Global Note or be in definitive form and shall be in registered form. Registered Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S under the Securities Act ("**Regulation S**").

REGISTERED NOTES

The Notes offered and sold in reliance on Regulation S, which will be sold only to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (the "**Global Note**"). Prior to expiry of the 40 day distribution compliance period (as defined in Regulation S) applicable to the Notes, beneficial interests in the Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Global Note will bear a legend regarding such restrictions on transfer.

The Global Note will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of the common depositary for Euroclear and Clearstream, Luxembourg, as specified in the Conditions. Persons holding beneficial interests in the Global Note will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Note will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 2.1 (*Form and denomination*)) as the registered holder of the Global Note. None of the Issuer, the Guarantors, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant date (as specified in Condition 7.1 (*Payments in respect of Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (a) an Enforcement Event has occurred and is continuing; (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Note in definitive form and a certificate to that effect signed by any two Authorised Signatories (as defined in Conditions 1.1 (*Definitions*)) of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in paragraph (c) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

TRANSFER OF INTERESTS

Interests in the Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Note. No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see "*Subscription and Sale*").**

GENERAL

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the Conditions or as may otherwise be approved by the Issuer, the Guarantors, the Principal Paying Agent and the Trustee.

No Noteholder (as defined in the Conditions) shall be entitled to proceed directly against the Issuer or either Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes (the "**Conditions**") which will, except for the text in italics, be incorporated into the Global Note (as defined below) and endorsed on each definitive Note and will form part of the Trust Deed.*

The U.S.$500,000,000 Reset Subordinated Perpetual Notes (the "**Notes**") issued by MAF Global Securities Limited (the "**Issuer**") are constituted by a trust deed dated 7 March 2017 (such trust deed as further amended and/or supplemented and/or restated from time to time, the "**Trust Deed**"), made between the Issuer, Majid Al Futtaim Holding LLC ("**MAF Holding**"), Majid Al Futtaim Properties LLC ("**MAF Properties**" and, together with MAF Holding, the "**Guarantors**" and each a "**Guarantor**") and Citibank, N.A., London Branch (the "**Trustee**", which expression shall include all persons for the time being trustee or trustees appointed under the Trust Deed).

The Notes have the benefit of an agency agreement dated 7 March 2017 (such agency agreement as further amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, the Guarantors, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Notes and, together with any further or other paying agents appointed from time to time in accordance with the Agency Agreement, the "**Paying Agents**", which expression shall include any successor paying agent appointed from time to time in connection with the Notes) and Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes) and as transfer agent (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents appointed from time to time in connection with the Notes).

For so long as any of the Notes is represented by a global note in registered form (the "**Global Note**") held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of such Global Note shall be treated by the Issuer, each Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Principal Paying Agent being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the specified office of each of the Registrar and the Transfer Agent (the Paying Agents, the Registrar and the Transfer Agent being together referred to as the "**Agents**").

The Noteholders are deemed to have notice of and be bound by, and are entitled to the benefit of, all the provisions of the Trust Deed and of the Agency Agreement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

Unless the context otherwise requires, the following terms shall have the following meanings in these Conditions:

An "**Accounting Event**" shall occur if a recognised independent accountancy firm of international standing, acting upon instructions of a Guarantor, has delivered a letter or report addressed to such

Guarantor, stating that, as a result of a change in accounting principles (or the application thereof) since the Issue Date, the obligations of such Guarantor under the Guarantee may not or may no longer be recorded fully as "equity" in the Consolidated Financial Statements of such Guarantor pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the Consolidated Financial Statements of such Guarantor and such event cannot be avoided by such Guarantor taking reasonable measures available to it;

"**Additional Amount**" has the meaning specified in Condition 8 (*Taxation*);

"**Additional Interest Amount**" has the meaning specified in Condition 5.5 (*Interest deferral*);

"**Auditors**" has the meaning specified in the Trust Deed;

"**Authorised Signatory**" means any person who: (a) is a Director of the Issuer; (b) is an Initial Guarantor Authorised Person; or (c) has been notified by the Issuer or either of the Guarantors (as the case may be) in writing to the Trustee as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer or such Guarantor (as the case may be) for the purposes of these Conditions and the Trust Deed;

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, Dubai and New York;

"**Certificate**" has the meaning specified in Condition 2.1 (*Form and denomination*);

A "**Change of Control**" shall occur each time Majid Al Futtaim Capital LLC ceases to be the ultimate owner (either directly or indirectly) of more than 50 per cent. of the share capital of MAF Holding; provided that a Change of Control shall not be deemed to have occurred unless, within the Change of Control Period: (a) if the long-term, unsecured and unsubordinated indebtedness of a Guarantor is rated by any one or more Rating Agencies, a Rating Downgrade as a result of that Change of Control occurs and the relevant Rating Agency does not, within the Change of Control Period, reverse such Rating Downgrade so that the long-term, unsecured and unsubordinated indebtedness of such Guarantor has the same or a better credit rating attributed by such Rating Agency than before such Rating Downgrade occurred; or (b) if the long-term, unsecured and unsubordinated indebtedness of a Guarantor is not rated by any one or more Rating Agencies, a Negative Rating Event in respect of that Change of Control occurs, save that limb (b) of this definition shall not apply where (i) MAF Holding's long-term, unsecured and unsubordinated indebtedness is rated by one or more of the Rating Agencies; (ii) MAF Properties' long-term, unsecured and unsubordinated indebtedness is not rated by any Rating Agency; and (iii) no Rating Downgrade has occurred in respect of MAF Holding as a result of such Change of Control during the Change of Control Period;

"**Change of Control Period**" means the period commencing on the earlier of: (a) the date of the occurrence of the relevant Change of Control; and (b) the date of the first public announcement of a potential Change of Control by either Guarantor, or by any actual or potential bidder or any adviser thereto, and ending 90 days after the date of occurrence of the relevant Change of Control (the "**Initial End Date**"), provided that if one or more Rating Agencies has on or prior to the Initial End Date publicly announced that it has placed the rating of the long-term, unsecured and unsubordinated indebtedness of either Guarantor under consideration for rating downgrade (the "**Placing on Credit Watch**"), the Change of Control Period shall be extended to the earlier of: (i) the later of (1) the date which falls 60 days after the date of the Placing on Credit Watch, and (2) the Initial End Date; or (ii) the date which falls 60 days after the Initial End Date;

"**Change of Control Redemption Period**" has the meaning specified in Condition 6.7 (*Issuer call right and early redemption for reasons of a Change of Control*);

"**Compulsory Payment Event**" means the occurrence of any of the following events:

(a) the shareholders of the Issuer or the shareholders of either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors have resolved at the annual general meeting on the proposal by its board of directors to pay or distribute a dividend or make a payment on any Junior Securities or the Issuer, either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors has elected to make a payment or distribution of an interim dividend in respect of any Junior Securities, in each case other than a dividend, distribution or payment on any Junior Securities which is made to any member of the Group;

(b) the Issuer or either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors has resolved, in its absolute discretion, to pay any dividend or make any distribution or other payment on any Parity Security, other than a dividend, distribution or payment on any Parity Security which is made to any member of the Group;

(c) the Issuer, either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors redeems Junior Securities or Parity Securities or the Issuer, either of the Guarantors or any Subsidiary of the Issuer or of either of the Guarantors repurchases or otherwise acquires any Junior Securities or Parity Securities, other than: (i) in connection with any existing or future buy-back programme, share option or free share allocation plan or any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants; or (ii) a redemption, repurchase or acquisition of a Junior Security or Parity Security issued to another member of the Group; or

(d) (i) the Notes are redeemed at the option of the Issuer; or (ii) the Notes are substituted for, or varied so that they become, Qualifying Notes,

except, for the avoidance of doubt, in the case of paragraphs (a) to (c) (inclusive) above, if the Issuer, the relevant Guarantor or the relevant Subsidiary is obliged under the terms and conditions of such Junior Securities or Parity Securities, or if required by law, to make such payment or distribution, such redemption, such repurchase or such other acquisition;

"**Consolidated Financial Statements**" means the most recently published:

(a) audited annual consolidated financial statements of the relevant Guarantor, as approved by the annual general meeting of its shareholders and audited by the Auditors of such Guarantor; or, as the case may be,

(b) unaudited (but "reviewed" by the Auditors of the relevant Guarantor) condensed consolidated half-year financial statements of such Guarantor, as approved by its Board of Directors,

in each case prepared in accordance with IFRS;

"**Designated Amount**" has the meaning specified in Condition 7.1 (*Payments in respect of Notes*);

"**Designated Bank**" has the meaning specified in Condition 7.1 (*Payments in respect of Notes*);

"**Determination Date**" means, in respect of a Reset Interest Period, the second U.S. Government Securities Business Day prior to the commencement of such Reset Interest Period;

"**Directors**" means the Board of Directors for the time being of the Issuer and "**Director**" means any one of them;

"**Dispute**" has the meaning specified in Condition 18.2 (*Agreement to arbitrate*);

"**Enforcement Event**" has the meaning specified in Condition 12.1 (*Enforcement Events*);

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**First Call Date**" means 7 September 2022;

"**First Step-Up Date**" means 7 September 2027;

A "**Gross-Up Event**" shall occur if, as a result of any change in, or amendment to, the laws (or any rules or regulations thereunder) of the Relevant Jurisdiction, or any change in or amendment to any official interpretation or application of those laws or rules or regulations, which change or amendment becomes effective on or after 3 March 2017: (a) the Issuer has or will become obliged to pay Additional Amounts; or (b) the Guarantors would be unable for reasons outside their control to procure payment by the Issuer and in making payment themselves would be required to pay such Additional Amounts, in each case provided that the payment obligation cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to them;

"**Group**" means MAF Holding and its Subsidiaries taken as a whole;

"**Guarantee**" has the meaning specified in Condition 4.1 (*Status of the Guarantee*);

"**IFRS**" means the International Financial Reporting Standards;

"**Initial Guarantor Authorised Person**" means: (a) in the case of MAF Holding (i) any two of Mr. Alain Bejjani, Mr. Mouien Hussein Al Madhoun or Ms. Shrimati Damal (the "**Statutory Managers**"), or (ii) by Ms. Roudayna Esber and any one of the Statutory Managers; and (b) in the case of MAF Properties, any two of Mr. Ghaith Adnan Shocair, Mr. Robert Frisch Welanetz, Mr. Hawazen Amin Esber or Ms. Roberta Patricia Calarese;

"**Interest Payment Date**" means 7 March and 7 September in each year, commencing 7 September 2017;

"**Interest Payment Period**" means the period from and including the Issue Date to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next Interest Payment Date;

"**Issue Date**" means 7 March 2017;

"**Junior Securities**" means: (a) Ordinary Shares; (b) any other shares of any class of the Issuer or either of the Guarantors (if any) ranking *pari passu* among themselves and *pari passu* with Ordinary Shares; and (c) any other securities or other instruments either (i) issued directly by the Issuer or either of the Guarantors and which rank or are expressed to rank junior to the Issuer's obligations under the Notes or such Guarantor's obligations under the Guarantee, or (ii) issued by any Subsidiary of the Issuer or of either of the Guarantors and where the terms of such securities or other instruments benefit from a guarantee or support agreement (or similar or equivalent) entered into by either or both of the Guarantors and where the obligation of the relevant Guarantor under such guarantee or support agreement ranks or is expressed to rank junior to such Guarantor's obligations under the Guarantee;

"**Mandatory Settlement Date**" means the earliest of:

(a) the date falling 7 Business Days after the date on which a Compulsory Payment Event has occurred;

(b) the next Interest Payment Date on which the Issuer elects to pay the relevant interest payment (including where such payment is made by way of set-off of any amounts owed by a Noteholder to the Issuer or to a Guarantor as against such payment of interest);

(c) the date on which the Notes fall due for redemption in connection with the exercise by the Issuer of its redemption options pursuant to Condition 6.2 (*Issuer call right and early redemption at the option of the Issuer*) to Condition 6.7 (*Issuers call right and early redemption for reasons of a Change of Control*) (inclusive) or the date on which the Notes are varied or substituted pursuant to Condition 6.9 (*Variation or substitution to remedy early redemption events*); and

(d) the date on which an Enforcement Event occurs;

"**Margin**" means:

(a) in respect of the period from and including the First Call Date to, but excluding the First Step-Up Date, 3.476 per cent. per annum;

(b) in respect of the period from and including the First Step-Up Date to, but excluding, the Second Step-Up Date, 3.726 per cent. per annum; and

(c) in respect of the period from, and including, the Second Step-Up Date, 4.476 per cent. per annum;

"**Negative Rating Event**" means the relevant Guarantor does not within the Change of Control Period obtain an investment grade rating for its long-term, unsecured and unsubordinated indebtedness from at least one Rating Agency;

"**Optionally Deferred Payment**" has the meaning specified in Condition 5.5 (*Interest deferral*);

"**Optionally Outstanding Payment**" has the meaning specified in Condition 5.5 (*Interest deferral*);

"**Ordinary Shares**" means ordinary shares in the capital of the Issuer or ordinary shares in the capital of the relevant Guarantor, as the case may be;

"**Par Call Date**" has the meaning specified in Condition 6.2 (*Issuer call right and early redemption at the option of the Issuer*);

"**Parity Securities**" means any securities or other instruments either: (a) issued directly by the Issuer or either of the Guarantors and which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes or such Guarantor's obligations under the Guarantee (including, for the avoidance of doubt, the U.S.$500,000,000 Reset Subordinated Perpetual Notes with an issue date of 29 October 2013 issued by the Issuer and irrevocably guaranteed, on a joint and several basis, by the Guarantors); or (b) issued by any Subsidiary of the Issuer or of either of the Guarantors and where the terms of such securities or other instruments benefit from a guarantee or support agreement (or similar or equivalent) entered into by either or both of the Guarantors and where the obligation of the relevant Guarantor under such guarantee or support agreement ranks or is expressed to rank *pari passu* with such Guarantor's obligations under the Guarantee;

"**Payment Business Day**" has the meaning specified in Condition 7.3 (*Payments on business days*);

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Prevailing Interest Rate**" means the rate of interest payable on the Notes applicable from time to time pursuant to Condition 5 (*Interest and Interest Deferral*);

"**Proceedings**" has the meaning specified in Condition 18.4 (*Effect of exercise of an option to litigate*);

"**Qualifying Notes**" means notes that contain terms not materially less favourable to Noteholders than the terms of the Notes provided that such Qualifying Notes shall:

(a) be issued by the Issuer or any other Subsidiary of MAF Holding and be guaranteed on a joint and several basis by the Guarantors;

(b) (and the guarantee as aforesaid) rank *pari passu* on a winding-up or administration (in circumstances where the administrator has given notice of its intention to declare and distribute a dividend) of the Issuer with the Notes and of the Guarantors with the Guarantee;

(c) contain terms which provide for the same interest rate from time to time applying to the Notes and preserve the same Interest Payment Dates;

(d) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer and the Guarantors as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption;

(e) preserve any existing rights to any accrued interest, any deferred interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders and has not been paid;

(f) not contain terms providing for loss absorption through write-down of the principal amount due to Noteholders or conversion of such principal amount to ordinary shares in the Issuer or either of the Guarantors; and

(g) otherwise contain substantially identical terms to the Notes, save where any variations to such terms are required to be made to avoid the occurrence or effect of a Gross-Up Event, Accounting Event or Rating Methodology Event (provided that, for the avoidance of doubt, the Qualifying Notes shall be not materially less favourable to Noteholders than the terms of the Notes); and

(h) be: (i) admitted to the official list and trading on the regulated market of the Irish Stock Exchange; or (ii) listed on such other international stock exchange as selected by the Guarantors and approved by the Trustee;

"**Rating Agency**" means any of Standard & Poor's Credit Market Services France SAS or Fitch Ratings Ltd. (or, in each case, any successor rating agency thereto);

"**Rating Downgrade**" means the credit rating previously assigned to the long-term, unsecured and unsubordinated indebtedness of either of the Guarantors by any Rating Agency: (a) is withdrawn; (b) is changed from investment grade to non-investment grade in accordance with the rating methodology adopted by such Rating Agency at the time; or (c) if the credit rating previously assigned by the relevant Rating Agency was below investment grade, is lowered one or more rating notches in accordance with the rating methodology adopted by such Rating Agency at the time, and such Rating Agency shall have publicly announced or confirmed in writing to the relevant Guarantor that such withdrawal or downgrade is principally the result of any event or circumstance comprised in or arising as a result of, or in respect of, the Change of Control or potential Change of Control, as the case may be;

A "**Rating Methodology Event**" shall occur if a Guarantor has received written confirmation from any Rating Agency from whom such Guarantor is assigned a Solicited Rating, that due to a change in applicable hybrid rating methodology or the interpretation thereof, the Notes and/or the Guarantee will no longer be eligible for the same or a higher category of "equity credit" (or such similar nomenclature as being used by such Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of the relevant Guarantor's senior obligations) attributed to the Notes and/or the Guarantee at or around the Issue Date or at any later date on which the Notes and/or the Guarantee were attributed a higher category of "equity credit" compared with the category of "equity credit" attributed to the Notes and/or the Guarantee on or around the Issue Date or if "equity credit" is not assigned on the Issue Date, at the date when the "equity credit" is assigned for the first time;

"**Record Date**" has the meaning specified in Condition 7.1 (*Payments in respect of Notes*);

"**Redemption Date**" means the day on which the Notes become due for redemption in accordance with these Conditions (including, for the avoidance of doubt, a Par Call Date);

"**Reference Rate**" means the mid-swap rate for U.S. dollar swap transactions with a maturity of five years displayed on Bloomberg page "ICE Swap Rate" (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at or around 11.00 a.m. (New York time) on the Determination Date. If the correct mid-swap rate does not appear on that page, the five-year U.S. dollar mid-swap rate shall instead be determined by the Principal Paying Agent on the basis of the arithmetic mean of quotations provided by the principal office of each of four major banks in the U.S. dollar swap market selected by the Issuer of the rates at which swaps in U.S. dollars are offered by it at approximately 11.00 a.m. (New York time) on the Determination Date to participants in the U.S. dollar swap market for a five-year period, expressed as a percentage and rounded, if necessary, to the nearest 0.0001 per cent. (0.00005 per cent. being rounded upwards);

"**Register**" has the meaning specified in Condition 2.1 (*Form and denomination*);

"**Relevant Obligation**" has the meaning given to it Condition 4.2 (*Subordination in respect of the Guarantee*);

"**Relevant Date**" means, in relation to any payment, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*);

"**Relevant Jurisdiction**" means the Cayman Islands (in the case of any payment made by the Issuer) and the United Arab Emirates and/or the Emirate of Dubai (in the case of any payment made by either of the Guarantors) or, in each case, any political sub-division or authority thereof or therein having the power to tax;

"**Reset Date**" means the First Call Date and every fifth anniversary thereafter;

"**Reset Interest Period**" means each period from and including the First Call Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date;

"**Reset Interest Rate**" means the Reference Rate applicable to the relevant Reset Interest Period plus the applicable Margin;

"**Second Step-Up Date**" means 7 September 2042;

"**Senior Creditors**" means all creditors of the Issuer and of each of the Guarantors respectively other than creditors whose claims are in respect of the Issuer's payment obligations in respect of the Notes or the Relevant Obligations (respectively), or other obligations which rank or are expressed to rank *pari passu* with, or junior to, the claims of the Noteholders in respect of the Notes or Relevant Obligations;

"**Solicited Rating**" shall refer to a rating assigned by a rating agency with whom the relevant Guarantor has a contractual relationship under which the Notes or the Guarantee (as the case may be) are assigned a credit rating and an "equity credit";

"**Solvent**" has the meaning specified in Condition 4.2 (*Subordination in respect of the Guarantee*);

"**Solvent Reorganisation**" means a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Issuer or the relevant Guarantor (as the case may be) of a successor in business of the Issuer or the relevant Guarantor (as the case may be), the terms of which reorganisation, reconstruction, amalgamation or substitution: (a) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed); and (b) do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions;

"**Specified Denomination**" has the meaning specified in Condition 2.1 (*Form and denomination*);

"**Subsidiary**" means in relation to any person (the "**first person**"), at any particular time, any person (the "**second person**"):

(a) which is then directly or indirectly controlled by the first person; or

(b) more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the first person.

For the second person to be "**controlled**" by the first person means that the first person (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that second person or otherwise controls, or has the power to control, the affairs and policies of the second person;

A "**Substantial Repurchase Event**" shall occur if the Issuer, the Guarantors, any Subsidiary and/or any affiliate of the Issuer or of the Guarantors has, severally or jointly, purchased and cancelled more than 80 per cent. of the initial aggregate principal amount of the Notes in accordance with Condition 6.8 (*Purchase*);

"**Tax**" has the meaning specified in Condition 8 (*Taxation*); and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the U.S. Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

1.2. Interpretation

In these Conditions:

(a) words and expressions defined in the Trust Deed or the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated;

(b) any reference to principal shall be deemed to include any early redemption amount payable under Condition 6 (*Redemption and Purchase*), any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(c) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions; and

(d) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement.

2. FORM, DENOMINATION AND TITLE

2.1. Form and denomination

The Notes are issued in registered form in face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 (each a "**Specified Denomination**") in excess thereof. A Note certificate (each a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders (the "**Register**") which the Issuer will cause to be kept by the Registrar in accordance with the provisions of the Agency Agreement.

Upon issue, the Notes will be represented by beneficial interests in the Global Note, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Note will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants.

2.2. Title

Title to the Notes passes only by registration in the Register. The registered holder of any Notes will (except as otherwise required by law) be treated as the absolute owner of the Notes represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Notes. The registered holder of a Note will be recognised by the Issuer as entitled to his Note free from any equity, set off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Note.

The Issuer and the Trustee may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Noteholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Notes credited to his or her securities account.

2.3. Transfers

Transfers of beneficial interests in the Global Note will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests.

A beneficial interest in the Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Note only in the Specified Denomination and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

A Note in definitive form may be transferred by depositing the relevant Certificate issued in respect of that Note, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any of the Agents.

2.4. Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2.4, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

Except in the limited circumstances described in the Global Note, owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Trust Deed.

2.5. Formalities free of charge

Registration of transfer of Notes will be effected without charge to the holders by or on behalf of the Issuer, the Registrar or any Agent but upon payment (or the giving of such indemnity as the Issuer, the Registrar or any Agent may in its sole discretion require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.6. Closed periods

No Noteholder may require the transfer of a Note to be registered during the period of fifteen days ending on (and including) the due date for any payment of principal or interest on that Note.

2.7. Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee.

A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one at the address specified by that Noteholder.

3. STATUS AND SUBORDINATION

3.1. Status

The Notes constitute direct, unsecured, conditional and subordinated (as described in Condition 3.2 (*Subordination in respect of the Notes*)) obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves.

3.2. Subordination in respect of the Notes

The claims of the Noteholders in respect of the Notes, including in respect of any claim to Optionally Outstanding Payments, will, in the event of the winding-up or insolvency of the Issuer (subject to and to the extent permitted by applicable law), rank:

(a) junior to all payment obligations of the Issuer (other than Parity Securities of the Issuer or Junior Securities of the Issuer);

(b) *pari passu* with each other and with Parity Securities of the Issuer; and

(c) senior only to the Junior Securities of the Issuer.

3.3. Prohibition of set-off

To the extent and in the manner permitted by applicable law, no Noteholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Notes and each Noteholder will, by virtue of his holding of any Note, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention.

4. GUARANTEE

4.1. Status of the Guarantee

The payment of principal of and interest on the Notes and all other moneys payable by the Issuer under or pursuant to the Conditions and/or the Trust Deed has been irrevocably guaranteed, on a joint and several basis, by the Guarantors (the "**Guarantee**") in the Trust Deed. The obligations of the relevant Guarantor under the Guarantee are direct, unsecured, conditional (as described in Condition 4.2 (*Subordination in respect of the Guarantee*)) and subordinated (as described in Condition 4.2 (*Subordination in respect of the Guarantee*)) obligations of the relevant Guarantor.

4.2. Subordination in respect of the Guarantee

4.2.1. In accordance with the terms of the Trust Deed, the rights and claims of the Noteholders under the Guarantee against the relevant Guarantor, including in respect of any claim to Optionally Outstanding Payments, (the "**Relevant Obligations**"), will, subject as set out in Condition 4.2.2: (a) be subordinated to all payment obligations of such Guarantor (other than Parity Securities of such Guarantor or Junior Securities of such Guarantor); (b) rank *pari passu* with each other and with any Parity Securities of such Guarantor; and (c) rank senior only to the Junior Securities of such Guarantor.

4.2.2. Payments under the Guarantee are conditional upon the relevant Guarantor being Solvent at the time of such payment and no payment shall be payable by the relevant Guarantor in respect of the Guarantee except to the extent that such Guarantor could make such payment and any other payment (excluding any payment to a member of the Group) required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the payment obligations of such Guarantor under the Guarantee and still be able to pay its debts as they fall due immediately thereafter. For this purpose the relevant Guarantor shall be "**Solvent**" if: (a) it is able to pay its debts as they fall due; and (b) its Assets exceed its Liabilities.

4.2.3. For the purposes of this Condition 4.2:

(a) "**Assets**" means the unconsolidated total assets of the relevant Guarantor as shown in the latest audited balance sheet of such Guarantor, but adjusted to reflect the prevailing market value of such assets (including the prevailing market value of any equity held by such Guarantor in any company) and for any other subsequent events in such manner as determined by: (i) the directors of such Guarantor (and as certified by the Auditors of such Guarantor in the event of any non-payment by such Guarantor); or (ii) if a trustee in bankruptcy has been appointed in respect of such Guarantor, such trustee in bankruptcy; and

(b) "**Liabilities**" means the unconsolidated total liabilities of the relevant Guarantor as shown in the latest audited balance sheet of such Guarantor, but adjusted for contingent liabilities and for any other subsequent events in such manner as determined by: (i) the directors of such Guarantor (and as certified by the Auditors of such Guarantor in the event of any non-payment by such Guarantor); or (ii) if a trustee in bankruptcy has been appointed in respect of such Guarantor, such trustee in bankruptcy.

4.3. Prohibition of set-off in respect of the Guarantee

To the extent and in the manner permitted by applicable law, no Noteholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by either of the Guarantors in respect of, or arising from, the Notes or the Guarantee and each Noteholder will, by virtue of his holding of any Note, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention.

5. INTEREST AND INTEREST DEFERRAL

5.1. Interest to the First Call Date

Unless previously redeemed or purchased and cancelled in accordance with these Conditions, subject to the further provisions of this Condition 5 (in particular, but not limited to Condition 5.5 (*Interest deferral*)) the Notes shall bear interest from and including the Issue Date to, but excluding, the First Call Date at a rate of 5.500 per cent. per annum on their outstanding principal amount. Such interest shall be payable semi-annually in arrear on each Interest Payment Date, commencing on 7 September 2017 and ending on the First Call Date. The interest amount payable on each Interest Payment Date falling prior to and including the First Call Date shall be U.S.$27.50 per U.S.$1,000 in face amount of the Notes.

5.2. Interest following the First Call Date

5.2.1. Unless previously redeemed or purchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 5 (in particular, but not limited to Condition 5.5 (*Interest deferral*)), the interest rate shall be reset on each Reset Date on the basis of the aggregate of the Margin and the relevant Reference Rate on the relevant Determination Date, as determined by the Principal Paying Agent. The Notes shall bear interest in respect of each Interest Payment Period falling within the relevant Reset Interest Period at a rate per annum which shall be equal to the relevant Reference Rate plus the applicable Margin corresponding to such Reset Interest Period. Such interest shall be payable semi-annually in arrear on each relevant Interest Payment Date, commencing on 7 March 2023.

5.2.2. Promptly after the determination of the Reference Rate (or promptly following any increase in the Prevailing Interest Rate pursuant to Condition 5.4 (*Interest following the occurrence of a Change of Control*)), the Principal Paying Agent shall determine the Reset Interest Rate for each Note and calculate the interest payable in respect of the Notes.

5.2.3. The Principal Paying Agent will cause the Reset Interest Rate (or any increase in the Prevailing Interest Rate pursuant to Condition 5.4 (*Interest following the occurrence of a Change of Control*)) to be notified to the Issuer, the Guarantors, the Trustee, the Principal Paying Agent and, if required by the rules of any stock exchange on which the Notes are listed from time to time, to such stock exchange, and to the Noteholders in accordance with Condition 14 (*Notices*) without undue delay, but, in any case, not later than on the second Business Day after its determination.

5.3. Calculation of interest

The interest payable on each Note on the respective Interest Payment Date shall be calculated by multiplying the Prevailing Interest Rate by the principal amount of such Note and rounding the resulting figure to the nearest cent with 0.5 or more of a cent being rounded upwards. If interest is to be calculated for a period of less than an Interest Payment Period, it shall be calculated on the basis of the number of days in the relevant period (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

5.4. Interest following the occurrence of a Change of Control

In the event of a Change of Control, unless the Issuer redeems the Notes (in whole but not in part) in accordance with these Conditions (including Condition 6.7 (*Issuer call right and early redemption for reasons of a Change of Control*)), the rate of interest payable on the Notes will be subject to an increase by 5.0 per cent. per annum above the otherwise Prevailing Interest Rate from (and including) the expiration of the Change of Control Period.

5.5. Interest deferral

Interest shall be due and payable on each Interest Payment Date unless the Issuer elects, in its sole and absolute discretion, not to pay such interest (whether in whole or in part). Any such election not to pay interest shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose. If the Issuer decides not to pay interest on an Interest Payment Date, the Issuer shall notify the Trustee, Agents and the Noteholders in accordance with Condition 14 (*Notices*) not less than ten and not more than 15 Business Days prior to the relevant Interest Payment Date.

Any interest not paid due to such an election of the Issuer shall constitute "**Optionally Deferred Payments**". Optionally Deferred Payments shall themselves bear interest as if they constituted the principal of the Notes at the Prevailing Interest Rate and the amount of such interest (the "**Additional Interest Amount**") shall be calculated by the Principal Paying Agent by applying the Prevailing Interest Rate to the amount of the Optionally Deferred Payments and otherwise the provisions of this Condition 5 in relation to the calculation and accrual of interest shall apply *mutatis mutandis*.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added for the purpose of calculating the Additional Interest Amount accruing thereafter to the amount of Optionally Deferred Payments remaining unpaid on such Interest Payment Date so that it will itself constitute Optionally Deferred Payments.

The nominal amount of any Optionally Deferred Payments together with any Additional Interest Amount shall constitute "**Optionally Outstanding Payments**".

5.6. Payment of Optionally Outstanding Payments

(a) The Issuer may pay unpaid Optionally Outstanding Payments (in whole or in part) at any time upon giving not less than ten and not more than 15 Business Days' notice to the Agents, the Trustee and the Noteholders in accordance with Condition 14 (*Notices*), which notice shall be irrevocable and will oblige the Issuer to pay the relevant Optionally Outstanding Payments on the payment date specified in such notice.

(b) Any unpaid Optionally Outstanding Payments shall become due and payable (in whole and not in part) and shall be paid by the Issuer on any Mandatory Settlement Date.

(c) If amounts in respect of Optionally Deferred Payments and Additional Interest Amounts are paid in part:

(i) all unpaid amounts of Optionally Deferred Payments shall be paid before any Additional Interest Amounts;

(ii) Optionally Deferred Payments accrued for any Interest Payment Period shall not be payable until full payment has been made of all Optionally Deferred Payments that have accrued during any earlier Interest Payment Period and the order of payment of Additional Interest Amounts shall follow that of the Optionally Deferred Payments to which they relate; and

(iii) the amount of Optionally Deferred Payments or Additional Interest Amounts payable in respect of the Notes in respect of any Interest Payment Period, shall be pro rata to the total amount of all unpaid Optionally Deferred Payments or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

5.7. Accrual of interest

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused or default is otherwise made in the payment thereof, in which case it will continue to bear interest in accordance with this Condition 5 (as well after as before judgment) until whichever is the earlier of: (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (b) the day which is seven days after the Principal Paying Agent has notified the Noteholders in accordance with Condition 14 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5.8. Notifications etc.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Principal Paying Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Guarantors, the other Agents and the Noteholders.

5.9. Reliance on information provided

For the purposes of this Condition 5, the Principal Paying Agent shall not be responsible to the Issuer, the Guarantors or to any third party as a result of the Principal Paying Agent having relied upon or acted on any quotation or information given to it for the purposes of calculating the Reset Interest Rate or the Reference Rate which subsequently may be found to be incorrect or inaccurate in any way or for any losses whatsoever resulting from acting in accordance therewith.

6. REDEMPTION AND PURCHASE

6.1. No fixed maturity date

The Notes are perpetual securities in respect of which there is no fixed maturity date.

6.2. Issuer call right and early redemption at the option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*), the Issuer may call and redeem the Notes (in whole but not in part) on any date during the period commencing (and including) 7 June 2022 to (and including) the First Call Date or on any Interest Payment Date thereafter (each a "**Par Call Date**") as specified in the Optional Redemption Notice at their principal amount (together with interest accrued to (but excluding) the relevant Par Call Date and any Optionally Outstanding Payments).

6.3. Issuer call right and early redemption due to a Gross-Up Event

6.3.1. If a Gross-Up Event occurs, the Issuer may call and redeem the Notes (in whole but not in part) at any time at their principal amount plus any interest accrued to but excluding the relevant Redemption Date and any Optionally Outstanding Payments upon giving not less than 30 and not more than 60 days' irrevocable notice to the Agents, the Trustee and the Noteholders in accordance with Condition 14 (*Notices*).

6.3.2. The due date for redemption of which notice pursuant to this Condition 6.3 may be given shall be no earlier than the latest practicable date on which the Issuer, or the Guarantors (as the case may be), could make payment of principal and interest without having to pay Additional Amounts as specified under Condition 8 (*Taxation*).

6.3.3. Prior to the giving of any notice of redemption pursuant to this Condition 6.3, the Issuer shall deliver or procure that there is delivered to the Trustee:

(a) a certificate signed by any two Authorised Signatories of the Issuer and of the Guarantors (for inspection by the Noteholders) stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions to the exercise of the right of the Issuer to redeem have been satisfied and that the obligation to pay Additional Amounts cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to it; and

(b) an opinion of a recognised independent legal or tax adviser of international standing to the effect that the Issuer or, as the case may be, the Guarantors have or will become obliged to pay the Additional Amounts in question as a result of a Gross-up Event,

and the Trustee shall be entitled to rely on such certificate as sufficient evidence of the satisfaction of the conditions precedent set out herein.

6.4. Issuer call right and early redemption due to an Accounting Event

6.4.1. If an Accounting Event occurs, the Issuer may call and redeem the Notes (in whole but not in part) either: (a) at any time prior to the First Call Date at 101 per cent. of their principal amount plus any interest accrued to but excluding the relevant Redemption Date and any Optionally Outstanding Payments; or (b) at any time after the First Call Date at their full principal amount plus any interest accrued to but excluding the relevant Redemption Date and any Optionally Outstanding Payments, in each case upon giving not less than 30 and not more than 60 days' irrevocable notice to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*).

6.4.2. Prior to the giving of any notice of redemption pursuant to this Condition 6.4, the Issuer shall deliver or procure that there is delivered to the Trustee:

(a) a certificate signed by any two Authorised Signatories of the Issuer and the relevant Guarantor (for inspection by the Noteholders) stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions precedent to the exercise of the right of the Issuer to redeem have been satisfied; and

(b) a copy of the letter or report referred to in the definition of Accounting Event,

and the Trustee shall be entitled to rely on such certificate as sufficient evidence of the satisfaction of the conditions precedent set out herein.

6.5. Issuer call right and early redemption due to a Substantial Repurchase Event

If a Substantial Repurchase Event occurs, the Issuer may call and redeem the remaining Notes (in whole but not in part) at their principal amount plus any interest accrued to but excluding the relevant Redemption Date and any Optionally Outstanding Payments at any time upon giving not less than 30 and not more than 60 days' irrevocable notice of redemption to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*).

6.6. Issuer call right and early redemption due to a Rating Methodology Event

6.6.1. If a Rating Methodology Event occurs, the Issuer may call and redeem the Notes (in whole but not in part) either: (a) at any time prior the First Call Date at 101 per cent. of their principal amount plus any interest accrued to but excluding the relevant Redemption Date and any Optionally Outstanding Payments; or (b) at any time after the First Call Date at their full principal amount plus any interest accrued to but excluding the relevant Redemption Date and any Optionally Outstanding Payments, in each case upon giving not less than 30 and not more than 60 days' irrevocable notice to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*).

6.6.2. Prior to the giving of any notice of redemption pursuant to this Condition 6.6, the Issuer shall deliver or procure that there is delivered to the Trustee:

(a) a certificate signed by any two Authorised Signatories of the Issuer and the relevant Guarantor (for inspection by the Noteholders) stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions precedent to the exercise of the right of the Issuer to redeem have been satisfied; and

(b) a copy of the written confirmation referred to in the definition of Rating Methodology Event,

and the Trustee shall be entitled to rely on such certificate as sufficient evidence of the satisfaction of the conditions precedent set out herein.

6.7. Issuer call right and early redemption for reasons of a Change of Control

In the event of a Change of Control, the Issuer may during the period commencing 90 days after the occurrence of a Change of Control and ending 60 days thereafter (the "**Change of Control Redemption Period**") call and redeem the Notes (in whole but not in part) at their principal amount plus any interest accrued to but excluding the Redemption Date and any Optionally Outstanding Payments upon giving not less than 30 and not more than 60 days' irrevocable notice to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*).

The first in time of any notice delivered under Condition 6.2 (*Issuer call right and early redemption at the option of the Issuer*) to this Condition 6.7 (inclusive) shall prevail.

6.8. Purchase

The Issuer, the Guarantors or any of their respective Subsidiaries or affiliates may at any time purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be surrendered for cancellation or held or resold.

6.9. Variation or substitution to remedy early redemption events

6.9.1. If at any time the Issuer or a Guarantor determines that a Gross-Up Event, Accounting Event or Rating Methodology Event has occurred and is continuing, the Issuer may, without the consent of the Noteholders, as an alternative to exercising the call options described in this Condition 6, having given not less than 30 nor more than 45 days' irrevocable notice to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*), substitute all (but not some) of the Notes in consideration for, or vary the terms of, the Notes or the Guarantee, such that the Notes remain or become, as the case may be, Qualifying Notes, and the Trustee shall consent to such substitution or variation subject to the receipt by it of:

(a) a certificate of two Authorised Signatories of each of the Guarantors (which the Trustee shall be entitled to rely on as sufficient evidence of the satisfaction of the conditions precedent set out herein) stating that: (i) the relevant requirement or circumstance giving rise to the right to substitute or vary is satisfied or has occurred and, where applicable, cannot be avoided by the Issuer or the Guarantors taking reasonable measures available to them; (ii) the terms of the Qualifying Notes or the Guarantee as so substituted or varied (as the case may be) are not materially less favourable to Noteholders than the terms of the Notes or the Guarantee prior to such substitution or variation and that a determination was reached by the Guarantors in consultation with an independent investment bank of international standing or legal adviser that the criteria specified in the definition of Qualifying Notes will be satisfied upon substitution or variation; and (iii) the substitution or variation of the Notes will not, in the reasonable opinion of each of the Guarantors, having consulted with the relevant Rating Agencies, result in a downgrade (from the rating assigned to the Notes immediately prior to such substitution or variation) or withdrawal of the ratings assigned to the Notes or the Qualifying Notes; and

(b) legal opinions from one or more international law firms of good repute in form and content acceptable to the Trustee as to: (i) the capacity and authority of the Issuer in respect of the Qualifying Notes and of the Guarantors in respect of the Guarantee; and (ii) the legality, validity and enforceability of the Qualifying Notes and the Guarantee (as so varied) under all relevant laws.

6.9.2. In connection with any variation or substitution of the Notes, the Issuer shall comply with the rules of any stock exchange on which the Notes are at that time listed or admitted to trading.

6.9.3. In connection with any variation or substitution of the Notes, any Optionally Outstanding Payments will be satisfied in full in accordance with the provisions of Condition 5.6 (*Payment of Optionally Outstanding Payments*).

6.9.4. Any substitution or variation in accordance with this Condition 6.9 shall not be permitted if any such substitution or variation would give rise to a Gross-Up Event, Accounting Event or Rating Methodology Event with respect to the Notes or the Qualifying Notes.

6.9.5. The Trustee will not be obliged to participate in or assist with any variation or substitution of the Notes under this Condition 6.9, if the participation in or assistance with such variation or substitution would impose, in the Trustee's opinion, additional or more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or prefunded to its satisfaction.

7. PAYMENTS

7.1. Payments in respect of Notes

Payments of principal in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the Register: (a) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date for payment; and (b) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date for payment. Notwithstanding the previous sentence, if a holder does not have a Designated Account, payment will instead be made by a cheque drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a Noteholder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means a bank in New York.

Payments of interest in respect of each Note (whether or not in global form) will be made by a cheque drawn on a Designated Bank and mailed by uninsured mail in accordance with Condition 7.3 (*Payments on business days*) to the holder (or the first named of joint holders) of the Note appearing in the Register: (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date for payment; and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date for payment (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Notes which become payable to the Noteholder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Note on redemption will be made in the same manner as payment of the principal amount of such Note.

The holder of the Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, each Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by the Global Note must look solely to Euroclear and Clearstream Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, each Guarantor to, or to the order of, the holder of such Global Note.

None of the Issuer, the Guarantors, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.2. No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 7.

7.3. Payments on business days

Where payment is to be made by transfer to a Designated Account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Payment Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition 7 arrives after the due date for payment.

In these Conditions, "**Payment Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London, Dubai and New York and, in the case of any presentation of a Certificate, in the place in which the Certificate is presented.

7.4. Partial payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

7.5. Payments subject to applicable laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

8. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantors will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantors, will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no Additional Amounts will be payable in relation to any payment:

(a) in respect of any Note presented for payment by or on behalf of a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note;

(b) in respect of any Note where the relevant Note is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Noteholder of such Note would have been entitled to such additional amounts on presenting or surrendering such Note for payment on the last day of such period of 30 days; or

(c) for or on account of any withholding or deduction arising under or in connection with any agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any regulations or agreements thereunder, official interpretations thereof or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof or any law in any jurisdiction implementing such an intergovernmental agreement.

9. PRESCRIPTION

Claims for principal in respect of Notes shall become void unless claims in respect of such principal are made within ten years of the appropriate Relevant Date. Claims for interest in respect of Notes shall become void unless claims in respect of such interest are made within five years of the appropriate Relevant Date.

10. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. AGENTS

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided in the Trust Deed and the Agency Agreement) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial specified offices are listed in the Agency Agreement. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or successor agents; provided, however, that:

(a) the Issuer shall at all times maintain a Principal Paying Agent and a Registrar; and

(b) so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system, the Issuer shall maintain a Paying Agent, Registrar and Transfer Agent having its specified office in such place (if any) as may be required by the rules of such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their specified offices shall promptly be given by the Issuer to the Trustee and the Noteholders in accordance with Condition 14 (*Notices*).

12. ENFORCEMENT EVENTS AND ENFORCEMENT

12.1. Enforcement Events

If any of the following events (each an "**Enforcement Event**") occurs, then the Trustee may, and shall if so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction in its sole discretion): (a) institute proceedings for the winding-up of the Issuer and/or the relevant Guarantor and/or prove in the winding-up of the Issuer and/or the relevant Guarantor; and/or (b) claim in the liquidation of the Issuer and/or the relevant Guarantor for the payment referred to in paragraph (i) below and give notice to the Issuer and the Guarantors that the Notes are, and they shall immediately become, due and payable at their principal amount together with any accrued and unpaid interest to such date and any Optionally Outstanding Payments, as provided in the Trust Deed:

(i) *Non-payment*: any amount of interest (including Optionally Outstanding Payments) or any principal on any Note which has become due and payable: (1) as a result of an election by the Issuer to pay such amount or principal pursuant to the Conditions; or (2) otherwise as a result of the occurrence of any event (including a Compulsory Payment Event) giving rise to a payment of any amounts on a Mandatory Settlement Date, shall not be paid either by the Issuer or the Guarantors on the due date thereof and such non-payment shall not be remedied within a period of seven Business Days in the case of principal and 14 Business Days in the case of interest (including Optionally Outstanding Payments) of the due date;

(ii) *Bankruptcy, Dissolution or Liquidation of the Issuer or MAF Holding*: an order is made (other than an order successfully appealed or permanently stayed within 30 days) or a resolution is passed by the shareholders of the Issuer or MAF Holding, as the case may be, for the winding up of the Issuer or MAF Holding (other than for the purposes of a Solvent Reorganisation of the Issuer or MAF Holding); or

(iii) *Bankruptcy, Dissolution or Liquidation on a voluntary basis of MAF Properties*: MAF Properties initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) on a voluntary basis, save, in all cases, in connection with a Solvent Reorganisation.

12.2. Enforcement by the Trustee

The Trustee may at any time, at its discretion (subject to the next following sentence) and without notice institute such proceedings and/or take any other action against the Issuer and/or the Guarantors as it may think fit to enforce any term or condition binding on the Issuer or the Guarantors under the Trust Deed or the Notes (other than any payment obligation of the Issuer or the Guarantors under or arising from the Trust Deed or the Notes, including, without limitation, payment of any principal or interest (including Optionally Outstanding Payments) in respect of the Notes and including damages awarded for the breach of any obligations) provided that (without prejudice to the payment of liabilities incurred by, or the remuneration of, the Trustee or the rights and remedies of the Trustee in respect thereof) in no event shall the Issuer or either Guarantor, by virtue of the institution of any such proceedings or taking of any other such action, be obliged to pay any sum or sums in cash or otherwise, sooner than the same would otherwise have been payable by it. The Trustee will not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless: (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding; and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction in its sole discretion. Such right or obligation of enforcement is subject to the restrictions set out in Condition 3.2 (*Subordination in respect of the Notes*) and Condition 4.2 (*Subordination in respect of the Guarantee*).

12.3. Enforcement by the Noteholders

No Noteholder will be entitled to proceed and/or take any other action directly against the Issuer or the Guarantors unless the Trustee, having become bound so to proceed or to take such other action, fails so to do within a reasonable period and the failure is continuing.

13. MEETINGS OF NOTEHOLDERS; VARIATION AND WAIVER

13.1. Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the variation or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for the transaction of business (including the passing of an Extraordinary Resolution) will be one or more persons present holding or representing in aggregate more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the variation or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (as more particularly detailed in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the aggregate principal amount of the Notes for the time being outstanding. The Trust Deed provides that: (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-quarters of the persons voting thereon upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than three-quarters in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and/or whether or not they voted on the resolution.

A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

13.2. Variation, waiver, authorisation and determination

Without prejudice to Condition 6.9 (*Variation or substitution to remedy early redemption events*), the Trustee may agree, without the consent of the Noteholders, to any variation of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Enforcement Event will not be treated as such (provided always that the Trustee shall not exercise any powers conferred on it by this Condition 13.2 in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 12 (*Enforcement Events and Enforcement*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made) or may agree, without any such consent as aforesaid, to any modification which, in its opinion: (a) may be proper to make provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders; or (b) is of a formal, minor or technical nature or to correct a manifest error.

13.3. Trustee to have regard to interest of Noteholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any variation, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee will not be entitled to require, nor will any Noteholder be entitled to claim, from the Issuer, the Guarantors, the Trustee, the Agents or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

13.4. Notification to the Noteholders

Without prejudice to Condition 6.9 (*Variation or substitution to remedy early redemption events*), any such variation, waiver, authorisation or determination agreed to by the Trustee will be binding on the Noteholders and, unless the Trustee agrees otherwise, will be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

14. NOTICES

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register and, so long as the Notes are listed on a stock exchange and the rules of that stock exchange so require, published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any notice shall be deemed to have been given on the second calendar day after being so mailed. Any notices delivered in accordance with this Condition 14 shall be at the expense of the Issuer.

Until such time as any definitive Notes are issued, there may, so long as the Global Note representing the Notes is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such mail delivery the electronic delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by the Global Note, such notice may be given by any holder of a Note to the Registrar (or the Paying Agents, as the case may be) through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Registrar (or the Paying Agents, as the case may be) and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTORS

15.1. Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Guarantors and the Noteholders, including: (a) provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction in its sole discretion; and (b) provisions limiting or excluding its liability in certain circumstances.

15.2. Trustee contracting with the Issuer and the Guarantors

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*: (a) to enter into business transactions with the Issuer and/or either of the Guarantors and/or any of the Issuer's or the Guarantors' Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantors and/or any of the Issuer's or the Guarantors' Subsidiaries; (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders; and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders and in accordance with the Trust Deed, to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated to form a single series with the outstanding Notes. References to the Notes shall include (unless the context otherwise requires) any other Notes issued pursuant to this Condition 16.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND JURISDICTION

18.1. Governing law

The Trust Deed, the Agency Agreement, the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement or the Notes (including the remaining provisions of this Condition 18), are governed by, and shall be construed in accordance with, English law.

18.2. Agreement to arbitrate

Subject to Condition 18.3 (*Option to litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 18. For these purposes:

(a) the seat of arbitration shall be London;

(b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(c) the language of the arbitration shall be English.

18.3. Option to litigate

Notwithstanding Condition 18.2 (*Agreement to arbitrate*), the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) may, in the alternative, and at its sole discretion, by notice in writing to the Issuer and the Guarantors:

(a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 18.4 (*Effect of exercise* *of an option to litigate*) and, subject as provided below, any arbitration commenced under Condition 18.2 (*Agreement to arbitrate*) in respect of that Dispute will be terminated. With the exception of the Trustee (whose costs are borne by the Issuer, failing which the Guarantors), each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, the relevant Noteholder) must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(ii) his entitlement to be paid his proper fees and disbursements; and

(iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

18.4. Effect of exercise of an option to litigate

In the event that a notice pursuant to Condition 18.3 (*Option to litigate*) is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer and the Guarantors submit to the exclusive jurisdiction of such courts;

(b) the Issuer and each Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(c) this Condition 18.4 is for the benefit of the Trustee and the Noteholders only. As a result, and notwithstanding paragraph (a) above, the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) may take concurrent Proceedings in any number of jurisdictions.

18.5. Appointment of process agent

The Issuer and each of the Guarantors appoints Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom as its agent for service of process, and undertakes that, in the event of Maples and Calder ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

18.6. Waiver of immunity

The Issuer and each of the Guarantors hereby irrevocably and unconditionally waives with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings or Disputes.

18.7. Other documents and the Guarantors

The Issuer and the Guarantors have in the Trust Deed and the Agency Agreement, made provision for arbitration and appointed an agent for service of process in terms substantially similar to those set out above. The Issuer and the Guarantors have in the Trust Deed and the Agency Agreement irrevocably and unconditionally waived with respect to those documents any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings or Disputes.

The following paragraphs in italics do not form part of the Conditions:

The Issuer and the Guarantors, as applicable, intend (without thereby assuming a legal or contractual obligation) that, where the Notes may be redeemed or repurchased in accordance with the Conditions, such redemption or repurchase will occur only to the extent net proceeds are received by the Issuer, the Guarantors or any other Subsidiary of the Guarantors during the 360-day period prior to the date of such redemption or repurchase from the sale or issuance by the Issuer, the relevant Guarantor or such Subsidiary to third party purchasers (other than group entities of the Issuer and/or the relevant Guarantor) of securities which are assigned by S&P (at the time of their sale or issuance) an aggregate "equity credit" (or such similar nomenclature used by S&P from time to time) equal to or greater than the "equity credit" assigned to the Notes to be redeemed or repurchased (at the time of their issuance), but taking into account any changes in hybrid capital methodology or other relevant methodology or the interpretation thereof since the issuance of the Notes. However, such intention with regard to the redemption or repurchase of Notes shall not be relevant where –

(a) the rating assigned by S&P to MAF Holding is at least BBB (or such similar nomenclature then used by S&P) and MAF Holding is comfortable that such rating would not fall below that level as a result of such redemption or repurchase;

(b) in the case of a repurchase or redemption, such repurchase is in an amount necessary to allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to remain below the maximum aggregate principal amount of hybrid capital to which S&P would assign equity content under its prevailing method;

(c) in the case of a repurchase, such repurchase is of less than: (i) 10 per cent. of the aggregate principal amount of the Notes originally issued in any period of 12 consecutive months; or (ii) 25 per cent. of the aggregate principal amount of the Notes originally issued in any period of ten consecutive years;

(d) the Notes are redeemed pursuant to a Gross-Up Event, an Accounting Event, a Substantial Repurchase Event, a Rating Methodology Event or a Change of Control;

(e) the Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase); or

(f) such redemption or repurchase occurs on or after 7 September 2042 (being the Second Step-Up Date).

Terms used but not defined in the preceding italicised paragraphs shall have the meanings set out in the Conditions.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be lent by the Issuer to one or both of the Guarantors or any other company controlled by the Guarantors and will be applied by the relevant Guarantor or such Group company for its general corporate purposes, which include making a profit.

DESCRIPTION OF THE ISSUER

MAF Global Securities Limited, a Cayman Islands exempted company with limited liability, was incorporated on 12 May 2011 under the Companies Law (2010 Revision) of the Cayman Islands with company registration number 256282. The Issuer has been established as a special purpose borrowing vehicle. The registered office of the Issuer is at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, and its telephone number is +1 345 949 8066.

The issued share capital of the Issuer is comprised of 100 ordinary shares of par value U.S.$1.00 each. The Issuer is a wholly-owned subsidiary of Majid Al Futtaim Holding.

BUSINESS OF THE ISSUER

The Issuer has issued U.S.$500,000,000 reset subordinated perpetual notes in October 2013. The Issuer has issued and may in the future issue notes under the GMTN Programme and may enter into other borrowing arrangements from time to time, may make loans to one or both of the Guarantors or other companies controlled by the Guarantors and may conduct other activities incidental or related to the foregoing. The Issuer is not expected to undertake any other business or to incur any substantial liabilities other than as a result of conducting financing activities as described above. The Notes are the obligations of the Issuer alone.

The objects for which the Issuer is established are set out in clause 3 of its Articles of Association (as adopted on 1 June 2011). The objects of the Issuer are unrestricted and thus the Issuer has full power and authority to carry out any object not prohibited by the laws of the Cayman Islands including raising funds (including through the issuance of Notes), granting loans and granting security over its assets.

FINANCIAL STATEMENTS

The Issuer has prepared audited financial statements for the year ended 31 December 2016 and for the year ended 31 December 2015 which have been included in this Prospectus.

DIRECTORS OF THE ISSUER

The Directors of the Issuer are:

Name	Principal occupation outside of the Issuer
Alain Bejjani	Chief Executive Officer, Majid Al Futtaim Holding
Roberta Patricia Calarese	General Counsel, Majid Al Futtaim Properties
Andrew Sharp	Company Secretary, Majid Al Futtaim Holding
Shrimati Damal	Chief Financial Officer, Majid Al Futtaim Holding

The business address of each Director of the Issuer is c/o Majid Al Futtaim Holding LLC, MAF Tower 1, Deira City Centre, P.O. Box 91100, Dubai, United Arab Emirates.

There are no conflicts of interest between the private interests or other duties of the Directors of the Issuer listed above and their respective duties to the Issuer.

The Issuer has no employees and is not expected to have any employees in the future.

SUMMARY OF GROUP FINANCIAL INFORMATION

The following summary of consolidated historical financial information as at and for the financial years ended 31 December 2016 and 31 December 2015 has been extracted from the Group Financial Statements, which are set out elsewhere in this Prospectus (see "*Index to Financial Statements*").

Prospective investors should read the following summary consolidated financial information in conjunction with the information contained in "*Presentation of Financial and Other Information*", "*Risk Factors*", "*Group Financial Review*", "*Description of the Group*" and the Group Financial Statements (including the related notes thereto) appearing elsewhere in this document.

STATEMENT OF COMPREHENSIVE INCOME

The following table shows the Group's consolidated statements of comprehensive income for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(AED millions)	
Revenue	29,909	27,343
Cost of sales	(20,083)	(18,434)
Operating expenses	(6,911)	(6,231)
Net valuation gain on land and buildings	421	1,121
Finance costs	(478)	(440)
Finance income	80	154
Other expenses – net	(66)	(52)
Impairment (loss)/reversal – net	(168)	14
Share of profit/(loss) in joint ventures & associate – net	129	(27)
Profit before tax	**2,833**	**3,448**
Income tax (charge) – net	(49)	(141)
Profit for the year	**2,784**	**3,307**
Profit for the year attributable to:		
Owners of the Group	2,752	3,279
Non-controlling interest	32	28
Profit for the year	**2,784**	**3,307**
Other comprehensive income		
Foreign currency translation differences from foreign operations	(1,439)	(168)
Net change in fair value of cash flow hedges transferred to profit or loss	61	45
Net gain on valuation of land and buildings	264	1,178
Deferred tax credit/(charge) on revaluation of lands and buildings	15	(41)
Total other comprehensive income for the year	**(1,099)**	**1,014**
Total comprehensive income for the year	**1,685**	**4,321**
Attributable to:		
Owners of the Group	1,653	4,293
Non-controlling interest	32	28
Total comprehensive income for the year	**1,685**	**4,321**

STATEMENT OF FINANCIAL POSITION

The following table shows the Group's consolidated statement of financial position as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	2015
	(AED millions)	
Non-current assets		
Property, plant and equipment	11,780	11,410
Investment properties	33,103	32,471
	44,883	**43,881**
Other non-current assets		
Investments	1,252	1,209
Long-term receivable from related parties	71	121
Intangible assets	454	188
Deferred tax asset	37	43
Other non-current assets	515	414
	2,329	**1,975**
Total non-current assets	**47,212**	**45,856**
Current assets		
Development properties	245	—
Inventories	1,689	1,712
Trade and other receivables	2,189	1,861
Short-term loan to a related party	24	—
Due from related parties	114	60
Cash in hand and at bank	1,262	1,394
	5,523	**5,027**
Current liabilities		
Short-term loan from a related party	2	53
Trade payables, other liabilities and provisions	7,837	7,672
Due to related parties	38	37
Bank overdraft	539	—
Short-term loan	51	—
Current maturity of long-term loans	2,509	2,102
	10,976	9,864
Net current liabilities	**(5,453)**	**(4,837)**
Non-current liabilities		
Long-term loans	7,765	8,484
Long-term loan from related parties	33	—
Deferred tax liabilities	81	196
Other long-term liabilities and provisions	774	608
Total non-current liabilities	**8,653**	**9,288**
Net assets	**33,106**	**31,731**
Equity		
Share capital	2,487	2,487
Statutory reserve	2,438	2,046
Revaluation reserve	18,179	17,899
Other reserve	7,735	7,105
Total equity attributable to the owners of the Group	**30,839**	**29,537**
Hybrid equity instrument	1,826	1,826
Non-controlling interest	441	368
Total equity	**33,106**	**31,731**

CASH FLOW STATEMENT

The following table summarises the Group's cash flows for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(AED millions)	
Cash inflow from operating activities	3,711	3,885
Cash used in investing activities	(3,841)	(4,199)
Cash (used in)/from financing activities	(625)	694
Net (decrease)/increase in cash and cash equivalents	**(755)**	**380**
Cash and cash equivalents at the beginning of the year	1,386	1,006
Cash and cash equivalents at end of the year	**631**	**1,386**

EBITDA

The following table shows the Group's EBITDA and certain ratios as at and for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
EBITDA(1) (AED millions)	4,172	3,835
EBITDA margin(2) (per cent.)	14.0	14.0
EBITDA/interest(3) (times)	7.4	9.2
LTV(4) (per cent.)	21.5	21.1
Net debt/EBITDA(5) (times)	2.3	2.4
Debt/capital(6) (per cent.)	32.9	33.5
Tangible net worth(7) (AED millions)	33,106	31,731
Total net debt to total equity (times)(8)	0.3	0.3
Net debt/equity (per cent.)(8)	29	29

(1) Calculated as earnings before interest, tax, non-controlling interests, depreciation, amortisation, impairment and other exceptional items of charges or credits that are one-off in nature and significance. Group excludes one-off exceptional items in order to focus on results excluding items affecting comparability from one period to the next.

(2) Calculated as EBITDA divided by total revenue.

(3) Also known as EBITDA interest cover and calculated as EBITDA divided by net interest, which is calculated as interest costs (excluding capitalised interest costs) less interest earned.

(4) Calculated as net debt divided by tangible fixed assets. Net debt comprises long-term loans (including current maturity), and bank overdrafts less cash in hand and at bank.

(5) Calculated as net debt divided by EBITDA.

(6) Calculated as debt divided by capital. Debt comprises long-term loans (including current maturity), short-term loans and bank overdrafts. Capital is total shareholders' equity.

(7) Calculated as total assets less total liabilities.

(8) Calculated as net debt divided by total equity.

The following table shows a reconciliation of the Group's EBITDA to profit/(loss) as shown in the consolidated income statement for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(AED millions)	
EBITDA	4,172	3,835
Depreciation	(1,135)	(1,086)
Amortisation of lease premiums and intangible assets	(54)	(29)
Share of profit/(loss) from joint ventures and associates – net	129	(27)
Net finance cost	(398)	(286)
Net valuation gain on land and buildings	421	1,121
Tax charge – net	(49)	(141)
Project costs written-off	(44)	(39)
Impairment (charge)/reversal – net	(168)	14
Gain on acquiring control of jointly controlled entities	—	43
Forex loss	(76)	(52)
Others	(14)	(47)
Profit for the year	**2,784**	**3,307**

GROUP FINANCIAL REVIEW

The following review of the Group's financial position and results of operations is based upon and should be read in conjunction with the Group Financial Statements, which are set out elsewhere in this Prospectus (see "*Index to Financial Statements*").

This discussion contains forward-looking statements that involve risks and uncertainties (see "*Cautionary Statement Regarding Forward-Looking Statements*"). Actual results for the Group could differ materially from those indicated in any forward-looking statements as a result of various factors, including those discussed below and in "*Risk Factors*".

OVERVIEW

The Group is one of the largest developers and operators of shopping malls and hypermarkets in the MENA region. Founded in Dubai in 1992 to bring the first regional shopping mall to the Middle East, the Group's activities have since grown to include hotel development and the provision of complementary leisure and entertainment products and services. As at 31 December 2016, the Group has operations in 15 countries predominantly in the MENA region.

The Group's operations are carried out by three complementary operating companies: Majid Al Futtaim Properties, Majid Al Futtaim Retail and Majid Al Futtaim Ventures, in each of which Majid Al Futtaim Holding holds a 99 per cent. ownership interest:

- **Majid Al Futtaim Properties** develops and manages shopping malls, which is the Group's core business. Majid Al Futtaim Properties currently operates 20 shopping malls in the UAE, Egypt, Oman, Bahrain and Lebanon and is currently constructing or master planning an additional 14 malls, located in the UAE, the Kingdom of Saudi Arabia, Egypt and Oman. Majid Al Futtaim Properties also develops hotels adjacent to or in close proximity to shopping mall destinations and, on a selective basis, undertakes mixed-use developments, in each case where this adds value to its core mall development business. Majid Al Futtaim Properties currently owns 12 hotels, of which 10 are located in the UAE and two are located in Bahrain with one additional hotel in Dubai under development. Majid Al Futtaim Properties operates through its three business units: Shopping Malls, Hotels and Communities. For the year ended 31 December 2016, Majid Al Futtaim Properties' revenue increased by 9.8 per cent. to AED4,491 million compared to AED4,091 million for the year ended 31 December 2015 whereas its EBITDA increased by 9.6 per cent. to AED2,855 million compared to AED2,607 million for the year ended 31 December 2015.

- **Majid Al Futtaim Retail** first introduced the hypermarket model to the Middle East in 1995 through Majid Al Futtaim Hypermarkets, originally established as a joint venture company with Carrefour in which Majid Al Futtaim Retail had a 75 per cent. interest. Since June 2013, Majid Al Futtaim Hypermarkets has been a wholly-owned subsidiary of the Group, managed by Majid Al Futtaim Retail in which Majid Al Futtaim Retail has a 99.9 per cent. interest and Majid Al Futtaim Holding has a 0.1 per cent. interest. For further detail on the history of Majid Al Futtaim Hypermarkets please see "*Description of the Group – Majid Al Futtaim Retail*". Carrefour stores are a key anchor tenant in each of the Group's shopping malls and the Group has also opened Carrefour stores outside its shopping malls. Majid Al Futtaim Retail has expanded the Carrefour concept across the UAE and into Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Pakistan, Qatar, the Kingdom of Saudi Arabia, Georgia, Lebanon, Armenia, Kazakhstan and Kenya. As at 31 December 2016, Majid Al Futtaim Retail operated 77 Carrefour hypermarkets and 95 Carrefour supermarkets in 15 countries predominantly in the MENA region. For the year ended 31 December 2016, Majid Al Futtaim Retail's revenue increased by 8.2 per cent. to AED23,882 million compared to AED22,076 million for the year ended 31 December 2015 whereas its EBITDA increased by 4.6 per cent. to AED1,232 million compared to AED1,178 million for the year ended 31 December 2015.

- **Majid Al Futtaim Ventures** operates the Group's leisure and entertainment services, including a unique leisure offering in each of its three super-regional shopping malls, for example Ski Dubai which is located in the Group's flagship shopping mall, Mall of the Emirates. Majid Al Futtaim Ventures also operates 28 Magic Planet entertainment centres located in all of the Group's shopping malls and elsewhere and 27 cinemas located in nine of the Group's shopping malls and elsewhere. Majid Al Futtaim Ventures also offers Najm Visa credit cards via its Majid Al Futtaim

Finance consumer finance business, operates a fashion retail business operating as a licensee of a number of international brands and has a small portfolio of other investments in the food and beverages, mobile payments, healthcare and facilities management sectors. For the year ended 31 December 2016, Majid Al Futtaim Ventures' revenue increased by 29 per cent. to AED1,856 million compared to AED1,439 million for the year ended 31 December 2015 whereas its EBITDA increased by 24 per cent. to AED231 million compared to AED186 million for the year ended 31 December 2015.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Group Financial Statements requires management to make certain estimates and judgments, some of which are subjective and complex, often as a result of the need to make estimations of future events. The Group's significant accounting policies are set out in note 3 to the 2016 Group Financial Statements and a summary of the critical accounting estimates and judgments that are made in preparing the consolidated financial statements is set out in note 4 to the 2016 Group Financial Statements.

RESULTS OF OPERATIONS FOR THE TWO YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015

Revenue

The Group's principal source of revenue is the sales that it makes in its Carrefour stores. In addition, the Group earns rental income (principally from the tenants in its shopping malls), fees and commissions (from a range of sources), leisure and entertainment revenue (from its leisure and entertainment facilities, including its cinemas, Magic Planet entertainment centres and Ski Dubai among others), hospitality revenue (from its hotels) and fashion goods revenue (from its fashion outlets owned by Majid Al Futtaim Ventures).

The table below shows a breakdown of the Group's revenue for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December			
	2016		**2015**	
	(AED millions)	*(%)*	*(AED millions)*	*(%)*
Sale of goods	22,296	74.5	20,626	75.4
Rental income	3,171	10.6	2,837	10.4
Listing fees, gondola fees and commissions	1,865	6.2	1,627	6.0
Leisure and entertainment	1,409	4.7	1,212	4.4
Hospitality revenue	713	2.4	682	2.5
Others	455	1.6	359	1.3
Total revenue	**29,909**	**100.0**	**27,343**	**100.0**

The Group's total revenue increased by AED 2,566 million, or 9.4 per cent., in 2016 (from AED 27,343 million in 2015 to AED 29,909 million in 2016). The majority of the increase resulted from a 8.1 per cent. increase in revenue from the sale of goods. All revenue sources registered an increased during 2016, compared to 2015.

In geographical terms, in 2016, 53 per cent. of the Group's revenue was derived from the UAE, 10 per cent. was derived from Egypt, 9 per cent. was derived from the Kingdom of Saudi Arabia, 8 per cent. was derived from Qatar, 5 per cent. was derived from Oman and the remaining 15 per cent. was derived from other countries in the MENA region.

A more detailed analysis of the Group's three principal sources of revenue is set out below. Together, these revenue streams comprised 91.3 per cent. and 91.8 per cent. of the Group's total revenue in 2016 and 2015, respectively.

Sale of goods

The Group's revenue from the sale of goods increased by AED1,670 million, or 8 per cent., in 2016 (from AED20,626 million in 2015 to AED22,296 million in 2016). This principally reflected higher sales during 2016 as well as a 1 per cent. growth in like-for-like stores.

Rental income

The Group's rental income increased by AED334 million, or 12 per cent., in 2016 (from AED2,837 million in 2015 to AED3,171 million in 2016). This principally reflected better performance of its comparable like-for-like assets mainly driven by Mall of the Emirates, City Centre Bahrain and City Centre Mirdif (see "*Description of the Group – Majid Al Futtaim Properties – Shopping Malls Business Unit – Lease arrangements*" for detail on how rent is charged).

Listing fees, gondola fees and commissions

The Group earns fees and commissions from listing fees, which are fees paid by suppliers of new items in the Carrefour range, from fees paid by the producers of goods sold in the Group's Carrefour stores to display their goods on the prominent shelves at the end of aisles (known as gondola-ends) and from commissions paid to the Group in respect of sales where it acts as an agent in the transaction. Accordingly, the Group's fee and commission income is related to the number of its Carrefour stores.

The Group's fees and commissions increased by AED238 million, or 15 per cent., in 2016 as a result of the increase in the number of Carrefour stores (from AED1,627 million in 2015 to AED1,865 million in 2016).

Cost of sales

The Group's cost of sales almost entirely consists of the cost of it acquiring the goods sold by its Carrefour stores. Cost of sales is presented net of any rebates which the Group is able to secure from its suppliers. The Group's cost of sales increased by AED1,649 million, or 9 per cent., in 2016 (from AED18,434 million in 2015 to AED20,083 million in 2016). The Group's sales margin was 32.9 per cent. in 2016 which was in line with 2015.

Operating expenses

The table below shows the Group's operating expenses for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December			
	2016		2015	
	(AED millions)	*(%)*	*(AED millions)*	*(%)*
Staff costs	(2,837)	41.1	(2,595)	41.6
Rent	(592)	8.6	(531)	8.5
Depreciation	(1,135)	16.4	(1,086)	17.4
Amortisation	(54)	0.8	(29)	0.5
Legal and consultancy expenses	(186)	2.7	(148)	2.4
Advertising, selling and marketing expenses	(293)	4.2	(272)	4.4
Utilities	(371)	5.4	(341)	5.5
Repair and maintenance	(242)	3.5	(214)	3.4
Franchise and management fees	(155)	2.2	(152)	2.4
Security expenses	(110)	1.6	(111)	1.8
Bank charges	(147)	2.1	(139)	2.2
Other operating expenses	(789)	11.4	(613)	9.9
Total operating expenses	**(6,911)**	**100.0**	**(6,231)**	**100.0**

The Group's principal operating expenses are staff costs and depreciation, which together comprised 57.5 per cent. and 59.0 per cent. of its total operating expenses in 2016 and 2015, respectively. Each of these items is analysed in more detail below.

The Group's total operating expenses increased by AED680 million, or 10.9 per cent., in 2016 (from AED6,231 million in 2015 to AED6,911 million in 2016). The principal contributors to this increase were increased staff costs, rent, utilities, advertising, selling and marketing expenses, legal and consultancy and depreciation which, together, increased by AED441 million.

Staff costs

The Group's staff costs (which exclude staff costs capitalised as part of projects under construction) increased by AED242 million, or 9 per cent., in 2016 (from AED2,595 million in 2015 to AED2,837 million in 2016), principally reflecting increased employee numbers. The number of employees increased by 12 per cent. in 2016 from 30,371 at the start of the year to 34,145 at the end of 2016, although the majority of the new employees were employed in Majid Al Futtaim Retail's Carrefour stores and Majid Al Futtaim Ventures' leisure and entertainment venues at the lower end of the Group's salary scale.

Depreciation

The Group's depreciation charge increased by AED49 million, or 5 per cent., in 2016 (from AED1,086 million in 2015 to AED1,135 million in 2016).

Net valuation gain on land and buildings

Developed properties classified as property, plant and equipment in accordance with IAS 16 are revalued on each reporting date.

Any increase arising on the revaluation of developed properties is credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same property previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

Any decrease in carrying amount arising on the revaluation of developed properties is charged to profit or loss except to the extent that it reverses a revaluation gain previously recognised in reserve in respect of the asset concerned, in which case it is debited to the revaluation reserve in equity.

Investment properties are properties held either to earn rental income, for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, certain shopping malls and properties being construed for future use as investment property, is stated at fair value at each reporting date.

The net valuation change on land and buildings comprises the sum of: (a) any losses incurred on the revaluation of developed properties classified as property, plant and equipment; (b) any increases arising on the revaluation of developed properties classified as property, plant and equipment to the extent they reverse losses previously charged to profit and loss; and (c) the fair value gains or losses on investment property.

In 2016, the Group recorded an AED264 million fair value gain on the revaluation of certain property, plant and equipment (principally Mall of Emirates and its adjacent hotels Kempinski and Sheraton) and a net fair value gain of AED421 million on its various properties, through profit or loss.

Finance costs

The table below shows the Group's net finance cost recognised in profit or loss for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	2015
	(*AED millions*)	
Arrangement and participation fee	(45)	(34)
Interest charges (less capitalised interest)	(341)	(320)
Changes in the fair value/settlement of derivatives held as FVPL	(33)	(14)
Cash flow hedges reclassified from hedging reserve	(55)	(64)
Bond programme cost	(4)	(8)
Finance costs	**(478)**	**(352)**
Interest income	53	67
Cash flow hedges reclassified from hedging reserve	3	2
Changes in the fair value/settlement of derivatives held as FVPL	24	86
Finance income	**80**	**154**
Net finance costs	**(398)**	**(286)**

The Group's net finance cost charged to profit and loss increased by AED112 million, or 39 per cent., in 2016 (from AED286 million in 2015 to AED398 million in 2016). This principally reflected the net effect of increase in interest charges on bank loans of approximately AED54 million (being AED449 million in 2016 compared to AED503 million in 2015). This was on account of increase in gross debt and increase in average interest rates.

Other expenses – net

The Group's other income and expenses comprise the net gain or loss made on the disposal of non-current assets, project costs written-off, development expenses written-off, any net foreign exchange gain or loss, a provision for other receivables and other income. The Group's other expenses, increased by a net amount of AED14 million, or 27 per cent., in 2016 (from AED52 million in 2015 to AED66 million in 2016). The increase is principally on account increase in foreign exchange loss by AED24 million or 46 per cent. (from AED52 million to AED76 million) and a one-off gain of AED43 million on the Group's acquisition of a controlling interest in entities based in Kuwait and Jordan in 2015. These increases have been offset by an increase in service income earned by the Group (from providing services to its parent company) by AED55 million (from AED4 million in 2015 to AED59 million in 2016).

Impairment (charge)/reversal – net

The Group believes that its policy for taking impairments is conservative. The Group recognised a net impairment charge of AED168 million in 2016 and a net impairment reversal of AED14 million in 2015. In 2015, the reversal of AED107 million mainly represents reversal of impairment of advances provided to a joint venture. In 2016, the impairment charge of AED91 million was on account of full impairment of the Group's investment in an associate in the UAE.

Share of profit/(loss) in joint ventures and associates – net

A list of the Group's joint ventures and associates is set out in note 37 to the 2016 Group Financial Statements. Joint ventures and associates are accounted for using the equity method and, as a result, the Group's proportionate share of the profit or loss made by each joint venture or associate is included under this line item.

The table below shows the Group's share of the profit or loss of its joint ventures and associates for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	2015
	(AED millions)	
Share of profit/(loss) of associates	4	(63)
Share of profit of joint ventures	125	36
Total	129	**(27)**

The Group's share of the net profit in joint ventures and associates was AED129 million in 2016 compared to net loss of AED27 million in 2015. The share of loss in associates in 2015 was primarily on account of the share of the Group's impairment of AED55 million recognised on an associate in the UAE. The share of profit of joint ventures in 2016 was primarily on account of the Group's joint ventures involved in property development in the UAE and Oman.

Profit before tax

Reflecting the above factors, the Group's profit before tax was AED2,833 million in 2016 compared to a profit before tax of AED3,449 million in 2015.

Income tax (charge) – net

The Group is subject to tax on the income earned by it in certain of the jurisdictions in which it operates.

The Group's operations in these jurisdictions gave rise to a net tax charge of AED49 million in 2016 compared to a net tax charge of AED141 million in 2015.

In 2016, a deferred tax reversal of AED25 million was credited compared to a deferred tax charge of AED54 million in 2015.

Profit for the year

Reflecting the above factors, the Group's profit for the year was AED2,784 million in 2016 compared to AED3,307 million in 2015.

Other comprehensive income

In 2016, the Group's other comprehensive income was negative AED1,099 million compared to a positive other comprehensive income of AED1,014 million in 2015. The principal factor affecting other comprehensive income is the foreign currency translation differences from foreign operations. In 2016, the Group's foreign currency translation differences from foreign operations was AED1,439 million compared to foreign currency translation loss of AED167 million in 2015. The loss in 2016 was primarily on account of devaluation of the Egyptian Pound.

Total comprehensive income

Together with the Group's profit for each year, this resulted in total comprehensive income for the Group amounting to AED1,685 million in 2016 and total comprehensive income for the Group of AED4,321 million in 2015.

Segments

The Group has four reporting segments as follows:

- Properties: which principally corresponds to Majid Al Futtaim Properties and its consolidated companies;
- Retail: which principally corresponds to Majid Al Futtaim Retail and its consolidated companies;
- Ventures: which principally corresponds to Majid Al Futtaim Ventures and its consolidated companies; and
- Head Office: which principally corresponds to the activities carried out in Majid Al Futtaim Holding.

Note 5 to the 2016 Group Financial Statements presents certain financial information for each segment. In revenue terms, Retail is the most significant segment, accounting for 80 per cent. of Group revenue in 2016. In terms of profit before tax, all segments were profitable in 2016 and 2015. In terms of assets, Properties is the most significant segment, with 86 per cent. of Group assets as at 31 December 2016.

CASH FLOWS FOR THE TWO YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015

The table below summarises the Group's cash flows for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(AED millions)	
Net cash from operating activities	3,711	3,885
Net cash used in investing activities	(3,841)	(4,199)
Net cash (used in)/from financing activities	(625)	694
Net (decrease)/increase in cash and cash equivalents	**(755)**	**380**
Cash and cash equivalents at the beginning of the year	1,386	1,006
Cash and cash equivalents at the end of the year	**631**	**1,386**

In 2016, the Group's net cash from operating activities was AED3,711 million. The Group's net cash used in investing activities in the same year was AED3,841 million, principally reflecting acquisition of property, plant and equipment, investment property and development property, which was AED3,644 million. Of this amount, AED1,435 million was invested in property, plant and equipment and AED2,206 million was spent on the construction of investment property partly offset by AED160 million pertaining to non-cash items. The capital expenditure predominantly related to the Mall of Egypt and City Centre Al Maza as well as purchase of land bank in the UAE. The net cash used in the financing activities in 2016 was AED625 million. Although the Group borrowed AED3,672 million in new long term debt in 2016, it also repaid AED3,341 million of such debt in 2016. In 2016, the Group paid interest of AED540 million and also paid coupon payments of AED131 million on its U.S.$500 million reset subordinated perpetual notes issued in October 2013.

In 2015, the Group's net cash from operating activities was AED3,885 million. The Group's net cash used in investing activities in the same year was AED4,199 million, principally reflecting acquisition of property, plant and equipment, investment property and development property (amounting to AED4,210 million). Of this amount, AED2,826 million was invested in property, plant and equipment and AED1,384 million was spent on the construction of investment property, predominantly in relation to the Mall of Egypt and expansion of the Mall of the Emirates. The net cash from the financing activities in 2015 was AED694 million. Although the Group borrowed AED6,757 million in new long term debt in 2015, it also repaid AED5,159 million of such debt in 2015. In 2015, the Group paid interest of AED428 million and also paid coupon payments of AED131 million on its U.S.$500 million reset subordinated perpetual notes issued in October 2013.

LIQUIDITY AND BORROWINGS

The Group's long-term financing needs are established based on five-year plans from each operating subsidiary. The Group targets available liquidity (defined as cash in hand and committed facilities available for drawing) sufficient to cover at least 18 months of financing requirements. As at 31 December 2016, the Group had undrawn facilities of AED11,582 million, cash in hand and at bank of AED1,262 million. This is sufficient to cover the Group's liquidity needs for a period of approximately 18 months. In addition, as a matter of practice, the Group ensures it is flexible in its capital expenditure plans.

The table below summarises the Group's borrowings as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	2015
	(AED millions)	
Long-term loans	10,274	10,586
Less current portion	(2,509)	(2,102)
Total non-current portion	7,765	8,484
Short-term loan from a related party	2	53
Long-term loan from a related party (non-interest bearing)	33	—
Short-term loan	51	—
Bank overdrafts	539	—
Total borrowings	**10,899**	**10,639**

Details of the Group's 14 outstanding long-term loans as at 31 December 2016 are set out in note 20.2 to the 2016 Group Financial Statements. The loans have maturity dates extending to September 2030. The loans are denominated in dirhams, U.S. dollars, Egyptian pounds, Lebanese pounds, Pakistani rupees, Kenyan shillings and Georgian lari (see "*– Financial Risk Management – Foreign Currency Risk*" below). The floating rate loans carry margins ranging from 1 per cent. to 3.75 per cent. per annum over the base lending rate, whilst fixed rates on loans range from 4.50 per cent. to 5.9 per cent. Certain of the loans (as identified in note 20 to the 2016 Group Financial Statements) are secured against assets of the Group or guaranteed by Majid Al Futtaim Properties. The principal amount outstanding of secured loans as at 31 December 2016 was AED1,287 million.

The Group's borrowings comprise long-term loans from commercial banks and overdraft facilities. The Group has to date incurred debt at three levels:

- project financing, typically through special purpose vehicles on a non-recourse or limited recourse to other Group companies basis;
- senior secured or unsecured debt where Majid Al Futtaim Properties or one of its subsidiaries is the borrower; and
- senior unsecured debt where Majid Al Futtaim Holding is the borrower and Majid Al Futtaim Properties guarantee is given.

The table below shows the Group's borrowings (excluding bank overdrafts) as at 31 December 2016 by debtor:

	As at 31 December 2016
	(AED millions)
Majid Al Futtaim Holding	
Unsecured but with Majid Al Futtaim Properties guarantee	5,709
Unsecured and unguaranteed	86
Total Majid Al Futtaim Holding	**5,795**
Majid Al Futtaim Properties	
Secured	—
Unsecured but with Majid Al Futtaim Holding guarantee	3,278
Unsecured and unguaranteed	—
Total Majid Al Futtaim Properties	**3,278**
Other	
Secured and/or guaranteed by banks(1)	1,287
Unsecured	—
Total other	**1,287**
Total borrowings (excluding bank overdrafts)(2)	**10,360**

(1) Borrowings by subsidiaries of Majid Al Futtaim Holding or Majid Al Futtaim Properties, in certain cases on a limited recourse basis to the borrower. Certain of these borrowings are also guaranteed by Majid Al Futtaim Holding or Majid Al Futtaim Properties.

(2) Unamortised bank arrangement fees of AED19 million have been deducted from total borrowings in the 2016 Group Financials Statements.

The Group typically aims to match the cash flow profile of its borrowings (excluding bank overdrafts) with the underlying assets to the extent practicable in the circumstances and to fund in local currencies for offshore businesses where possible.

The table below shows the maturity profile of the Group's outstanding borrowings (excluding bank overdrafts) as at 31 December 2016:

	As at 31 December 2016
	(AED millions)
Principal amount of borrowings maturing in:	
2017	1,522
2018	19
2019	2,196
2020 onwards	6,623
Total borrowings (excluding bank overdrafts)	**10,360**

SHAREHOLDERS' EQUITY

The table below shows the Group's shareholders' equity as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	**2015**
	(AED millions)	
Share capital	2,487	2,487
Statutory reserve	2,438	2,046
Revaluation reserve	18,179	17,899
Other reserves	7,735	7,105
Total equity attributable to the owners of the Group	**30,839**	**29,537**
Hybrid equity instrument	1,826	1,826
Non-controlling interest	441	368
Total equity	**33,106**	**31,731**

Share capital

Majid Al Futtaim Holding's share capital comprises 2,486,729 shares of AED1,000 each, all of which are fully paid and owned by Majid Al Futtaim Capital LLC which, in turn, is owned as to 99.6 per cent. by Mr. Majid Al Futtaim, the founder of the Group.

Revaluation reserve

The revaluation reserve principally reflects changes in the fair value of land and buildings classified as property, plant and equipment as required by IAS 16.

Any increase in value arising on the revaluation of properties is credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same property previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

Any decrease in carrying amount arising on the revaluation of properties is charged to profit or loss except to the extent that it reverses a revaluation gain previously recognised in reserve in respect of the asset concerned, in which case it is debited to the revaluation reserve in equity.

Other reserves

Group companies maintain a statutory reserve as required by applicable law. Typically a percentage of profit of the relevant company is transferred to the statutory reserve each year until the reserve equals the limit prescribed by applicable law. Under UAE law, a company is required to set aside 10 per cent. of its net profit to maintain this statutory reserve until the reserve reaches half of the company's capital. In addition, the Group maintains fair value reserves in respect of hedging instruments as well as a currency translation reserve in respect of foreign currency differences arising from the translation of the financial statements of Group companies whose functional currency is other than the UAE dirham.

Related parties

The Group's related party transactions are described in note 17 to the 2016 Group Financial Statements and principally comprise transactions with other Group companies, Majid Al Futtaim Holding's parent company and its shareholders, companies under common control with Majid Al Futtaim Holding and key management personnel and/or their close family members.

OFF-BALANCE SHEET LIABILITIES

The Group has significant off-balance sheet liabilities in the form of capital commitments, letters of credit granted by banks in the normal course of business, forward contracts and guarantees given by Group companies. The table below shows the Group's off-balance sheet liabilities as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	**2015**
	(AED millions)	
Capital commitments	2,983	3,302
Group's share of capital commitments in relation to its equity accounted investees	729	731
Letters of credits outstanding	1	0.3
Bank guarantees outstanding	192	97
Total	**3,905**	**4,130**

FINANCIAL RISK MANAGEMENT

Note 33 to the 2016 Group Financial Statements describes the principal financial risks faced by the Group and the principal procedures used by the Group to manage these risks. The principal financial risks faced by the Group are credit risk, liquidity risk and interest rate risk as further described below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and net investment in finance leases. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The majority of the Group's income is by way of cash and advance receipts and is supported by a deposit equivalent to one month's advance rental. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no concentration of credit risk. Cash is placed with a diversified portfolio of reputable banks and the risk of default is considered remote. Management has assessed the recoverability of its trade receivables as at the reporting date and considers them to be recoverable. Amounts due from related parties are considered by management to be fully recoverable.

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 Group manages liquidity risk through the use of bank overdrafts, bank loans and credit facilities (see "*– Liquidity and Borrowings*").

Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The Group seeks to apply hedge accounting to manage volatility in its profit or loss in relation to its exposure to interest rate risk.

Foreign currency risk

The Group is exposed to foreign currency risk on its net investments in foreign subsidiaries and operations. The Group is also exposed to foreign currency risk on purchases denominated in foreign currencies.

The Group hedges the risk by obtaining foreign exchange forward contracts on all material foreign currency purchases. All of the forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, foreign exchange contracts are rolled over at maturity.

Interest rate risk

Interest rate risk is managed within the framework of the interest rate risk management policy. In the past, the Group adopted a policy of maintaining target duration on its liability portfolio of about four years with a deviation of plus or minus one year. Since the Acquisition (see "*Description of the Group – Majid Al Futtaim Retail – Agreements with Carrefour*") and in view of its ownership of the entire Majid Al Futtaim Retail business, the policy has been updated to maintain target duration on its liability portfolio of about half a year to three years. This is achieved through cash and/or by using derivative financial instruments which are eligible for hedge accounting.

Capital management

The Group uses a gearing ratio to monitor its capital. This is calculated as net debt divided by total equity. Debt comprises long-term interest bearing loans and borrowings whilst capital comprises all equity attributable to the shareholder, including reserves. As at 31 December 2015, the Group's net debt to equity ratio was 29 per cent.

Majid Al Futtaim Finance, in which Majid Al Futtaim Ventures owns 100 per cent. of the share capital, is involved in credit card operations and is required by the UAE Central Bank to maintain its capital at a minimum of 15 per cent. of its total available funds.

The Group has various borrowing arrangements which require it to comply with net worth, interest cover and debt/equity ratios. The Group was in compliance with all such requirements as at 31 December 2015 and remains in compliance with all such requirements as at the date of this Prospectus.

DIVIDEND POLICY

Majid Al Futtaim Holding is the only company within the Group to have a set dividend policy, the conditions for which are as follows:

(a) Majid Al Futtaim Holding intends to distribute approximately 10 per cent. of its annual consolidated net income to its shareholders (the "**distribution**"), which distribution shall be made no later than 6 months after the end of the financial year to which the distribution relates or at such other intervals as the board of directors may determine from time to time;

(b) the terms of any distribution (including the final amount and timing of such distribution) will at all times remain at the sole and absolute discretion of the board of directors, who will be required to approve every distribution by separate resolution in advance of declaring such distribution. Final payment of any declared distribution will be subject to the final approval by the company's shareholders; and

(c) the Majid Al Futtaim Holding board of directors shall take into consideration a number of factors before declaring or making such distribution, including (without limitation):

    (i) general economic and business conditions, Majid Al Futtaim Holding's and the Group's strategic plans, Majid Al Futtaim Holding's financial results and conditions, its cash requirements and the benefits of investing any future earnings in the development and growth of the Group's business;

    (ii) any legal requirements and any contractual obligations or limitations, whether currently applicable or which may become relevant in the future, which affect, or may affect, the ability of Majid Al Futtaim Holding to approve or make such distribution;

(iii) the requirements of any future financing agreements to which Majid Al Futtaim Holding may be a party; and

(iv) any other factors which the board of directors may deem relevant in respect of the distribution in question.

SUMMARY OF MAJID AL FUTTAIM PROPERTIES FINANCIAL INFORMATION

The following summary of consolidated historical financial information as at and for the years ended 31 December 2016 and 31 December 2015 has been extracted from the 2016 Majid Al Futtaim Properties Financial Statements, which are set out elsewhere in this Prospectus (see "*Index to Financial Statements*"). Certain reclassifications have been made in the 2016 Majid Al Futtaim Financial Statements and, as a result, these statements are not comparable in all respects to the 2015 Majid Al Futtaim Financial Statements (see "*Presentation of Financial and Other Information – Presentation of Majid Al Futtaim Financial Information*").

Prospective investors should read the following summary consolidated financial information in conjunction with the information contained in "*Presentation of Financial and Other Information*", "*Risk Factors*", "*Majid Al Futtaim Properties Financial Review*", "*Description of the Group – Majid Al Futtaim Properties*" and the Majid Al Futtaim Properties Financial Statements (including the related notes thereto) appearing elsewhere in this document.

STATEMENT OF COMPREHENSIVE INCOME

The following table shows Majid Al Futtaim Properties' consolidated statements of comprehensive income for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(AED millions)	
Revenue	4,491	4,091
Operating expenses	(2,137)	(1,890)
Net valuation gain/(loss) on land and buildings	392	1,743
Other (expenses)/income – net	(46)	(33)
Impairment (provision)/reversal – net	(118)	57
Share of profit/(loss) in joint ventures and associate – net	127	(43)
Finance income	10	16
Finance costs	(372)	(283)
Profit before tax	**2,347**	**3,658**
Income tax credit/(charge) – net	13	(131)
Profit for the year from continuing operations	**2,360**	**3,527**
Loss on discontinued operations – net of tax		
Profit for the year	**2,360**	**3,527**
Profit/(loss) attributable to:		
Owners of Majid Al Futtaim Properties	2,342	3,506
Non-controlling interest	18	21
Profit for the year	**2,360**	**3,527**
Other comprehensive income		
Net valuation gain on land and building	139	281
Foreign currency translation differences from foreign operations	(1,348)	(142)
Other comprehensive income for the year, net of income tax	**(1,209)**	**139**
Total comprehensive income for the year	**1,151**	**3,665**
Attributable to:		
Owners of Majid Al Futtaim Properties	1,133	3,645
Non-controlling interest	18	20
Total comprehensive income for the year	**1,151**	**3,665**

STATEMENT OF FINANCIAL POSITION

The following table shows Majid Al Futtaim Properties' consolidated statement of financial position as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	**2015**
	(AED millions)	
Non-current assets		
Property, plant and equipment	5,084	4,933
Investment property	37,132	36,320
	42,216	**41,253**
Other non-current assets		
Investment in joint ventures and associate	1,141	1,099
Intangible assets	53	73
Long-term receivables	532	407
Deferred tax asset	9	9
	1,735	**1,588**
Current assets		
Development property	245	—
Inventories	26	25
Receivables and prepayments	539	486
Due from related parties	65	35
Short-term loan to a related party	24	—
Cash in hand and at bank	436	599
	1,335	**1,145**
Current liabilities		
Payables and accruals	2,508	2,570
Provisions	121	81
Due to related parties	11	53
Current maturity of long-term loans	1,692	197
	4,332	**2,901**
Net current liabilities	**(2,997)**	**(1,756)**
Non-current liabilities		
Long-term loans	8,111	9,123
Other long-term liabilities	157	84
Deferred tax liabilities	70	198
Long-term portion of provision for employment benefits	11	19
Provision for staff terminal benefits	83	70
	8,432	**9,494**
Net assets	**32,522**	**31,591**
Equity		
Share capital	3,500	3,500
Shareholder contribution.	2,938	2,938
Revaluation reserve	14,407	14,269
Other reserves	11,327	10,552
Total equity attributable to the owners of Majid Al Futtaim Properties	**32,172**	**31,259**
Non-controlling interest	350	332
Total equity	**32,522**	**31,591**

CASH FLOW STATEMENT

The following table summarises Majid Al Futtaim Properties' cash flows for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(AED millions)	
Cash from operating activities	2,557	2,869
Cash (used in) investing activities	(2,906)	(3,353)
Cash flows from financing activities	153	650
Net (decrease)/increase in cash and cash equivalents	**(196)**	**166**
Cash and cash equivalents at the beginning of the year	591	430
Currency translation effect on cash held	(24)	(5)
Cash and cash equivalents at end of year	**371**	**591**

EBITDA

The following table shows a reconciliation of Majid Al Futtaim Properties' EBITDA to profit/(loss) as shown in the consolidated income statement for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(AED millions)	
EBITDA[(1)]	2,825	2,605
Depreciation	(460)	(344)
Amortisation of intangible asset	(20)	(20)
Impairment (provision)/reversal	(118)	57
Net finance cost	(362)	(267)
Net valuation gain/(loss) on land and buildings	392	1,743
Tax credit/(charge) – net	13	(131)
Fixed assets/project costs written-off	(10)	(10)
Share of gain/(loss) in joint ventures and associates, net	127	(43)
Others	(2)	(27)
Forex	(25)	(36)
Profit for the year after tax	**2,360**	**3,527**

(1) Calculated as profit for the year after adding back extraordinary items, interest, share of gain/(loss) in joint ventures and associates, tax, depreciation and amortisation.

MAJID AL FUTTAIM PROPERTIES FINANCIAL REVIEW

The following review of Majid Al Futtaim Properties' financial position and results of operations is based upon and should be read in conjunction with the Majid Al Futtaim Properties Financial Statements, which are set out elsewhere in this Prospectus (see "*Index to Financial Statements*"). As a result of certain reclassifications made in 2016, adjustments have been made to long-term receivables, receivables and prepayments and long-term loans in the consolidated statement of financial position in the 2016 Group Financial Statements. As a result, these statements are not comparable in all respects to those in the 2015 Group Financial Statements.

This discussion contains forward-looking statements that involve risks and uncertainties (see "*Cautionary Statement Regarding Forward Looking Statements*"). Actual results for Majid Al Futtaim Properties could differ materially from those indicated in any forward-looking statements as a result of various factors, including those discussed below and in "*Risk Factors*".

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Majid Al Futtaim Properties' Financial Statements requires management to make certain estimates and judgments, some of which are subjective and complex, often as a result of the need to make estimations of future events. The Group's significant accounting policies are set out in note 3 to the 2016 Majid Al Futtaim Properties Financial Statements and a summary of the critical accounting estimates and judgments that are made in preparing the financial statements is set out in note 2(d) to the 2016 Majid Al Futtaim Properties Financial Statements.

RESULTS OF OPERATIONS FOR THE TWO YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015

Revenue

Majid Al Futtaim Properties' principal source of revenue is the rental income that it earns from the tenants in its shopping malls and other properties. Majid Al Futtaim Properties also earns revenue from the hotels which it owns and limited leisure and entertainment revenue from the unique leisure offerings owned by it and managed by MAF Ventures, including Ski Dubai, the Wahoo Water Park in Bahrain and certain facilities at the City Centre Mirdif shopping mall (together referred to as unique leisure offerings) (see "*Description of the Group – MAF Ventures – Strategic businesses – MAF Leisure and Entertainment*").

The table below shows a breakdown of Majid Al Futtaim Properties' revenue for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December			
	2016		**2015**	
	(AED millions)	***(%)***	***(AED millions)***	***(%)***
Rental income	3,466	77.2	3,077	75.2
Hotel revenue	713	15.8	682	16.7
Leisure and entertainment revenue	282	6.3	288	7.0
Project management revenue	14	0.3	30	0.8
Others	16	0.4	14	0.3
Total revenue	**4,491**	**100.0**	**4,091**	**100.0**

Majid Al Futtaim Properties' total revenue increased by AED400 million, or 10 per cent., in 2016 (from AED4,091 million in 2015 to AED4,491 million in 2016). The increase reflected a 13 per cent. increase in rental income and a 5 per cent. increase in hotel revenue, primarily driven by the performance of its comparable like-for-like assets.

In geographical terms, in 2016, 75 per cent. of Majid Al Futtaim Properties' revenue was derived from the UAE, 10 per cent. was derived from Bahrain, 8 per cent. was derived from Oman, 4 per cent. was derived from Lebanon and 3 per cent. was derived from Egypt.

Rental income

Majid Al Futtaim Properties derives almost all of its rental income from renting units in its shopping malls and a very small proportion from renting offices in three office buildings (of which one is partially occupied by Group companies). Rental income increased by AED389 million, or 13 per cent., in 2016 (from AED3,077 million in 2015 to AED3,466million in 2016).

The increase principally reflected better performance of its comparable like-for-like assets mainly driven by Mall of the Emirates, City Centre Mirdif and City Centre Muscat. The annualised impact of City Centre Mei'aisem that opened in September 2015 added AED31 million to the rental income revenue stream. In addition, City Centre Al Shindagha was added to the portfolio in 2016 which resulted in an increase of AED30 million in the rental income.

Hotel revenue

Majid Al Futtaim Properties earns hotel revenue from the rooms, food and beverages and other services provided at its hotels. All hotel revenue is stated as gross, with the fees paid to the hotel management companies and the costs incurred by Majid Al Futtaim Properties in providing services at its hotels being included in operating expenses.

Majid Al Futtaim Properties' hotel revenue increased by AED31 million, or 5 per cent., in 2016 (from AED682 million in 2015 to AED713 million in 2016). The increase is primarily attributable to the annualised impact of Hilton Garden Inn Mall of Emirates that opened in December 2015 and added AED36 million to the hotel revenue stream Revenue from Kempinski Hotel Mall of Emirates increased by AED26 million since this hotel was under re-development in 2015 and was re-opened in early 2016. These increases were offset by a decrease in hotel revenue from all the other hotels.

Leisure and entertainment revenue

Leisure and entertainment revenue decreased by AED6 million, or 2 per cent., in 2016 (from AED288 million in 2015 to AED282 million in 2016).

Operating expenses

The table below shows Majid Al Futtaim Properties' operating expenses for the two years ended 31 December 2016 and 31 December 2015 respectively.

	Year ended 31 December			
	2016		**2015**	
	(AED millions)	*(%)*	*(AED millions)*	*(%)*
Staff costs	(610)	28.5	(586)	31.0
Depreciation	(460)	21.5	(344)	18.2
Legal, professional and consultancy fees	(83)	3.9	(72)	3.8
Selling and marketing expenses	(175)	8.2	(171)	9.0
Utilities	(124)	5.8	(111)	5.9
Repair and maintenance	(133)	6.2	(118)	6.2
Amortisation charge for intangible asset	(20)	1.0	(20)	1.1
Other operating expenses	(532)	24.9	(468)	24.8
Total operating expenses	**(2,137)**	**100.0**	**(1,890)**	**100.0**

Majid Al Futtaim Properties' principal operating expenses are staff costs and depreciation, which together comprised 50.0 per cent. and 49.2 per cent. of its total operating expenses in 2016 and 2015, respectively. Each of these items is analysed in more detail below.

Majid Al Futtaim Properties' total operating expenses increased by AED247 million, or 13 per cent., in 2016 (from AED1,890 million in 2015 to AED2,137 million in 2016). This increase principally reflected increase in staff costs of AED24 million, increase in depreciation of AED116 million and increase in other operating expenses of AED64 million.

Staff costs

Majid Al Futtaim Properties' staff costs (which exclude staff costs capitalised as part of projects under construction) increased by AED24 million, or 4 per cent., in 2016 (from AED586 million in 2015 to AED610 million in 2016), reflecting both increased costs in relation to increase in number of employees in certain business units and salary increases. Majid Al Futtaim Properties had 3,195 employees as at 1 January 2016 and 3,081 employees as at 31 December 2016. While 195 employees were added across the non-hotel business units, the Hotels Business Unit saw a decrease in its employee count by 309 employees.

Depreciation

Majid Al Futtaim Properties' depreciation charge increased by AED116 million, or 34 per cent., in 2016 (from AED344 million in 2015 to AED460 million in 2016). Of this increase, Kempinski Hotel Mall of Emirates contributed AED64 million due since this hotel was under re-development in 2015 and was re-opened in early 2016. In addition, Hilton Garden Inn Mall of Emirates contributed AED17 million while City Centre Deira, Mall of Emirates, City Centre Mirdif and City Centre Bahrain, together, contributed AED20 million to the increase in depreciation charge.

Other operating expenses

Majid Al Futtaim Properties' other operating expenses increased by AED64 million, or 14 per cent., in 2016 (from AED468 million in 2015 to AED532 million in 2016). This increase principally reflected increase in bad and doubtful debts expense by AED25 million, service and other recharges by AED19 million and IT related costs by AED11 million.

Net valuation gain/(loss) on land and buildings

Developed properties classified as property, plant and equipment in accordance with IAS 16 are revalued on each reporting date. Any increase arising on the revaluation of developed properties is credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same property previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of properties is charged to profit and loss, except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to revaluation reserve in equity.

Investment properties are properties held either to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, certain shopping malls and property being constructed for future use as investment property, is stated at fair value at the reporting date.

The net valuation change on land and buildings comprises the sum of: (a) any losses incurred on the revaluation of properties classified as property, plant and equipment; (b) any increases arising on the revaluation of properties classified as property, plant and equipment to the extent they reverse losses previously charged to the profit and loss; and (c) the fair value gains or losses on investment property.

In 2016, Majid Al Futtaim Properties recognised a net valuation gain of AED180 million on property, plant and equipment of which a valuation gain of AED138 million (mainly on the Sheraton Hotel Mall of the Emirates, Hilton Garden Inn Mall of Emirates and Kempinski Hotel) was credited to other comprehensive income and a valuation gain of AED42 million (on the Le Meridien and Westin Hotels in Bahrain and an office building in Dubai) was charged to the profit and loss account. A gain on valuation of investment property of AED350 million (principally on Mall of the Emirates and City Centre Mirdif offset by valuation losses on Mall of Egypt and City Centre Deira) was also charged to the profit and loss account in 2016.

In 2015, Majid Al Futtaim Properties recognised a net valuation gain of AED308 million on property, plant and equipment of which a valuation gain of AED281 million (mainly on the Sheraton Hotel Mall of the Emirates, Kempinski Hotel and Pullman City Centre Residence) was credited to other comprehensive income and a valuation gain of AED27 million (principally on the Le Meridien, Westin Hotels in Bahrain and an office building in Dubai) was charged to the profit and loss account. A gain on valuation of investment property of AED1,716 million (principally on Mall of the Emirates, City Centre Bahrain and City Centre Mirdif) was also charged to the profit and loss account in 2015.

Other (expenses)/income – net

Majid Al Futtaim Properties' other income and expenses comprise the net gain or loss made on the disposal of property, plant and equipment, investment property and assets held for sale, fixed assets and project costs written-off once the Group determines not to proceed with a particular project, development expenses written-off that cannot be capitalised to a project per IFRS, any net foreign exchange gain or loss, service charges levied on related parties, a provision for a related party balance and other income. Majid Al Futtaim Properties' other income and expenses, comprised net expenses of AED45 million in 2016 and net expenses of AED33 million in 2015.

Impairment (provision)/reversal – net

Majid Al Futtaim Properties has performed an analysis of its carrying value of investment in an associate. Based on the results of this analysis, Majid Al Futtaim Properties' management is of the view that the carrying value of the investment has been eroded due to adverse market and business conditions and has, therefore, recognised an impairment loss of AED91 million in 2016. Additional impairment provisions have been booked against capital work in progress in relation to property, plant and equipment and investment properties of AED27 million.

In prior years, Majid Al Futtaim Properties' had paid AED389 million as an advance to a joint venture, as its contribution against purchase of land. Subsequently, management reassessed the future prospects of the joint venture and an impairment provision was recognised against this advance. In 2015, Majid Al Futtaim Properties' received AED107 million in cash and accordingly the impairment provision was reversed to that extent. This impairment reversal has been offset against impairment booked against capital work in progress in relation to property, plant and equipment and development properties and investment in joint venture of AED50 million.

Share of profit/(loss) in joint ventures and associate – net

A list of Majid Al Futtaim Properties' joint ventures is set out in notes 30 to the 2016 Majid Al Futtaim Properties Financial Statements. Joint ventures and associates are accounted for using the equity method, which means that Majid Al Futtaim Properties' proportionate share of the profit or loss made by each joint venture or associate is included under this line item.

The table below shows Majid Al Futtaim Properties' share of the profit or loss of its joint ventures and associate for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	**2015**
	(*AED millions*)	
Share of profit of joint ventures	127	30
Share of (loss) of associate	—	(73)
Total	**127**	**(43)**

Majid Al Futtaim Properties' share of profit in joint ventures and associate was AED127 million in 2016 and the share of loss in joint ventures and associate was AED43 million in 2015. Net share of profit in joint ventures in 2016 is mainly on account of handover of 169 units in Al Zahia resulting in an increase in Majid Al Futtaim Properties' share of profit from Sharjah Holding Company PJSC and higher share of profit earned from Al Mouj Muscat S.A.O.C. Furthermore, in the previous year Majid Al Futtaim Properties' accounted for its share of loss in an associate of AED73 million.

Net finance cost

The table below shows Majid Al Futtaim Properties' net finance cost recognised in profit or loss for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	2015
	(*AED millions*)	
Arrangement and participation fee	(3)	(2)
Interest charges (less capitalised interest)	(351)	(276)
Unwinding of the discounting of finance lease liabilities	(18)	(5)
Finance costs	**(372)**	**(283)**
Interest income	12	9
Unwinding of the discounting of long-term receivable from a joint venture	(2)	7
Finance income	**10**	**16**
Net finance costs	**(362)**	**(267)**

Majid Al Futtaim Properties' net finance cost charged to profit and loss increased by AED95 million, or 36 per cent., in 2016 (from AED267 million in 2015 to AED362 million in 2016). This increase is primarily attributable to the increase in interest expense of AED76 million on account of Majid Al Futtaim Properties' issuance of U.S.$500 million (AED 1,836.5 million) trust certificates under the Sukuk Programme in November 2015.

Profit before tax

Reflecting the above factors, Majid Al Futtaim Properties' profit before tax was AED2,347million in 2016 and AED3,658 million in 2015.

Income tax credit/(charge) – net

Majid Al Futtaim Properties' is subject to tax on the income earned by it in certain of the jurisdictions in which it operates.

Majid Al Futtaim Properties' operations in these jurisdictions gave rise to an income tax credit of AED13 million in 2016 and income tax charge of AED131 million in 2015. Of the total income tax credit of AED13 million in 2016, AED43 million relates to deferred tax credit (2015: deferred tax charge of AED110 million). Majid Al Futtaim Properties recognises deferred tax on the temporary differences arising between the tax base and asset base on fair valuation of properties in Egypt, Lebanon and Oman.

Profit for the year

Reflecting the above factors, Majid Al Futtaim Properties' profit after tax was AED2,360 million in 2016 and AED3,527 million in 2015.

Other comprehensive income/(loss)

In 2016, Majid Al Futtaim Properties' other comprehensive loss was AED1,209 million compared to other comprehensive income of AED139 million in 2015.

The principal factors affecting other comprehensive income and loss are the foreign currency translation differences from foreign operations and the fair value gains and losses made on the valuation of land and buildings each year (see "*Net valuation change on land and buildings*"). In 2016, the Central Bank of Egypt floated its tightly controlled currency which led to a sharp devaluation of the Egyptian Pound. As Majid Al Futtaim Properties' has significant net assets denominated in Egyptian Pound, the devaluation resulted in a significant impact of AED1,348 million on the currency translation reserve in 2016. Majid Al Futtaim Properties' recorded foreign currency translation differences from its foreign operations of AED142 million in 2015.

Majid Al Futtaim Properties' loss or profit for each year and the items above, resulted in total comprehensive income for Majid Al Futtaim Properties of AED1,151 million in 2016 and AED3,665 million in 2015.

Segments

Majid Al Futtaim Properties is organised to achieve its objectives through four business units: the Shopping Mall Business Unit, the Hotels Business Unit, the Communities Business Unit and the Project Management Business Unit which is a new business unit which begun in 2015. Furthermore in 2015, a number of organisational changes were made in order to strengthen the businesses, reinforce their operating independence and autonomy and focus the efforts towards a successful and sustainable path for growth. As a result the human capital function, the legal team and accounting & finance teams were embedded in the business units. The corporate human capital function, the legal team and accounting and finance teams continue to drive the standards, policies and procedures for its respective functions embedded in the business units and form part of the corporate support functions. Geographic segments are divided into the UAE, Oman, Bahrain, the Kingdom of Saudi Arabia (and together, the "**GCC**"), Egypt and Lebanon.

Management Reporting

In conjunction with IFRS financial and other financial indicators, Majid Al Futtaim Properties relies on non-GAAP profitability measures together with statistical and operating key performance indicators to achieve its business unit and corporate goals. These non-GAAP financial measures are used to supplement IFRS reporting in order to align business reporting with operating performance:

- Management Revenue: Statutory reported revenues are adjusted to exclude the non-cash IAS17 lease accounting impacts, revenue from leisure and entertainment units and include the consolidated revenues of managed equity investments or joint ventures revenues and various other adjustments.

- Business unit EBITDA: This key reporting measure includes the consolidated results of managed equity investments or joint ventures and excludes the results of leisure and entertainment units and is defined as all business unit revenues and operating expenses before finance charges, taxes, depreciation, amortisation, impairment charges and fair value changes.

- Majid Al Futtaim Properties EBITDA: This is considered to be the key measure of the Group's operating performance and cash generation. It is defined as the aggregate of business unit EBITDA less corporate centre expenses before finance charges, taxes, depreciation, amortisation, impairment charges, fair value changes, share of losses from joint ventures and associate, IAS 17 lease adjustments, foreign exchange gains/(losses), capital expenditure write-offs and loss on disposal of subsidiaries.

- Business unit Operating Profit: This business unit financial measure is defined as business unit EBITDA after impacts of gross asset fair value changes (irrespective of IAS16 or IAS40 classification); non-cash charges such as depreciation, amortisation, impairment and asset write-offs; the Group's share in non-managed equity investments' or joint ventures' net profit or loss; minority share of managed equity investments' or joint ventures' net profit or loss; and any gains or losses on asset disposals.

- Management Net Profit: This corporate measure is defined as the aggregate of the business unit's operating profit after finance charges, foreign exchange gains or losses and taxes.

Shopping Mall Business Unit

This business unit leads and manages all aspects of the retail development and management of shopping malls, ranging from regional shopping malls to smaller community centres. The Shopping Mall Business Unit undertakes various functions in this respect such as development, design, leasing, marketing and property management. In addition, the Shopping Mall Business Unit owns a number of leisure and entertainment operations located within its shopping malls.

Revenues from this business unit principally comprise of base minimum rents, percentage rents based on tenant sales volume, mall promotions and media, recovery of common area charges, leisure and entertainment assets, and management fees.

Hotels Business Unit

This business unit is responsible for the development of hotel assets and the management of these assets in association with third-party hotel operators.

Revenues from this business unit principally comprise of room revenues and food and beverage revenues.

Communities Business Unit

This business unit is responsible for master development of larger master planned lifestyle developments that comprise multiple asset classes (such as residential units, hotels and leisure and entertainment facilities), and is responsible for infrastructure, residential and commercial assets within these developments. The Communities Business Unit is also responsible for managing the Group's portfolio of office buildings.

Revenue from sale of trading properties is recognised as a profit or loss when the significant risks and rewards of ownership are transferred to the buyer. Significant risks and rewards of ownership are deemed to be transferred to the buyer when price risk is transferred to the buyer. Majid Al Futtaim Properties determines the point of recognition to be the time at which the buyer is entitled to take possession of the property.

In respect of trading properties under construction, no revenue is recognised upon receipt of deposits and advances until the risks and reward of ownership in the property are transferred to the buyer, as set out in the above paragraph.

Revenues from this business unit also comprise of leasing revenues from commercial, residential, serviced land or other mixed use assets as well as management fees where the Communities Business Unit has agreed with its joint venture partner to provide management services in respect of the relevant development.

Project Management Business Unit

This business unit provides fee-based advisory, development and management services to Shopping Malls, Hospitality and Communities.

The table below shows each business unit's EBITDA, operating profit and management net profit for the years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December					
	EBITDA		**Operating profit**		**Management net profit**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	(AED millions)		*(AED millions)*		*(AED millions)*	
Shopping Malls Business Unit	2,575	2,464	3,122	4,327	3,099	4,223
Hotels Business Unit	251	262	44	331	44	331
Communities Business Unit	(5)	(111)	(57)	(131)	(39)	(120)
Corporate Support	(51)	(56)	(86)	27	(657)	(524)
Total	**2,770**	**2,559**	**3,023**	**4,554**	**2,447**	**3,910**

Reconciliation of Statutory net profit/(loss) with management net profit

	Year ended 31 December	
	2016	2015
	(AED millions)	
Statutory net profit – attributable to the owners of the company	2,342	3,506
Reconciling items:		
Fair value adjustments(1)	(29)	67
IAS-16 Fair value changes recognised in income statement(1)	139	281
Depreciation on strategic assets(2)	335	265
Coupons declared to Majid Al Futtaim Holding(3)	(220)	(220)
Net results of leisure and entertaining units(4)	(120)	—
Non-cash IAS-17 lease adjustments(5)	(1)	(14)
Other adjustments	1	25
Total reconciling items	105	404
Management net profit/(loss)	2,447	3,910

(1) For the calculation of Management net profit, gross changes in fair value from one reporting date to another are reported in the income statement as compared to the net accounting valuation change computed as per the requirements of IAS 16 or IAS 40 for statutory purposes. Also, for the calculation of management net fair value changes, the proportionate equity share of strategic equity investments or joint ventures are considered as part of the respective business unit.

(2) For management net profit calculation, depreciation is not charged on strategic assets which are subject to fair valuation. Gross changes in fair value are reported in the income statement. For statutory purposes all assets which are classified under IAS 16 are depreciated and 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.

(3) For management net profit calculation, coupons declared during the year on the subordinated capital loan instruments are shown as a deduction from net profit. For financial reporting purposes, coupons are shown as an appropriation of distributable profit and are adjusted in equity.

(4) With effect from 1 January 2016, in the management accounts, Cite des Enfants, iFly, Ski Dubai, Wahoo water park and Ski Egypt are not consolidated on a line by line basis. However, each of these is consolidated in accordance with IFRS 10 in the 2016 Majid Al Futtaim Properties Financial Statements.

(5) For management net profit calculation, IAS 17 lease adjustments are not considered.

Note 5 to the 2016 Majid Al Futtaim Properties Financial Statements presents certain financial information for each segment. In revenue and assets terms, the Shopping Malls Business Unit is the most significant segment, accounting for 73 per cent. of Majid Al Futtaim Properties' revenue in 2016 and for 83 per cent. of its assets as at 31 December 2016. In terms of EBITDA, the Shopping Mall Business Unit and the Hotels Business Unit each generated positive EBITDA in 2016 and 2015. The Communities Business Unit generated a negative EBITDA in 2016 and 2015.

CASH FLOWS FOR THE TWO YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015

The table below summarises Majid Al Futtaim Properties' cash flows for the two years ended 31 December 2016 and 31 December 2015, respectively.

	Year ended 31 December	
	2016	2015
	(AED millions)	
Cash from operating activities	2,557	2,869
Cash (used in) investing activities	(2,906)	(3,353)
Cash flows from financing activities	153	650
Net (decrease)/increase in cash and cash equivalents	**(196)**	**166**
Cash and cash equivalents at the beginning of the year	591	430
Currency translation effect on cash held	(24)	(5)
Cash and cash equivalents at end of year	**371**	**591**

In 2016, Majid Al Futtaim Properties' net cash from operating activities was AED2,557 million and net cash used in investing activities was AED2,906 million, principally reflecting the cost of acquiring property, plant and equipment, which was AED330 million and investment property, which was AED2,587 million. This reflects capital expenditure during the year mainly on account of the purchase of D4 land and ongoing expansion or development projects such as Mall of Egypt, Mall of the Emirates, City Centre Deira, City Centre Al Maza, City Centre Ajman, City Centre Al Zahia, City Centre Mirdif and Aloft City Centre Deira Hotel. The net cash inflow from financing activities in 2016 was AED153 million. Net funds received from Majid Al Futtaim Holding and external banks amounted to AED539 million. which was largely offset by finance costs paid of AED309 million.

In 2015, Majid Al Futtaim Properties' net cash from operating activities was AED2,869 million and net cash used in investing activities was AED3,353 million, principally reflecting the cost of acquiring property, plant and equipment, which was AED781 million and investment property, which was AED2,661 million. The majority of these amounts reflected capital work in progress and in relation to the construction of Mall of Egypt, City Centre Al Maza, City Centre Mei'aisem, City Centre Al Zahia, City Centre Muscat expansion and the redevelopment of Mall of the Emirates and City Centre Deira. The net cash inflow from Majid Al Futtaim Properties in financing activities in 2015 was AED650 million. Majid Al Futtaim Properties received loans of AED918 million (net) and paid interest of AED269 million.

LAND AND BUILDINGS

Majid Al Futtaim Properties' land and buildings are categorised either as investment property or as property, plant and equipment. Investment properties are properties held either to earn rental income, for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

Certain of Majid Al Futtaim Properties' properties include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use in the supply of services or for administrative purposes. These properties may be split between the two categories where applicable law provides that separate title could be granted to each portion.

In 2015, the title for the properties in the UAE that had been developed on land gifted by the Ruler of Dubai to the majority shareholder of the ultimate holding entity, was registered with the Dubai Land Department in return for a fee paid by the Company, thereby, granting the Company freehold title to these land plots. Accordingly, management is of the view that these properties can now be treated as those where portions can be sold or leased separately under a finance lease.

Due to legal restrictions in Oman, properties cannot currently be sold or leased under a finance lease separately. As a result, these properties are classified as investment properties only if an insignificant portion is held for own use.

Majid Al Futtaim Properties determines the fair value of investment properties and land and buildings included within property, plant and equipment twice a year on 31 December and 30 June using valuations made by an independent firm of RICS Chartered Surveyors and Valuers. For the valuation of shopping malls the discounted cash flows ("**DCF**") approach is used to determine the present value of the estimated future net cash flows, generally for a period of 10 years, for each property adopting an asset specific discount rate. An exit yield that reflects the specific risks inherent in the asset is then applied to the final cash flow to arrive at the property valuation. The fair value derived using DCF for shopping malls is benchmarked against the net initial yield methodology. Properties Under Construction ("**PUC**") are measured at fair value once the valuer determines that a substantial part of the project's uncertainty has been eliminated, such that a reliable value can be determined. PUC are valued by estimating the fair value of the completed property using the income capitalisation approach and deducting the estimated costs to complete the construction. When the value is deemed not to be reliably determinable, the PUC is carried at cost of the land plus work in progress less impairment until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable. For valuation of hotels, the fair value is derived using DCF and is benchmarked against capital value per key. For valuation of offices, the fair value is derived by applying asset specific capitalisation rate on the net operating income of the property. 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 lots sizes over a period of time.

The table below shows the value of Majid Al Futtaim Properties' land and buildings as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	2015
	(AED millions)	
Classified as property, plant and equipment	4,314	4,416
Classified as investment property	32,294	31,326
Total	**36,608**	**35,742**

In addition, Majid Al Futtaim Properties had undeveloped land classified as investment property and valued at AED1,439 million as at 31 December 2016.

BORROWINGS

Majid Al Futtaim Properties' external borrowings comprise long-term loans from commercial banks. In addition, as at 31 December 2016 Majid Al Futtaim Properties has loans outstanding from Majid Al Futtaim Holding totalling AED5,252 million (see "*Related Parties*").

The table below summarises Majid Al Futtaim Properties' borrowings as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	2015
	(AED millions)	
Long-term loans	9,803	9,320
Of which current portion	1,692	197

Details of Majid al Futtaim Properties' four outstanding external loans and facilities as at 31 December 2016 are set out in note 21 to the 2016 Majid al Futtaim Properties Financial Statements. The loans have maturity dates ranging from February 2017 to April 2026. The loans are denominated in dirham, U.S. dollars, Egyptian pound and Lebanese pound. The majority of the loans bear interest at floating rates with margins ranging from 1.1 per cent. to 3.5 per cent. above a reference rate. Certain of the loans (as identified in note 21) are secured against assets of Majid al Futtaim Properties. The principal amount outstanding of secured loans as at 31 December 2016 was AED1,206 million.

SHAREHOLDERS' EQUITY

The table below shows Majid Al Futtaim Properties' shareholders' equity as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	2015
	(AED millions)	
Share capital	3,500	3,500
Shareholder contribution	2,938	2,938
Retained earnings	11,716	9,890
Revaluation reserve	14,407	14,269
Other reserves	(389)	662
Non-controlling interest	350	332
Total equity attributable to the owners of Majid Al Futtaim Properties	**32,522**	**31,591**

Share capital

Majid Al Futtaim Properties' share capital as at 31 December 2016 comprised 3,500,000 shares of AED1,000 each, all of which are fully paid and owned by Majid Al Futtaim Holding.

Shareholder contribution

In October 2009, Majid Al Futtaim Properties issued perpetual subordinated loan instruments of AED2,500 million to Majid Al Futtaim Holding. During 2010, a further AED250 million of these instruments were issued. The instruments bear interest at 8 per cent. to 7 October 2019 at which point they can be called for redemption. If not redeemed, they will bear interest at a floating rate equal to a margin of 5 per cent. over a defined benchmark. The coupon is not cumulative and can be deferred at

Majid Al Futtaim Properties' discretion. Should Majid Al Futtaim Holding cease to control Majid Al Futtaim Properties, the coupon will increase by 5 per cent. and become cumulative. All of the instruments were issued against cancellation of an equivalent amount of debt owed to Majid Al Futtaim Holding by Majid Al Futtaim Properties and the first coupon declared in 2010 was similarly set-off.

In 2012 Majid Al Futtaim Properties novated derivative instruments with a negative fair value of AED188 million to Majid Al Futtaim Holding. Majid Al Futtaim Holding waived its contractual obligation of recovering the liability from Majid Al Futtaim Properties and accordingly this balance was classified within shareholder contribution.

Revaluation reserve

The revaluation reserve principally reflects changes in the fair value of Majid Al Futtaim Properties' land and buildings classified as property, plant and equipment as required by IAS 16. Any increase in value arising on each revaluation of such assets is credited to the revaluation reserve unless and to the extent it reverses a decrease in the value of the same asset previously recognised in profit and loss, in which case the increase in value is recognised in profit and loss instead. Any decrease in value arising on each revaluation of such assets is debited from the revaluation reserve to the extent that the revaluation reserve contains a credit balance in respect of the asset concerned. If and to the extent there is no such credit balance, the decrease is charged to profit and loss.

Other reserves

Majid Al Futtaim Properties and its subsidiaries maintain a statutory reserve as required by applicable law. Typically a percentage of profit of the relevant company is transferred to the statutory reserve each year until the reserve equals the limit prescribed by applicable law. In addition, Majid Al Futtaim Properties maintains a currency translation reserve in respect of foreign currency differences arising from the translation of the financial statements of Majid Al Futtaim Properties' group companies whose functional currency is not the dirham.

RELATED PARTIES

Majid Al Futtaim Properties' related party transactions are described in note 17 to the 2016 Majid Al Futtaim Properties Financial Statements and principally comprise transactions with other Group companies and key management personnel and/or their close family members. The shareholder contributions described under "*Shareholders' Equity – Shareholder contribution*", the guarantees given by and to Majid Al Futtaim Properties in respect of borrowings by it and other Group companies as referred to under "*Group Financial Review – Liquidity and Borrowings*" and the additional transactions described in note 17 to the 2016 Majid Al Futtaim Properties Financial Statements and note 17 to the 2015 Majid Al Futtaim Properties Financial Statements, comprise the principal related party transactions in the two years under review.

OFF-BALANCE SHEET LIABILITIES

Majid Al Futtaim Properties has significant off-balance sheet liabilities in the form of capital commitments and guarantees given by it.

The table below shows Majid Al Futtaim Properties' off-balance sheet liabilities as at 31 December in each of 2016 and 2015, respectively.

	As at 31 December	
	2016	**2015**
	(AED millions)	
Capital commitments	3,058	3, 396
Financial guarantees	7,923	7,569
Other operational guarantees	4	5
Total	**10,985**	**10,970**

DESCRIPTION OF THE GROUP

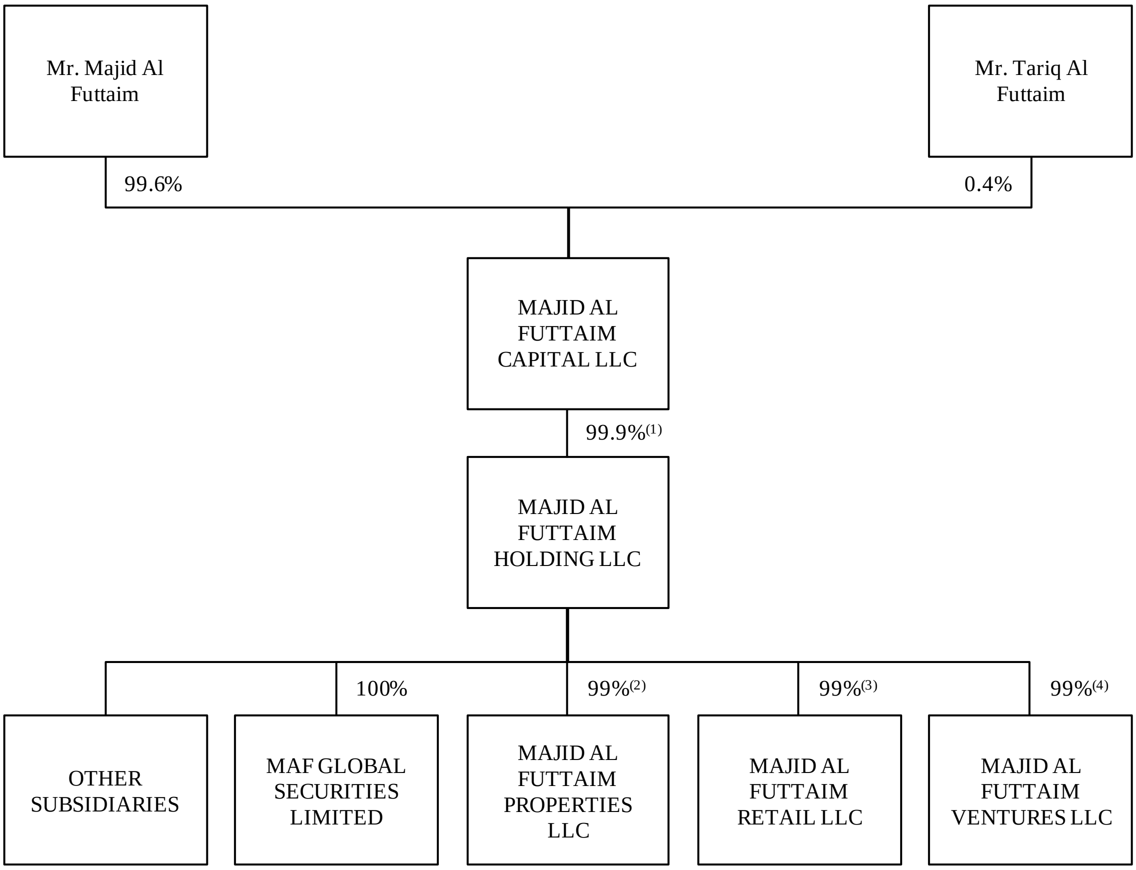
OVERVIEW

The Group is one of the largest developers and operators of shopping malls and hypermarkets in the MENA region. Founded in Dubai in 1992 to bring the first regional shopping mall to the Middle East, the Group's activities have since grown to include hotel development and the provision of synergistic leisure and entertainment products and services. As at 31 December 2016, the Group has operations in 15 countries predominantly in the MENA region.

For the financial year ended 31 December 2016, driven by annual footfall of approximately 175 million people through its shopping mall destinations, Majid Al Futtaim Holding had consolidated revenue of AED29,909 million and consolidated EBITDA of AED4,172 million, as well as consolidated assets of AED52,735 million as at 31 December 2016.

For the financial year ended 31 December 2015, driven by annual footfall of approximately 171 million people through its shopping mall destinations, Majid Al Futtaim Holding had consolidated revenue of AED27,343 million and consolidated EBITDA of AED3,835 million, as well as consolidated assets of AED50,883 million as at 31 December 2015.

The following chart sets out the structure of the Group as at the date of this Prospectus.



(1) 0.1% held by Majid Al Futtaim Trust LLC
(2) 1% held by Tariq Al Futtaim
(3) 1% held by Majid Al Futtaim Ventures
(4) 1% held by Majid Al Futtaim Trust LLC

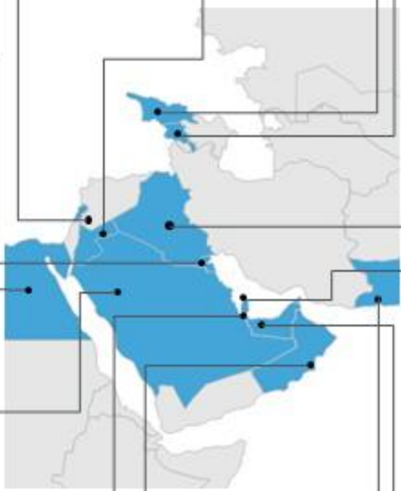
The Group's operations are carried out by three complementary operating companies: Majid Al Futtaim Properties, Majid Al Futtaim Retail and Majid Al Futtaim Ventures, in each of which Majid Al Futtaim Holding holds a 99 per cent. ownership interest:

- **Majid Al Futtaim Properties** develops and manages shopping malls, which is the Group's core business. Majid Al Futtaim Properties currently operates 20 shopping malls in the UAE, Egypt, Oman, Bahrain and Lebanon and is currently constructing or master planning an additional 14 malls, located in the UAE, the Kingdom of Saudi Arabia, Egypt and Oman. Majid Al Futtaim Properties also develops hotels adjacent to or in close proximity to shopping mall destinations and, on a selective basis, undertakes mixed-use developments, in each case where this adds value to its core mall development business. Majid Al Futtaim Properties currently owns 12 hotels, of which 10 are located in the UAE and two are located in Bahrain with one additional hotel in Dubai under development. Majid Al Futtaim Properties operates through its three business units: Shopping Malls, Hotels and Communities. For the year ended 31 December 2016, Majid Al Futtaim Properties' revenue increased by 9.8 per cent. to AED4,491 million compared to AED4,091 million for the year ended 31 December 2015 whereas its EBITDA increased by 9.6 per cent. to AED2,855 million compared to AED2,607 million for the year ended 31 December 2015.

- **Majid Al Futtaim Retail** first introduced the hypermarket model to the Middle East in 1995 through Majid Al Futtaim Hypermarkets, originally established as a joint venture company with Carrefour in which Majid Al Futtaim Retail had a 75 per cent. interest. Since June 2013, Majid Al Futtaim Hypermarkets has been a wholly-owned subsidiary of the Group, managed by Majid Al Futtaim Retail in which Majid Al Futtaim Retail has a 99.9 per cent. interest and Majid Al Futtaim Holding has a 0.1 per cent. interest. For further detail on the history of Majid Al Futtaim Hypermarkets please see "*Description of the Group – Majid Al Futtaim Retail*". Carrefour stores are a key anchor tenant in each of the Group's shopping malls and the Group has also opened Carrefour stores outside its shopping malls. Majid Al Futtaim Retail has expanded the Carrefour concept across the UAE and into Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Pakistan, Qatar, the Kingdom of Saudi Arabia, Georgia, Lebanon, Armenia, Kazakhstan and Kenya. As at 31 December 2016, Majid Al Futtaim Retail operated 77 Carrefour hypermarkets and 95 Carrefour supermarkets in 15 countries predominantly in the MENA region. For the year ended 31 December 2016, Majid Al Futtaim Retail's revenue increased by 8.2 per cent. to AED23,882 million compared to AED22,076 million for the year ended 31 December 2015 whereas its EBITDA increased by 4.6 per cent. to AED1,232 million compared to AED1,178 million for the year ended 31 December 2015.

- **Majid Al Futtaim Ventures** operates the Group's leisure and entertainment services, including a unique leisure offering in each of its three super-regional shopping malls, for example Ski Dubai which is located in the Group's flagship shopping mall, Mall of the Emirates. Majid Al Futtaim Ventures also operates 28 Magic Planet entertainment centres located in all of the Group's shopping malls and elsewhere and 27 cinemas located in nine of the Group's shopping malls and elsewhere. Majid Al Futtaim Ventures also offers Najm Visa credit cards via its Majid Al Futtaim Finance consumer finance business, operates a fashion retail business operating as a licensee of a number of international brands and has a small portfolio of other investments in the food and beverages, mobile payments, healthcare and facilities management sectors. For the year ended 31 December 2016, Majid Al Futtaim Ventures' revenue increased by 29 per cent. to AED1,856 million compared to AED1,439 million for the year ended 31 December 2015 whereas its EBITDA increased by 24 per cent. to AED231 million compared to AED186 million for the year ended 31 December 2015.

The following map sets out details of the Group's principal operations in each of the countries in which it operated as at 31 December 2016.



Kenya

Outlet	Number
Carrefour stores	1

Kazakhstan

Outlet	Number
Carrefour stores	1

Lebanon

Outlet	Number
Malls	1
Carrefour stores	1
Magic Planet	1
Cinemas	1

Jordan

Outlet	Number
Carrefour stores	23
Magic Planet	1

Georgia

Outlet	Number
Carrefour stores	6

Armenia

Outlet	Number
Carrefour stores	1

Kuwait

Outlet	Number
Carrefour stores	1
Magic Planet	1
Lego stores	2

Iraq

Outlet	Number
Carrefour stores	5

Egypt

Outlet	Number
Malls	2
Carrefour stores	34
Magic Planet	3

Bahrain

Outlet	Number
Cinemas	1
Carrefour stores	1
Malls	1
Hotels	2
Magic Planet	1
Wahooo	1
Lego store	1

Saudi Arabia

Outlet	Number
Carrefour stores	15

Qatar

Outlet	Number
Carrefour stores	8

UAE

Outlet	Number
Malls	14
Carrefour stores	65
Hotels	10
Cinemas	14
Magic Planet	16
Ski Dubai	1
iFly	1
Lego store	5

Oman

Outlet	Number
Malls	2
Carrefour stores	7
Magic Planet	3
Cinemas	11

Pakistan

Outlet	Number
Carrefour stores	4

In geographical terms, during the year ended 31 December 2016, 53 per cent. of the Group's revenue was derived from the UAE, 10 per cent. was derived from Egypt, 9 per cent. was derived from the Kingdom of Saudi Arabia, 8 per cent. was derived from Qatar, 5 per cent. was derived from Oman, and the remaining 15 per cent. was derived from other countries predominantly in the MENA region.

HISTORY

Founded in 1992 in Dubai, the Group operated solely in Dubai until 1999. During that period, the joint venture with Carrefour was established, and the Group operated shopping malls, hypermarkets, hotels and cinemas. Between 1999 and 2001, the Group expanded across the UAE and into Oman. Between 2001 and 2003, the Group expanded into Egypt. Between 2003 and 2005, the Group expanded into the Kingdom of Saudi Arabia. Between 2005 and 2008, the Group expanded into Kuwait, Bahrain, Jordan and Qatar and invested in a mixed-use development in Oman. Between 2008 and 2010, the Group expanded into Pakistan. The Group's geographic expansion has principally been driven by its retail business with five Carrefour hypermarkets operating by the end of 2000, 18 by the end of 2005, 48 by the end of 2012 and 77 by the end of 2016.

As at the date of this Prospectus, the franchise agreement between Majid Al Futtaim Hypermarkets and Carrefour covers 38 countries in the Middle East, Africa and Central Asia.

STRENGTHS

Management believes that the Group's credit strength is bolstered by the following factors:

- **Low volatility in operating income:** Reflecting the fact that a significant majority of its revenue is derived from food retailing (which is relatively unaffected by economic cycles) and, to a lesser extent, from rental income from tenants in its shopping malls (which is also generally a stable source of income), the Group experiences low levels of volatility in its operating income. The Group's operating income in each of 2016, 2015 and 2014 was AED9,826 million, AED8,909 million and AED8,091 million, respectively, and its operating margins were 33 per cent., 32.5 per cent. and 32 per cent., respectively;

- **Leadership in markets where the Group competes**: The Group's principal market is the UAE and Dubai in particular (which is generally considered as a mature global leading retail and brand destination). The Group believes that it has a leading position as a shopping mall developer in Dubai as it owns three of the leading shopping malls currently operating in Dubai. The Group also believes that it has a leading position as a shopping mall developer in the MENA region as no other company operating in the region has a geographic spread of shopping malls to match the Group's and that its experience of operating in a wide range of markets within the MENA region will help the Group as it seeks to expand into new markets;

- **Steady cash flows and balanced financial profile:** The Group benefits both from a sound asset base in Majid Al Futtaim Properties, which accounted for 85.9 per cent. and 86.5 per cent. of the Group's assets as at 31 December 2016 and 31 December 2015, respectively, and also from a stable source of operating cash flow from the retailing business carried on by Majid Al Futtaim Retail, which accounted for 79.8 per cent. and 80.7 per cent. of the Group's revenue in the years ended 31 December 2016 and 31 December 2015, respectively; and rentals generated by its shopping malls and certain other properties. The Group believes that this combination of sound asset base and stable cash flow is a significant differentiator from other property development companies in the region;

- **Complementary businesses:** The Group has a focused strategy aimed to ensure that it delivers outstanding shopping destinations, in significant part, through creating and exploiting a range of synergies in its businesses. For example, having Carrefour as an anchor tenant helps to drive significant footfall in the Group's shopping malls which makes the malls more attractive to prospective tenants. In addition, the Group's hotels and leisure businesses help to differentiate its shopping malls and provide additional attractions to shoppers, particularly tourist shoppers in Dubai and Bahrain. The Group's credit cards help to build customer loyalty and to differentiate the Group whilst the Group's significant customer base is a large potential target market for its credit card offering. Management of Majid Al Futtaim Holding believes that these synergies were a major factor in insulating the Group against the worst effects of the global financial crisis during 2008 and 2009;

- **Strong corporate governance:** Management of Majid Al Futtaim Holding believes that the Group has robust corporate governance procedures in place. In particular, the Group has voluntarily adopted the principles of the Combined Code on Corporate Governance for listed companies in the UK across all areas of its business and has established principles of corporate governance and defined their application across each of the Group's operating companies. In addition, the Group has established strong operating company board structures reporting to the Board of Majid Al Futtaim Holding, has segregated shareholdings in and management of the Group's operating companies and ensures that all applicable laws and regulations in the countries in which it operates are complied with. Although the Chief Executive Officer ("**CEO**") and Chairman of Majid Al Futtaim Holding are in regular contact with Mr. Majid Al Futtaim, the Majid Al Futtaim family does not actively participate in the day-to-day operations of the Group;

- **Presence in locations with strong business potential:** When considering a new shopping mall or stand alone Carrefour store project, the Group conducts extensive due diligence and market research in order to identify the best sites. In particular, factors such as current and anticipated population, catchment areas, accessibility to the proposed shopping mall or store, potential rate of urbanisation and known or planned competing facilities are all considered and, in the case of additional shopping malls or stores in a single city, enhanced market research is conducted into relevant catchment areas to ensure that competition between the Group's facilities is minimised. The Group believes that it has been able to secure prime locations for many of its assets. In addition, particularly in Dubai (where it has three shopping malls) and Bahrain, the Group is not solely reliant on the local population and benefits from significant tourist footfall in its shopping malls. In all of the countries in which the Group operates, it also benefits from factors such as the generally high temperatures which encourage indoor shopping and the fact that shopping malls are perceived as family-friendly places to socialise and engage in wider activities other than just shopping;

- **Low leverage:** The Group's net debt to EBITDA ratios in each of 2016, 2015 and 2014 were 2.3, 2.4 and 2.2, respectively. For these purposes, the Group's net debt is defined as long-term loans (including current maturity), short-term loans and bank overdrafts less cash in hand and at banks;

- **Operating in markets with long-term macro-economic potential:** The Group's principal market is the UAE but other markets which are significant to the Group are Egypt, Qatar, the Kingdom of Saudi Arabia, Oman and Bahrain. For instance, between 2010 and 2015, each of these markets experienced significant increases in nominal GDP, had growing populations and experienced an average annual growth in private consumption in excess of five per cent. Reflecting these factors, retail sales grew significantly in each market over the 2010 to 2015 period, with Majid Al Futtaim Retail reporting compound annual growth rates in retail sales of 6.2 per cent. in Bahrain, 7 per cent. in the UAE, 9.7 per cent. in the Kingdom of Saudi Arabia, 10.9 per cent. in Oman, 7.5 per cent. in Egypt, 7.6 per cent. in Qatar, 5.4 per cent. in Kuwait, 17.1 per cent. in Jordan and 21 per cent. in Pakistan in 2015; and

- **Prudent financial management and track record:** The Group believes that it has implemented strong risk management policies, particularly as regards managing its liquidity and credit risks (see "*Group Financial Review – Financial Risk Management*"). The Group has experienced steady revenue and EBITDA growth. The Group's revenue grew by 9.4 per cent. in 2016, 8.2 per cent. in 2015 and 11.3 per cent. in 2014 whilst its EBITDA grew by 8.8 per cent. in 2016, 6.9 per cent. in 2015 and 9.5 per cent. in 2014. In addition, the Group follows a conservative investment capital expenditure policy, typically entering new markets with lower cost hypermarket developments before committing to capital intensive shopping mall developments, adhering to a defined and rigorous process for making investment decisions, seeking to pre-fund its capital expenditure, entering into joint ventures where appropriate and by retaining the flexibility to scale back its developments in adverse market conditions.

STRATEGY

The Group's corporate strategy is focussed on achieving outstanding shopping destinations. For instance, the Group's long term strategy is to become a regionally focussed lifestyle conglomerate, with a globally recognised reputation for quality through the offering of an excellent customer experience, supported by well trained and knowledgeable staff. The Group intends to focus on core sectors and markets where it has existing market leadership or where it sees an opportunity to establish itself as a leader in an under-developed market and to continue to create and exploit the synergies between its different businesses. In particular, the Group intends to:

- **Enhance and grow its shopping destination business:** The Group intends to continue to undertake shopping mall developments on a regional basis both within the UAE and, outside the UAE, in markets which it believes are currently under-developed and offer a combination of increasing consumer spending power, increasing openness to international markets and low levels of international competitiveness. The Group intends, over time, to continue to diversify away from Dubai, where its revenues are currently concentrated. This strategy is in line with general regional trends. For instance, according to the World Bank, the MENA population is expected to reach approximately 460 million in 2020, with tourism to the region expected to exceed approximately

150 million by 2020. In addition, as a result of the general economic environment, assets are in the process of being repriced across the MENA region giving rise to many opportunities;

- **Control and grow its retail businesses:** The Group expects to continue to develop its Carrefour hypermarket and supermarket business, both as anchor tenants for its new shopping mall developments and also on a standalone basis. In particular, the Group expects to continue to expand its portfolio of Carrefour supermarkets to meet customer preferences for more convenient food retail outlets and to exploit other synergies within its business, such as the loyalty rewards it can offer through the credit cards issued by Majid Al Futtaim Finance (see "– *Development pipeline*"); and

- **Strengthen its core capabilities to compete in the future:** The Group intends to strengthen certain aspects of its individual businesses to further support its retail-focused corporate strategy. One of the Group's core capabilities is its ability to identify retail potential in specific catchment areas within a city, which is critical to the decision regarding location of a new shopping mall, Carrefour store or other relevant asset. To this end, the Group continues to invest in proprietary research methods based on primary ground research and its accumulated experience gained in relation to the Carrefour stores and shopping malls which are already operational. The Group is further strengthening its core capability in accumulation and integration of customer data which allows it to better serve the needs of its final consumers. During 2012, Carrefour developed a personalised loyalty programme in the UAE which allows Carrefour to capture data in relation to individual shoppers. In addition, the Group intends to invest further in the training of its employees (training is currently offered through the "Majid Al Futtaim Leadership Institute"), to ensure that its responsible leadership model and values pervades throughout the organisation.

MAJID AL FUTTAIM PROPERTIES

Overview

Majid Al Futtaim Properties' vision is to be recognised as the market leader in the development, ownership and management of shopping malls in the MENA region. Majid Al Futtaim Properties' goal is to create long-term sustainable wealth for the Group through:

- the entrepreneurial development and management of a diversified portfolio of shopping centres; and

- the development of hotels and, on a selective basis, mixed-use projects where they add synergistic value to its shopping centres.

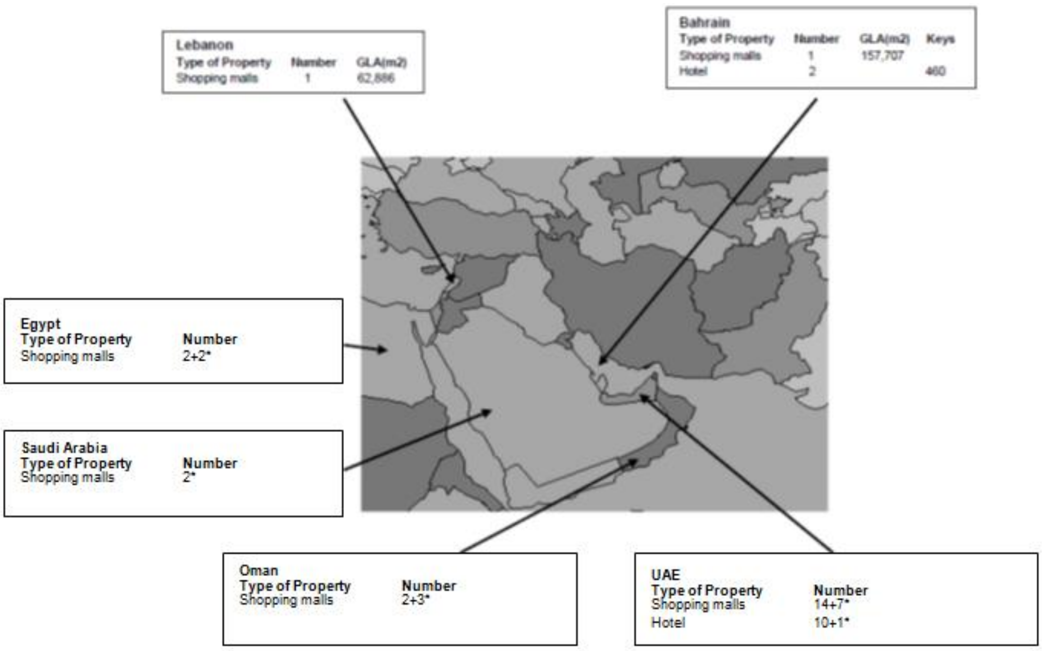
Majid Al Futtaim Properties operates through three independent business units as follows:

- **Shopping Malls**: As at 31 December 2016, the Shopping Malls Business Unit ("**SMBU**") owned and operated 20 shopping malls with a Gross Leasable Area ("**GLA**") of approximately 1,143,000 square metres, including four neighbourhood community malls held in joint-venture. In 2016, SMBU completed My City Centre Barsha, a 4,000 square metre project, as well as the expansion works of City Centre Shindagha, the opening of the new Vox cinema in City Centre Deira, including the largest screen in the region, and the expansion of City Centre Qurum in Muscat, Oman. Combined, the portfolio of malls attracted 175 million visitors in 2016. SMBU generated revenues of AED3,476 million and EBITDA of AED2,575 million and its assets were AED37,422 million. As at 31 December 2016, SMBU had an additional 14 developments and 11 redevelopment or expansion projects at the planning or construction stage. The new projects, including new malls in the UAE, Egypt, Oman and the Kingdom of Saudi Arabia, represent an additional 1,200,000 square metres of GLA. SMBU represented 72.9 per cent., 93.0 per cent. and 82.6 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the financial year ended 31 December 2016. By comparison, the SMBU's revenue and EBITDA were AED3,359 million and AED2,464 million, respectively, in 2015 and its assets were AED36,845 million as at 31 December 2015, representing 80.8 per cent., 96.3 per cent. and 83.7 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the year ended 31 December 2015;

- **Hotels**: The Hotels Business Unit primarily focuses on developing hotels adjacent to, or in close proximity to, Majid Al Futtaim Properties' shopping malls. The Hotels Business Unit currently owns 12 hotels, 10 of which are in the UAE and two in Bahrain with one hotel under development in Dubai. The operating hotels offer a total of 3,371 keys, with revenue and EBITDA of AED713 million and AED251 million in the financial year ended 31 December 2016 and assets as at 31 December 2016 of AED4,781 million, representing 15 per cent., 9.1 per cent. and 10.6 per cent., respectively, of the Group's revenue, EBITDA and assets for the period ending 31 December 2016. By comparison, the Hotels Business Unit's revenue and EBITDA were AED682 million and AED262 million, respectively, in 2015 and its assets were 4,600 million, as at 31 December 2015, representing 16.4 per cent., 10.2 per cent. and 10.5 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the year ended 31 December 2015; and

- **Communities**: The Communities Business Unit focuses on selective community developments principally covering land, residential and office developments. It also provides access to Majid Al Futtaim Properties' core shopping mall business. Currently, this is achieved primarily through limited- or non-recourse joint ventures accounted for under the equity method. The Communities Business Unit is also responsible for managing three office buildings in Dubai. The Communities Business Unit's revenue in the financial year ended 31 December 2016 was AED438 million and it had assets of AED2,722 million as at 31 December 2016 representing 9.2 per cent. and 6.0 per cent., respectively, of the Group's revenue and assets as at and for the financial year ended 31 December 2016. The Communities Business Unit's revenue in 2015 was AED29 million and it had assets of AED2,185 million as at 31 December 2015 representing 0.7 per cent. and 5.0 per cent., respectively, of the Group's revenue and assets as at and for the year ended 31 December 2015. The Communities Business Unit's EBITDA for the year ended 31 December 2016 was negative AED5 million compared to an EBITDA of negative AED111 million for the year ended 31 December 2015.

The following map sets out details of Majid Al Futtaim Properties' operating properties, properties under construction, properties under master planning and design and land bank in each of the countries in which it was present as at 31 December 2016.



* Denotes properties being master planned or under construction

In the course of 2015, the freehold titles to the Group's assets in Deira and Mall of the Emirates were registered with the Dubai Land Department. During the year, Majid Al Futtaim Properties secured full ownership of the titles to the Group's assets in Oman. The group's ability to freely dispose of these properties is no longer subject to restrictions.

Majid Al Futtaim Properties owns land of approximately 1.8 million square metres on which it has development plans in place with a carrying value of AED4,033 million (including work-in-progress) as at 31 December 2016. It also owns land, with no immediate construction plan or planned sales to third parties, of 599,305 square metres with a carrying value of AED960 million as at 31 December 2016 which is designated as investment property, and of 17,748 square meters of land with a carrying value of AED25 million as at 31 December 2016 which is designated as property, plant and equipment. Furthermore, in accordance with Group policy, land exceeding a valuation threshold of AED50 million is valued on an annual basis by an external firm of chartered surveyors and valuers.

Majid Al Futtaim Properties had revenue of AED4,171 million and EBITDA of AED2,855 million in 2016 as well as assets of AED45,286 billion as at 31 December 2016, equal to 13.9 per cent., 68.4 per cent. and 85.9 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the year ended 31 December 2016.

Majid Al Futtaim Properties had revenue of AED4,091 million and EBITDA of AED2,607 million in 2015 as well as assets of AED44.0 billion as at 31 December 2015, equal to 14.9 per cent., 67.9 per cent. and 86.5 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the year ended 31 December 2015.

Strategy

Majid Al Futtaim Properties' strategy is to focus on the development and operation of shopping malls within the MENA region. This is done as its core business through developing different product types: (a) super-regional shopping malls (malls with in excess of 100,000 square metres of gross leasable area); (b) regional shopping malls (malls with between 60,000 and 100,000 square metres of gross leasable area); (c) community malls (malls with between 20,000 and 60,000 square metres of gross leasable area); and (d) neighbourhood community malls (malls with less than 20,000 square metres of gross leasable area). Majid Al Futtaim Properties expects to continue to build a network of malls covering differing catchment areas in selected cities in which it believes it can achieve a dominant position and/or capture unique market opportunities and aims to continue to develop hotels and undertake mixed-use projects preferably where there are clear synergistic benefits to the Group's core shopping mall business. In relation to its hotel developments, Majid Al Futtaim Properties' strategy is to outsource the day-to-day operational management of the hotels to specialist hotel management companies, such as Accor, Hilton, Kempinski and Starwood.

Majid Al Futtaim Properties intends to prioritise its future capital expenditures on existing and new markets, utilising existing land owned by it, new land acquisition where practicable and through joint ventures where it can secure development and asset management agreements. It also expects to realise value through the sale of non-strategic properties within its land bank and to provide development, management and other shopping centre related services to third parties where this generates knowledge or other benefits to its existing shopping malls and provided it can ensure that reputational and conflict risks are properly controlled. Wherever possible, Majid Al Futtaim Properties intends to add value to its non-strategic land, for example through planning approvals, prior to its sale.

Competitive advantages

Majid Al Futtaim Properties believes that its competitive advantages include:

- **Established track record and reputation:** Majid Al Futtaim Properties' first mall, City Centre Deira, was opened in November 1995. Majid Al Futtaim Properties now owns and manages 20 shopping malls in the UAE (includes four neighbourhood community malls held in joint venture), Bahrain, Oman, Egypt and Lebanon, including its flagship mall, the Mall of the Emirates in Dubai, which was opened in 2005 and had an annual footfall of approximately 38.2 million in 2016. As at 31 December 2016, the average occupancy rates of its shopping mall portfolio was around 98 per cent. Majid Al Futtaim Properties believes that this track record, along with its established reputation, give it a significant competitive advantage in attracting consumers and customers (tenants) both to its existing and future shopping malls;

- **Locations:** In the countries and markets in which it operates, Majid Al Futtaim Properties are located in prime locations with established and growing catchment areas. The company focuses internal resources on constantly developing and improving the relevance of its shopping malls within its target markets;

- **In-house expertise:** Majid Al Futtaim Properties benefits from having integrated development, project management, asset management and mall management teams. Majid Al Futtaim Properties outsources on-site project management and construction activities to reputable firms and construction contractors with which it has established relationships;

- **Alliances and partnerships:** Through its alliance with Majid Al Futtaim Retail (i.e. the Carrefour franchisee) and its established relationships with a number of regional retail franchise groups, Majid Al Futtaim Properties is able to secure a strong tenant base for each of its shopping malls (see "*Risk Factors – Risks Relating to Majid Al Futtaim Properties – Majid Al Futtaim Properties rental revenues depend upon its ability to find tenants for its shopping malls and offices and the ability of such tenants to fulfil their lease obligations as well as on Majid Al Futtaim Properties achieving an optimal tenant mix for its shopping malls. In addition, Majid Al Futtaim Properties is exposed to tenant concentration*"); and

- **Unique leisure offers:** Through its collaboration with Majid Al Futtaim Ventures, Majid Al Futtaim Properties' super-regional shopping malls are each able to provide a unique leisure offering to their customers. These offerings include Ski Dubai (at Mall of the Emirates), Wahoo water park (at City Centre Bahrain) and iFly (a simulated sky diving experience at City Centre Mirdif). Majid Al Futtaim Properties' regional and community shopping malls benefit from other leisure and entertainment facilities such as cinemas and family entertainment centres, in each case where appropriate to the shopping mall concerned.

Project development model

Majid Al Futtaim Properties has three asset creation functions: business development, project development and project management, which are responsible for conceptualising, sourcing, developing and delivering projects for each of the three business units: Shopping Malls, Hotels and Communities. The business development function pursues project opportunities and assesses their feasibility prior to acquisition. The project development function is responsible for producing business plans, detailed master plans and concept designs for each project. The project management function manages project construction with the goal of delivering projects on time, in scope and within budget.

All development projects undertaken by Majid Al Futtaim Properties follow a rigorous standard operating process designed to ensure consistent oversight and that all development projects are executed in line with overall Group strategy, represent economically sound investments which add shareholder value and are able to be funded. Majid Al Futtaim Properties' project development model is a nine-stage process which is followed for all asset classes. The expertise of Majid Al Futtaim Properties' business development, and project development functions is utilised at each step of the process. The nine-stage process is set out in more detail below.

Stage 1: Sourcing, due diligence & land acquisition

The first of the nine stages principally involves potential site identification and the preparation and approval of a due diligence scope and budget for each potential development site. Target markets and geographies are identified within Majid Al Futtaim Properties' strategic priorities which are approved by senior management in line with Majid Al Futtaim Properties' strategic plan.

Stage 2: Land purchase and outline master plan

During this stage, a high level feasibility study is undertaken. This seeks to identify the potential options for the project and key success criteria. Additional due diligence is undertaken, including background market research by internal and external research providers (including current and projected population and household numbers in the catchment area, any current and potential future competitors, potential tenant interest and any environmental or other material factors affecting the site concerned), traffic assessment (including ease of accessibility) and financial criteria such as indicative land, construction and other development costs, as well as possible financing strategies. This research is updated at each later stage of the project. Exit options are also identified for any non-strategic assets and approval by both senior management and the Board of Majid Al Futtaim Properties is required before the identified land is purchased and the next stage can commence. Majid Al Futtaim Properties prefers to acquire 100 per cent. ownership of its properties and to develop its assets itself, but will enter into joint ventures where appropriate, for example as a result of legal restrictions on foreign ownership in some of the countries in which it operates. Key considerations for entering into a joint venture agreement include property location, identity of the joint venture partner and clarity of land ownership as well as control over development and operations. Although it has not done so to date, Majid Al Futtaim Properties will also consider acquiring existing companies or properties where economically attractive to do so. When constructing a new shopping mall, Majid Al Futtaim Properties seeks to purchase sufficient land to allow for future expansion projects and may also seek to plan the development in stages (see "*Risk Factors – Risks Relating to Majid Al Futtaim Properties – The success of Majid Al Futtaim Properties' business strategy and profitability depends upon its ability to locate and acquire or lease land suitable for development at attractive terms*").

Stage 3: Master plan approval and development budget

During this stage, the proposed structure of the project is identified and the high level feasibility study is developed into an indicative business and financial plan and more detailed success criteria (such as cash yield, internal rates of return, payback and net present value) are developed and analysed together with benchmarking and sensitivities, with a view to establishing a clear understanding of the financial, resourcing and risk implications of the proposed project. A financing strategy is also formulated at this stage. In the case of a new shopping mall project, the proposed merchandising mix is identified and for all new projects any necessary statutory approvals are applied for and obtained. Approval by the project control group is required for the key elements of this stage. The project control group is comprised of:

- the CEO and Head of Finance of Business units;
- the head of development and project management divisions;
- the projects specific developments directors, project manager and asset manager;
- the country head and country representative; and
- the representatives of specialists functions (such as leasing, marketing and finance) (the "**Project Control Group**").

Stage 4: Concept design

During this stage, a detailed business plan is prepared. Financial assumptions (including revenues, costs, financing, taxation and discount rates as well as revenue assumptions) are clearly identified and updated at each later stage of the project. Based on the approved financing strategy (approved in the previous stage), funding proposals are sought from third parties, a preliminary leasing (or mixed-use sales) plan is prepared and a project development brief containing all relevant data in relation to the proposed project is presented to the Project Control Group for approval.

Stage 5: Schematic design

During this stage, a scheme design and planning report is prepared with a view to achieving a high level of confidence that the proposed project can meet or exceed its objectives. The purpose of the scheme design and planning report is to allow a commitment to be made on detailed design and procurement, and to secure lease commitments from anchor tenants in the case of shopping malls. The detailed business plan is revised in the light of any new information and the financing strategy and preliminary leasing or sales plans are also finalised and approved. In the case of a new shopping mall project, commitments from anchor tenants are sought at this stage and in the case of a new hotel project, management agreements (both for technical services and hotel management) are entered into at this stage, whilst in the case of residential and office projects, off-plan sales reservations are commenced. Qualified contractors are identified and pre-qualification activity is undertaken. Approval by the Project Control Group is required for the key elements of this stage.

Stage 6: Detailed design

During this stage, a detailed design, procurement and construction report is prepared and any required funding is negotiated and secured in accordance with the approved financing strategy and further pre-leasing and off-plan sales reservations are undertaken. Typically projects are funded with a combination of debt and equity financing. Additionally the project development team seeks to ensure flexibility in the construction costs and commitments to minimise potential exit costs in the event of a significant adverse change in the feasibility of a project. Detailed designs are finalised, tenders are undertaken and any required building permits are obtained at this stage. The business plan is finalised and investment indicators are further revised in the light of any new information. Approval by the Project Control Group is required for the key elements of this stage.

Stage 7: Main construction contract award

During this stage, the business plan is finalised. A tender report is prepared summarising the outcome of the tender process and recommending proposed contractors. The main construction contractor is appointed and enabling works and any necessary site preparation commence, although, in the case of a new shopping mall project, historically this has taken place once tenants have been secured for about 50 per cent. of the gross leasable area (or in the case of residential or office developments, a 50 per cent. off-plan sales reservation target is achieved). Approval by the Project Control Group is required for the key elements of this stage.

Stage 8: Construction

During this stage, construction is undertaken in accordance with the detailed designs prepared. The costs, time and associated construction risks are closely monitored throughout this stage with a view to achieving handover on time, within scope and budget. During this stage, in the case of a new shopping mall project the leasing process continues and space is allocated within the shopping mall to committed tenants. In the case of residential and office developments, further sales reservations are undertaken and staged payments are collected from clients under contracted agreements. Approval by the Project Control Group is required for the key elements of this stage and any adverse construction or project results such as cost overruns are referred to the Board of Majid Al Futtaim Properties.

Stage 9: Project completion

During this stage, post-completion evaluations are conducted for each project at the first and third year following delivery.

The development of a new project, from concept to completion, typically averages between four and seven years depending on asset class. In the case of shopping malls, the first three stages set out above typically take between one to two years and account for around 15 to 20 per cent. of the total project investment. Each of the fourth and fifth stages and the sixth and seventh stages described above typically takes between six months and one year to complete and accounts for around 5 per cent. of the total project investment. The final two stages typically take between two and three years to complete and account for approximately 70 to 75 per cent. of the total project investment.

Shopping Malls Business Unit

As at 31 December 2016, the Shopping Malls Business Unit ("**SMBU**") owned and operated 20 shopping malls with a Gross Leasable Area ("**GLA**") of approximately 1,143,000 square metres, including four neighbourhood community malls held in a joint-venture. In 2016, SMBU completed My City Centre Barsha, a 4,000 square metre project, as well as the expansion works of City Centre Shindagha, the opening of the new Vox cinema in City Centre Deira, including the largest screen in the region, and the expansion of City Centre Qurum in Muscat. Combined, the portfolio of malls attracted 175 million visitors in 2016. SMBU generated revenues of AED3,476 million and EBITDA of AED2,575 million and its assets were AED37,422 million. As at 31 December 2016, SMBU had an additional 14 developments and 11 redevelopment or expansion projects at the planning or construction stage. The new projects, including new malls in the UAE, Egypt, Oman and the Kingdom of Saudi Arabia, represent an additional 1,200,000 square metres of GLA.

Shopping malls are classified in terms of their size and type. Each shopping mall is designed to have large anchor stores and various leisure amenities, including entertainment facilities and food and beverage facilities (such as food courts, fast food and speciality restaurants). Where feasible, Majid Al Futtaim Properties seeks to maximise the synergies across Group businesses in new shopping mall developments. For example: Carrefour hypermarkets operated by Majid Al Futtaim Retail as the food retail anchor store; entertainment facilities such as cinemas or Magic Planet centres operated by Majid Al Futtaim Ventures; and facilities management services operated by Group company Enova.

The SMBU seeks to maintain a balanced portfolio of shopping malls, ensuring that it has the right mix of super-regional, regional, community and neighbourhood malls and that the format it chooses to develop in a particular location will be attractive to its potential customer and consumer base. The SMBU strategically locates its shopping mall destinations close to residential areas to attract local residents with the convenience of shopping close to home. The potential customer base is expanded when, in line with the Group's overall strategy, the Hotels Business Unit and, where relevant, the Communities Business Unit develop hotels or residential properties close to the shopping malls.

The design and type of shopping malls are based on the profile of the relevant catchment area. For example, the SMBU has to date focused on super-regional malls in growing urban communities or tourism markets such as Dubai and Bahrain, and plans to focus on developing community and regional malls in other markets. In addition, the mix of retail outlets is based on the Shopping Malls Business Unit's understanding of the consumer preferences of local shoppers and, where appropriate, regional and international tourists within the particular area. This is done with the aim of ensuring an attractive mix of international brands, national retailers and leading local retailers. Market research is performed to evaluate trends, to segment the market and to benchmark against competitors.

The SMBU has strong relationships with key retail franchise groups which control a number of major brands in different countries. Depending on the size and consumer profile of a particular shopping mall, the Shopping Malls Business Unit will contract with one or more of these retail franchise groups as well as local retailers to establish a selection of retail brands within the shopping mall. In addition, the Shopping Malls Business Unit endeavours to cater to the expansion strategies of its tenants by offering them retail space in a variety of preferred locations in a number of its developments. At the same time, the SMBU seeks to increase its footfall across the region by leveraging the increased recognition and popularity of its tenants.

Shopping malls in operation as at 31 December 2016

The following table shows the year opened, occupancy rate (for 2016), footfall (for 2016 and 2015), gross leasable area (for 2016) tenant sales per square metre (for 2016 and 2015) and the mall valuation (for 2016 and 2015) for each of the 20 shopping malls in operation as at 31 December 2016.

	Year Opened	Occupancy (%)	Footfall (31 December 2016)	Footfall (31 December 2015)	Gross Leasable Area	Tenant Sales/m^2 (31 December 2016)	Tenant Sales/m^2 (31 December 2015)	Mall Valuation (31 December 2016)	Mall Valuation (31 December 2015)
			(millions)		*(sq m)*			*(AED millions)*	
Super-Regional Malls									
Mall of the Emirates, Dubai, UAE	2005	99	38	38	248,317	36,566	35,864	13,865	12,877
City Centre Mirdif, Dubai, UAE	2010	97	22	23	203,889	21,206	22,497	6,209	5,860
City Centre Bahrain, Bahrain	2008	98	15	15	157,242	16,357	16,984	2,600	2,562
City Centre Deira, Dubai, UAE	1995	97	22	23	112,062	28,360	31,100	4,388	4,408
Regional & Community Malls									
City Centre Alexandria, Alexandria, Egypt	2003	99	13	13	62,396	13,825	16,107	291	645
City Centre Muscat, Muscat, Oman	2001	97	11	10	68,288	21,236	20,628	1,182	1,145
City Centre Sharjah, Sharjah, UAE	2001	99	10	11	37,438	27,543	28,409	697	684
City Centre Maadi, Cairo, Egypt	2002	96	10	12	29,084	24,581	26,602	160	360
City Centre Ajman, Ajman, UAE	1998	99	10	11	29,629	30,508	30,429	470	471
City Centre Qurum, Qurum, Oman	2008	98	4	4	25,475	16,440	20,033	269	298
City Centre Fujairah, Fujairah, UAE	2012	99	3	3	34,346	13,836	13,949	393	382
City Centre Beirut, Lebanon	2013	94	7	7	62,887	13,314	13,437	936	936
My City Centre Nasseriya	2014	97	2	1	5,221	13,367	12,917	85	95
Matajer Al Juraina(2)	2012	100	2	2	6,014	NA	NA	123	121
Matajer Al Quoz(2)	2011	99	2	2	3,148	NA	NA	59	49
Matajer Al Mirgab(2)	2012	100	1	1	4,565	NA	NA	60	65
Matajer Al Khan(2)	2012	100	1	1	1,808	NA	NA	26	29
City Centre Me'Aisem(3)	2015	99	3	1	22,763	16,567	4,769	271	290
City Centre Shindagha(4)	2016	100	5	N/A	25,136	13,780	N/A	86	N/A
My City Centre Al Barsha(1)	2016	100	0	0.2	3,645	3,871	N/A	76	N/A
Total		**98**	**181**	**178**	**1,143,354**	**23,634**	**25,147**	**32,245**	**31,277**

* Partial period

(1) Partial sales period as the Mall opened in September 2016.
(2) The footfall and tenant sales data is unavailable for the Matajer malls.
(3) The Tenants' sales in 2015 for City Centre Me'Aisem were for a partial period as the mall opened in September 2015.
(4) Transferred to Majid Al Futtaim Properties from Majid Al Futtaim Retail with effect from April 2016.

- *Mall of the Emirates, Dubai, UAE:* Opened in 2005. Third-level expansion opened in 2015 with a new flagship VOX cinema complex, innovative food and beverage concepts and retailers (including first Apple store in the region) operating over 23,000 square metres of additional leasable area. Located next to, and directly linked to, the "Mall of the Emirates" metro station: 248,317 square metres, 642 tenants, 38.2 million visitors in 2016 (23 million in 2005). Largest Carrefour hypermarket in the Middle East. The unique leisure offering includes a new 24-screen VOX cinema complex, Magic Planet entertainment centre, and Ski Dubai.

- *City Centre Mirdif, Dubai, UAE:* Opened in March 2010. First mall in the Middle East to achieve the Gold Rating for Leadership in Energy and Environmental Design ("**LEED**"), the sustainability rating system developed by the U.S. Green Building Council. 203,889 square metres, 521 tenants, 22.2 million visitors in 2016. Unique leisure offering includes iFly, a simulated sky-diving experience, and Little Explorers, an educational adventure for children.

- *City Centre Bahrain, Bahrain:* Opened in September 2008. First integrated shopping, leisure and entertainment complex in Bahrain. 157,242 square metres, 386 tenants, 14.9 million visitors in 2016. Unique leisure offering includes Wahoo, the region's largest indoor-outdoor water park, the largest cinema complex in the Middle East and a Magic Planet entertainment centre.

- *City Centre Deira, Dubai, UAE:* Opened in November 1995. Majid Al Futtaim Properties' first mall development. Located next to, and directly linked to, the "City Centre Deira" metro station: 112,062 square metres, 371 tenants, 21.9 million visitors in 2016. The entertainment offer includes a VOX cinema complex with the largest cinema screen in the region.

- *City Centre Sharjah, Sharjah, UAE:* Opened in September 2001. Located in central Sharjah: 37,438 square metres, 138 tenants, 10 million visitors in 2016, currently under redevelopment and associated expansion works (the new land has been acquired), of which construction started in 2016 and is due to open in 2017. The incremental total gross leasable area due to the expansion works will be approximately 13,400 square metres.

- *City Centre Ajman, Ajman, UAE:* Opened in December 1998. Currently Ajman's largest shopping centre: 29,629 square metres, 72 tenants, 10.0 million visitors in 2016, currently under redevelopment and expansion works (the new land has been acquired), of which construction started in 2016 and is due to open in 2017. The incremental total gross leasable area due to the expansion works will be approximately 21,400 square metres.

Shopping Malls under development

In addition to its portfolio of operating shopping malls, SMBU has an additional 14 development and 11 redevelopment or expansion projects at planning or construction stage. The new projects, including new malls in the UAE (for example, two to three new community malls have been planned in the UAE, with construction expected to start within 2017 to 2019), Egypt, Oman and the Kingdom of Saudi Arabia, represent an additional 1,200,000 square metres of GLA. Key projects for new malls are as follows:

- *Mall of Egypt, Cairo, Egypt:* This super-regional mall located in the west of Cairo, Egypt is under construction and is planned to open in 2017 with a total gross leasable area of approximately 164,000 square metres. The mall includes a unique leisure offering themed around snow and ice. The mall will also include a Majid Al Futtaim Ventures cinema and a Magic Planet entertainment centre. Land has already been acquired for this mall.

- *City Centre Al Maza, Cairo, Egypt:* This super-regional shopping mall, located in east Cairo, Egypt commenced works on site in 2016. The mall will have a gross leasable area of approximately 103,000 square metres and is planned for opening in 2019/20. It will include a VOX Cinema complex and a Magic Planet in addition to a Carrefour hypermarket. Land has already been acquired for this mall.

- *Mall Of Oman, Muscat, Oman:* This super-regional mall with a planned opening date in 2020 will have a total gross leasable area of approximately 141,400 square metres. The Mall will be anchored by a Carrefour hypermarket and include a snow park and a Magic Planet entertainment centre. Enabling works have started in 2017. Land has already been acquired for this mall (with a lease of 50 years).

- *City Centre Al Zahia, Sharjah, UAE:* This super-regional mall has progressed to award stage with a planned opening date in 2020 and will have a total gross leasable area of approximately 136,000 square metres. This mall will be located in Sharjah on Sheikh Mohamed bin Zayed Road, the main artery connecting all the Emirates. Majid Al Futtaim Ventures' VOX Cinema and Family Entertainment centre (Magic Planet) and a Carrefour hypermarket are planned to be part of this development. Land has already been acquired for this mall and the planned construction date is 2017.

- *City Centre Ishbiliyah:* This super-regional mall in Riyadh is at an advanced design stage. It will feature 300 stores, a Carrefour hypermarket, a food court and an entertainment complex, including Magic Planet. The mall will have a total gross leasable area of approximately 118,000 square metres. Land has already been acquired for this mall and the planned construction date is 2018/2019, with a scheduled opening date of 2021/2022.

- *Mall of Saudi, Riyadh, Kingdom of Saudi Arabia:* This super-regional mall in Riyadh is at design stage with the first phase (of two) of development completion planned by 2023/2024. The mall is planned to have a total gross leasable area of approximately 311,000 square metres (approximately 235,000 square metres of total gross leasable area by the time the first phase is complete). It will include a unique leisure offering themed around snow and ice and a Magic Planet entertainment centre, in addition to a Carrefour hypermarket. Land has already been acquired for this mall.

Marketing

The Shopping Malls Business Unit has a decentralised marketing structure within the regions, as well as a cross-regional marketing hub that drives strategy, consistency, efficiency and excellence across the Group's various geographies and assets. Marketing is targeted at both retailers (as existing and potential tenants) and end-consumers. The principal marketing activities include, but are not limited to, brand building, tactical promotions, internal and external communication, advertising, media buying, loyalty programs, digital marketing and sustainability.

The Group's shopping malls have won numerous awards, which most recently included 18 awards received during "RECON 2016 for Middle East and North Africa", an event jointly organised by the International Council of Shopping Centres and the Middle East Council of Shopping Centres. The Group secured more awards than any other organisation, with seven gold trophies and 11 silver trophies:

Gold Awards:

- "New Media Excellence, Social Media"– City Centre Bahrain;
- "Marketing Excellence, Grand Opening Expansion & Renovation"– Mall of the Emirates;
- "Marketing Excellence, Public Relations"– Mall of the Emirates;
- "New Media Excellence, Emerging Technology"– Mall of the Emirates;
- "Design and Development Excellence, Renovation/Expansion"– Mall of the Emirates;
- "New Media Excellence, Integrated Digital Campaigns"– City Centre Mirdif and City Centre Deira; and
- "Marketing Excellence, Cause Related Marketing"– City Centre Deira.

Silver Awards:

- "Noi Enhancement Excellence, Leasing"– Mall of the Emirates;
- "New Media Excellence, Integrated Digital Campaign"– City Centre Ajman and City Centre Fujairah;

- "Marketing Excellence, Sales Promotion and Events"– City Centre Bahrain;
- "Marketing Excellence, Sales Promotion and Events"– City Centre Deira;
- "New Media Excellence, Social Media"– City Centre Beirut;
- "Noi Enhancement Excellence, Marketing/Sponsorship"– Mall of the Emirates;
- "Marketing Excellence, Customer Service Experience and/or Engagement"– Majid Al Futtaim Properties;
- "Marketing Excellence, Advertising"– City Centre Muscat and City Centre Qurum;
- "Marketing Excellence, Grand Opening Expansion and Renovation"– City Centre Muscat;
- "Marketing Excellence, Public Relations"– City Centre Bahrain; and
- "Marketing Excellence, Public Relations"– Mall of the Emirates.

Lease arrangements

Majid Al Futtaim Properties enters into lease agreements with its retail tenants, the duration of which varies by tenant, and typically commences negotiations regarding the renewal of lease agreements approximately six months prior to the expiration of a lease agreement. The lease term for anchor tenants typically varies from 10 to 20 years, for major tenants from between five to 10 years and for line stores from between one to five years. The average lease terms across the Group's malls as at 31 December 2016 ranged from six to seven years. Maximum lease terms are 20 years. Majid Al Futtaim Properties also enters into leases of one year or less for tenants operating counters, carts, kiosks and mall media in each mall. Under the terms of the lease agreements, some major tenants have a restrictive clause preventing them from opening a competing store within a defined radius. In addition, tenants typically do not have the right to rescind their lease agreements except in limited cases and Majid Al Futtaim Properties has the right to rescind certain line tenants' lease agreements in the event they do not achieve certain sales thresholds.

The fit-out of individual stores is the responsibility of the tenant subject to approval by Majid Al Futtaim Properties. Tenants are also responsible for all repairs and maintenance to their leased area over the lease period and must vacate the premises at the end of the lease period as found prior to fit-out.

Lease rental fees contain a number of fixed elements linked to the area of floor space under lease, along with a variable rent element calculated based on the tenant's gross sales. This variable rent element is automatically converted to base rent at the start of a new lease year. Each lease is negotiated separately and there is no set formula for rents applied across all tenants.

Some jurisdictions in which Majid Al Futtaim Properties has shopping malls (notably the UAE) have passed laws which limit Majid Al Futtaim Properties' flexibility to increase the rentals paid in those jurisdictions (see "*Risk Factors – Risk Factors Relating to the Group – The countries in which the Group operates may introduce new laws and regulations that adversely affect the way in which the Group is able to conduct its businesses").*

Competition

According to the 2016 Group Financial Statements and the publicly available financial statements of Majid Al Futtaim Properties' main competitors, Majid Al Futtaim Properties is one of the largest shopping mall destination developers in the MENA region according to total asset size. However, it still faces competition from a number of real estate developers in each of the markets in which it operates. The principal competitor in the UAE, the Group's main market, is Emaar Malls Group PJSC, which opened its first shopping mall in Dubai (the Dubai Mall in November 2008. Other competing malls include the Ibn Battuta shopping mall and the Dubai Festival City shopping mall, both in Dubai, and Cairo Festival City, in Cairo.

Hotels Business Unit

The Hotels Business Unit focuses on maximising the value of existing hotels and the development of new hotels located on or adjacent to Majid Al Futtaim Properties' shopping malls. The Hotels Business Unit currently owns 12 hotels, 10 of which are located in the UAE and two in Bahrain.

The Hotel Business Unit's business model is to asset manage third party international hotel management companies. The Hotel Business Unit currently uses four international hotel management companies: Accor, Hilton, Kempinski and Starwood. The Hotels Business Unit enters into management agreements with the hotel management companies to provide each hotel with a brand, experienced international management and access to global distribution systems and customer networks.

The table below sets out certain information as at 31 December 2016 on the Hotels Business Unit's operating hotels.

Property	Location	Total Keys	Star Rating	Average Daily Rate[1]	Occupancy[2]	RevPar[3]
				(AED)	*(%)*	*(AED)*
Kempinski, Mall of the Emirates	Dubai	393	5	1,231	70.1	863
Sheraton, Mall of the Emirates	Dubai	481	5	839	80.6	677
Suite Novotel, Barsha	Dubai	180	4	399	77.3	309
IBIS, Barsha	Dubai	204	3	278	83.7	233
Pullman City Centre Hotel	Dubai	317	5	555	83.0	461
Pullman City Centre Residence	Dubai	132	5	673	84.9	572
Novotel, Port Saeed	Dubai	188	4	400	76.8	307
IBIS, Port Saeed	Dubai	365	3	260	80.0	210
IBIS, Rigga	Dubai	280	3	246	84.2	207
Hilton Garden Inn	Dubai	371	4	331	65.8	218
Westin, Bahrain	Bahrain	200	5	946	52.4	496
Le Meridien, Bahrain	Bahrain	260	5	732	64.1	470

(1) Average daily rate refers to the average room rate charged by a hotel over a given period.
(2) Occupancy refers to the percentage of a hotel's rooms that are occupied over a given period.
(3) RevPAR (revenue per available room) is calculated by multiplying the average daily rate by the occupancy rate over a given period.

Kempinski Hotel Mall of the Emirates, Dubai

The Kempinski Mall of the Emirates, Kempinski's first hotel in Dubai, is located on Sheikh Zayed Road, at the front of the Mall of the Emirates. The hotel began operating in April 2006 and since January 2008, the hotel has been operating with a full inventory of 393 keys, including deluxe rooms, suites, ski chalets and business suites with private board rooms, some of which enjoy views over Ski Dubai. The Kempinski Mall of the Emirates includes a wellness spa, fitness centre, swimming pool and tennis court. The hotel features a number of restaurants and bars. The hotel has undergone a major refurbishment between 2013 and 2016, including all rooms, public areas and food and beverage outlets.

Sheraton Mall of the Emirates, Dubai

The Sheraton Mall of the Emirates Hotel (formerly Pullman Mall of the Emirates) was constructed adjacent to the extension of the Mall of the Emirates and opened for business in September 2010. Since 1 February 2013, this hotel has been managed by Sheraton and offers 481 keys and features two restaurants, two bars and extensive meeting facilities. Majid Al Futtaim Properties changed the operator of the former Pullman Mall of the Emirates to Sheraton Mall of the Emirates Hotel under a management agreement with Starwood at the beginning of 2013.

Hilton Garden Inn Mall of the Emirates

Hilton Garden Inn Mall of the Emirates opened on the 22 December 2015. The hotel features 370 guest rooms a restaurant, café, bar, room service, 24-hour convenience shop and 124 square metres of event space. It is the first LEED Gold hotel by Majid Al Futtaim in Dubai and is the second largest Hilton Garden Inn in the world and the largest outside of America.

IBIS Barsha and Suite Novotel Barsha, Dubai

The IBIS and Suite Novotel Barsha both opened for business in June 2009 and are managed by Accor. These properties are both located in close proximity to the Mall of the Emirates. The hotel has 204 keys, a restaurant, a café, two bars and a gym. The Suite Novotel has 180 residence keys, a restaurant, bar, 24 hour Deli Boutique, a swimming pool and a fully-equipped gym.

Pullman City Centre Hotel and Residence, Dubai

The Pullman City Centre Hotel and Residence offers two distinct types of accommodation: hotel rooms and fully furnished apartments. The 317 key 5-star hotel has been operating since March 1998 and is managed by Accor. A major refurbishment and renovation programme of the Pullman City Centre Hotel was substantially completed in 2012. The Pullman City Centre Hotel includes a lounge, outdoor pool, food and beverage venues, gym and spa. The Pullman City Centre Residence, which opened in April 1998 and completed a major refurbishment in November 2015, offers 133 fully-furnished and serviced studios, one and two bedroom apartments.

Novotel Port Saeed and IBIS Port Saeed, Dubai

The Novotel and IBIS Port Saeed both opened for business in November 2008 and are managed by Accor. These properties are both located in close proximity to the City Centre Deira shopping mall. This hotel cluster comprises the Hotels Business Unit's first budget/midscale hotels. The Novotel Port Saeed offers 188 keys as well as international and regional restaurants, fully licensed bars and an outdoor temperature controlled swimming pool. The IBIS Port Saeed offers 365 keys, a bistro restaurant and a bar.

IBIS Rigga, Dubai

The IBIS Rigga opened for business in March 2010. This stand-alone budget hotel, which is managed by Accor, offers 280 keys, a café, bar and a fitness centre.

Westin, Bahrain

The Westin Bahrain is a five star hotel constructed adjacent to the City Centre Bahrain shopping mall and opened for business in September 2011. Since July 2014 this hotel is managed by Westin and offers 200 keys and features three restaurants, a bar, spa and extensive meeting facilities.

Le Meridien, Bahrain

The Le Meridien Bahrain, opened for business in March 2013. This five star hotel is adjacent to the City Centre Bahrain shopping mall, offering a total of 260 keys.

In July 2014, Majid Al Futtaim Properties converted these two hotels to the Westin and Le Meridien Bahrain managed by Starwood replacing the Kempinski Grand and Kempinski Ixir hotels.

Hotels under development

In addition to the 12 existing hotels currently in operation, there is one additional hotel under development in Dubai. This is the Aloft City Centre Deira, a 304 key 4-star hotel on which construction started in May 2016 and is planned to open in 2018. The hotel will be directly connected to the City Centre Deira.

Majid Al Futtaim Properties has entered into the following agreements for the management of its hotels:

- ***Management agreements with Accor S.A.*** Under individual management agreements, Majid Al Futtaim Properties has appointed Accor S.A. to operate and manage some of its hotels located in Dubai. The dates of such management agreements are as follows: Novotel Port Saeed and IBIS Port Saeed, 20 December 2006; IBIS Rigga, 25 January 2007; IBIS Barsha and Suite Novotel Barsha, 20 December 2006; Pullman City Centre Hotel and Residence, 1 March 2009. Accor S.A. is entitled to receive the following fees in accordance with the terms of these management agreements: (a) basic management fee; (b) license fee; (c) incentive management fee; and (d) reservation fee.

- ***Management agreements with Hilton International Manage LLC.*** Under a management agreement dated 4 May 2014, Hilton was appointed to manage and operate the Hilton Garden Inn Mall of the Emirates. Hilton is entitled to receive the following fees in accordance with the terms of this management agreement: (a) development services fee, for the services provided by Hilton during the development stage of the hotel; (b) reservation fee; (c) license fee; (d) management fee; and (e) group services and benefits charge.

- ***Management agreements with Kempinski.*** Under the terms of a management agreement dated 23 December 2003, Kempinski was appointed as the exclusive operator and manager of the Kempinski Hotel at Mall of the Emirates. Kempinski is entitled to receive the following fees in accordance with the terms of this management agreement: (a) incentive fee; (b) central services fee; (c) marketing cost contribution; and (d) royalty.

- ***Management agreements with Starwood.*** Under individual management agreements, Majid Al Futtaim Properties has appointed Starwood to operate and manage some of its hotels located in Dubai and Bahrain. Under a management agreement dated 29 November 2012 Starwood was appointed to manage and operate the Sheraton Mall of the Emirates and is entitled to receive the following fees in accordance with the terms of the above agreement: (a) base fee; (b) incentive fee; (c) license fee; and (d) centralised service charges. Under a management agreement dated 24 March 2014, Starwood was appointed to manage and operate two hotels in Bahrain, the Westin and Le Meridien and is entitled to receive the following fees in accordance with the terms of the above agreement: (i) base fee; (ii) incentive fee; (iii) license fee; and (iv) centralised services charge. Under a management agreement dated 31 March 2015 Starwood was appointed to manage and operate Aloft City Centre Deira and is entitled to receive the following fees in accordance with the terms of the above agreement: (1) base fee; (2) incentive fee; (3) license fee; and (4) centralised services charge.

Marketing

Pursuant to the terms of the management agreements with Accor, Hilton, Kempinski and Starwood, each relevant manager is responsible for all marketing activities related to the hotels they manage (see "*– Hotel management agreements*").

Competition

The hotels managed by the Hotels Business Unit face competition from a number of existing hotel operators and developers in the region as well as new market entrants. Dubai continues to be the most desirable destination in Middle East and the preferred choice for hotel operators, which is demonstrated by an influx of new hotel openings during 2016. Over the next five years, the hotel supply is expected to increase at 13.5 per cent. compound annual growth rate ("**CAGR**") increasing the supply from 76,800 to 110,000 keys. Due to strong market fundamentals as the hotel markets mature in Dubai, the demand is expected to also continue to grow at approximately 4.2 per cent. CAGR. According to STR Global, hotel occupancy rates in Dubai decreased to 76.8 per cent. in 2016 from 77.0 per cent. in 2015 and average hotel room rates decreased by approximately 10.3 per cent. in 2016 from 2015.

Communities Business Unit

The Communities Business Unit was established to develop sites containing a mix of residential and commercial properties throughout the MENA region. The Communities Business Unit is also responsible for managing Majid Al Futtaim Properties' portfolio of three office buildings in Dubai. The Communities Business Unit is currently involved in developing a mixed-use joint venture in Lebanon, and is the joint venture partner with the Governments of Oman and Sharjah for two further master-planned communities as described below.

Waterfront City, Beirut, Lebanon

The Group has invested in a 50/50 joint venture with a Lebanese company, Joseph G. Khoury Holdings & Fils S.A.L. The joint venture owns around 193,700 square metres of reclaimed land surrounding a marina located in Dbayyeh, 15 kilometres north of central Beirut in Lebanon. The mixed-use development, called Waterfront City, will be completed by the joint venture in a number of phases. The first phase includes the development of 388 residential units along with 48 retail units – food and beverage outlets and other retail outlets directly overlooking the marina, in addition to an indoor and outdoor gym of 4,561square metres. Phase 1 was launched in July 2011 and construction started in 2012. Phase 1 handover is planned to commence in the first quarter of 2017. The next phase was launched in May 2013 and consists of 282 residential units aimed at broadening the depth of the products on offer. Construction started in April 2015. Phase 3 includes the development of the business park with 12 low rise buildings and retails component, separated in two super plots each of 6 buildings. The Business Park (first 6 buildings out of 12) was launched in February 2014 and achieved 37 per cent. off-plan sales to date. Enabling works are completed and main construction started in December 2016. All the phases are expected to be funded by off-plan strata sales executed by a local Majid Al Futtaim team. Other offerings consist of a five star hotel and branded residential. The company's strategy is to retain the retail components in Waterfront City for leasing and asset management.

Al Mouj, Muscat, Oman

Located in Muscat, the capital city of Oman, Al Mouj Muscat is a mixed-use development project occupying a total area of 2.5 million square metres along over six kilometres of natural beach. Al Mouj Muscat is being developed as a joint venture between the Oman-based Waterfront Investments, Oman National Investments Development Company, representing the Omani pension funds, and Majid Al Futtaim Properties, which holds 50 per cent. of the joint venture entity called Al Mouj Muscat SAOC ("**Al Mouj JV**"). Al Mouj JV has been established as an independent joint venture that has its own employees and operations, with Majid Al Futtaim Properties having 50 per cent. voting powers and representation on the board. Al Mouj Muscat have launched and sold 2,257 units to date out of a total of 5,949 units planned for the project. Al Mouj JV does not require funding from Majid Al Futtaim Properties and is financed independently, including through the receipt of advance cash payments for the sale of units which are currently being used to finance construction of further development work.

Al Zahia and Matajer, Sharjah Holding, UAE

Located in close proximity to Sharjah University City, Sharjah International Airport, SAIF Zone and the major road links to Dubai and the Northern Emirates, Al Zahia is an integrated mixed-use community, featuring a range of villas, apartments and commercial units. Al Zahia is being developed under Sharjah Holding, a 50/50 joint venture between the Government of Sharjah and Majid Al Futtaim Properties. Phase 1 of the development was completed and handed over in 2014.

Phase 2, comprising 197 villas, was completed in December 2016. Additionally, Phase 3, comprising 233 villas and 342 garden apartments, was launched in the first quarter of 2015. Construction has commenced and completion is planned in 2018.

In addition to Al Zahia, Sharjah Holding is developing a range of Matajer community shopping malls in the Emirate of Sharjah. As at 31 December 2016, Sharjah Holding owned and operated 4 Matajer malls with a gross leasable area of over 15,600 square metres.

Other property

In addition to the properties described above, the Communities Business Unit is responsible for the development of land, which is designated as investment property with no immediate construction plan or planned sales to third parties. Majid Al Futtaim Properties has not yet initiated the project development phase for these properties, and therefore, appropriate Board approvals have not yet been received and financing has not yet been secured for the development of these projects.

In addition to its land bank held for development, the Communities Business Unit is responsible for managing Majid Al Futtaim Properties' portfolio of three office buildings in Dubai, which are fully or partially occupied by the Group and the remainder is leased to third parties.

MAJID AL FUTTAIM RETAIL

Overview

The Group first introduced the hypermarket model to the Middle East in 1995 under a partnership with Promodes S.A. ("**Promodes**") using the brand "Continent". A joint venture agreement with Promodes established Majid Al Futtaim Hypermarkets, a joint venture company 75 per cent. owned by the Group and 25 per cent. owned by Promodes. In 2000, Promodes merged with Carrefour and the joint venture agreement was updated and amended. Over the past 40 years, France's Carrefour group has grown to become one of the world's leading distribution groups. As the world's second-largest retailer and the largest in Europe (according to the Carrefour website), the Carrefour group currently operates four main grocery store formats: hypermarkets, supermarkets, hard discount and convenience stores. In May 2013, Majid Al Futtaim Holding entered into an agreement with Carrefour France SA whereby Majid Al Futtaim Holding acquired Carrefour France SA's 25 per cent. interest in Majid Al Futtaim Hypermarkets and further agreed to extend the franchise agreement in place between the two parties until 2025 (see "*– Agreements with Carrefour*" for more detail).

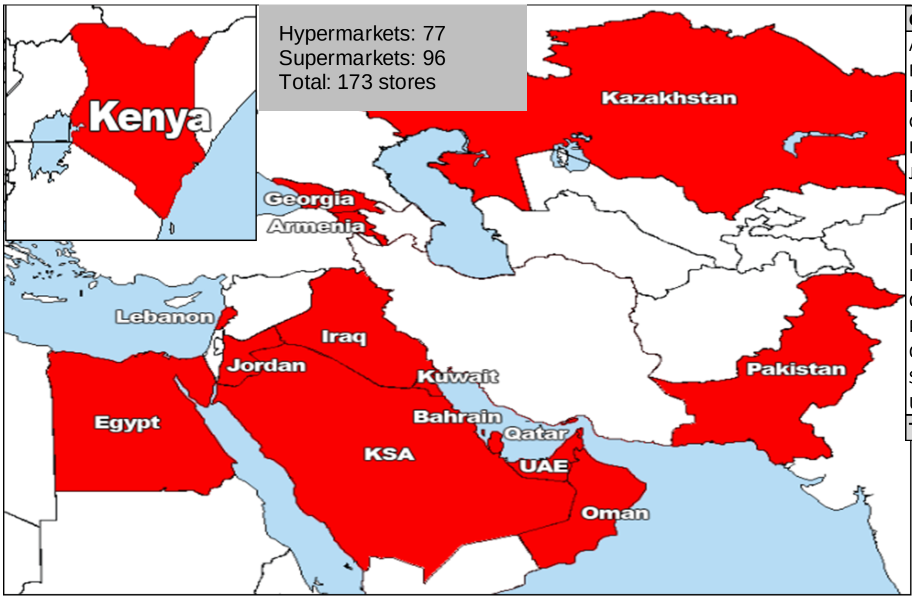
Pursuant to the franchise agreement with Carrefour, Majid Al Futtaim Hypermarkets currently has the exclusive right to establish Carrefour stores in 38 countries predominantly in the Middle East, Africa and Commonwealth of Independent States (the "**CIS**") regions. The franchise agreement was recently extended to expand Majid Al Futtaim Hypermarket's use of the Carrefour brand into new jurisdictions and in new formats (see "*– Agreements with Carrefour*"). As at 31 December 2016, Majid Al Futtaim Retail had expanded the Carrefour concept across the UAE and into Bahrain, Egypt, Jordan, Kuwait, Oman, Pakistan, Qatar, the Kingdom of Saudi Arabia, Iraq, Georgia, Lebanon, Armenia, Kazakhstan and Kenya. Following the extension of the franchise agreement in May 2013, Majid Al Futtaim Retail has the ability to expand the Carrefour concept into new jurisdictions, predominantly across Africa and the CIS. As at 31 December 2016, Majid Al Futtaim Retail operated 77 Carrefour hypermarkets and 95 Carrefour supermarkets across the MENA region and also operates an online store (www.carrefouruae.com), principally selling light and heavy household goods for delivery within the UAE.

Majid Al Futtaim Retail initially opened Carrefour supermarkets in 2007 on a trial basis in the UAE in an attempt to take advantage of its large store network and the regional suburban demand for smaller stores allowing easier access to the local population. Majid Al Futtaim Retail has rolled out the new format in three sizes, ranging from approximately 500 square metres to 2,500 square metres, depending on factors including target product range, population density and catchment area. The Carrefour supermarkets focus mainly on food products, with food sales contributing approximately 93 per cent. of total sales per year.

Majid Al Futtaim Retail's workforce of more than 27,469 employees processed almost 204 million transactions at its Carrefour stores in 2016, resulting in sales of AED21,813 million for the year (excluding fees and commissions which amounted to AED2,069 million).

The following map shows the location of Majid Al Futtaim Retail's Carrefour hypermarkets and supermarkets as at 31 December 2016.

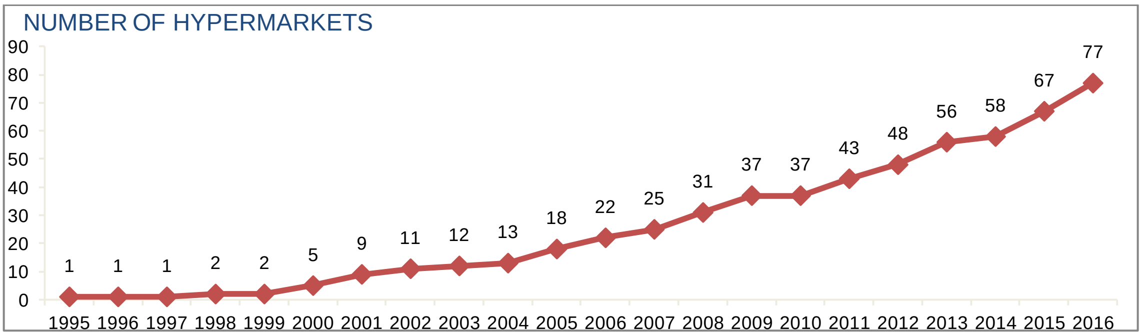
The territory population: 461 million inhabitants



Country	Popul. (M)	Hypers	Supers
Armenia	3.0	1	
Bahrain	1.4	1	
Egypt	93.4	10	24
Georgia	4.0	2	4
Iraq	35.2	4	1
Jordan	8.5	4	19
Kazakhstan	17.9	1	
Kenya	47.3	1	
Kuwait	4.3	1	
Lebanon	6.1	1	
Oman	4.4	7	
Pakistan	192.8	4	
Qatar	2.3	5	3
Saudi	31.1	13	2
UAE	9.3	22	43
Total	**461.0**	**77**	**96**

Majid Al Futtaim Retail had revenue of AED23,882 million and EBITDA of AED1,232 million during the financial year ended 31 December 2016 as well as assets of AED6.1 billion as at 31 December 2016, equal to 79.8 per cent., 29.5 per cent. and 11.6 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the financial year ended 31 December 2016. Majid Al Futtaim Retail had revenue of AED22,076 million and EBITDA of AED1,178 million during the financial year ended 31 December 2015 as well as assets of AED5.7 billion as at 31 December 2015, equal to 80.6 per cent., 30.7 per cent, and 11.2 per cent, respectively, of the Group's revenue, EBITDA and assets as at and for the financial year ended 31 December 2015.

The following graph shows the number of hypermarkets Majid Al Futtaim Retail has had in operation year-on-year since 1995.



Strategy

Majid Al Futtaim Retail aims to reinforce Carrefour's leading position as the retailer of choice for consumers throughout the MENA region. Majid Al Futtaim Retail also aims to provide the most competitive offerings for its customers by effectively utilising its negotiation and purchasing power to create an attractive customer shopping experience, while maintaining stable commercial margins. Accordingly, Majid Al Futtaim Retail aims to offer the best quality at a competitive price, and to provide the widest possible range of both local and international products.

Majid Al Futtaim Retail intends to continue to focus on the hypermarket format (with an average of 8,000 square metres of selling space) and smaller store formats to fill market gaps (see "*– Store Rollout and development strategy*"). Majid Al Futtaim Retail is also focused on further developing private-label products in conjunction with Carrefour and increasing the proportion of such products in its sales mix.

In order to further enhance the Group's customer experience, Majid Al Futtaim Retail has been developing the "omni-channel" solution, providing customers with online options for food and non-food categories.

Finally, management believes that Majid Al Futtaim Retail's growth, coupled with its strong relationship with Carrefour, will allow it to take advantage of Carrefour's reputation internationally and further improve its purchasing power from international suppliers.

Agreements with Carrefour

In 1995, the Group entered into a joint venture agreement with Promodes, now part of the Carrefour group, creating Majid Al Futtaim Hypermarkets which was initially 75 per cent. owned by Majid Al Futtaim Retail. Pursuant to a separate franchise agreement, Majid Al Futtaim Hypermarkets initially became the exclusive franchisee of Carrefour for 15 countries in the MENA region – Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Pakistan, Qatar, the Kingdom of Saudi Arabia, Syria, UAE and Yemen. Under the terms of the franchise agreement, Carrefour provides trade signs, operating procedures and know-how (particularly in relation to hypermarket design, quality, health and safety standards and administration), assistance in supply chain management as well as access to product sourcing networks and training. In addition Carrefour is responsible for the sourcing of its private-label products, "Carrefour" and "N1".

On 31 May 2011, the management of each of Majid Al Futtaim Retail and Carrefour agreed to the extension of the franchise agreement between Majid Al Futtaim Hypermarkets and Carrefour to four countries in the CIS: Armenia, Azerbaijan, Georgia and Kazakhstan. An amended franchise agreement reflecting these arrangements was entered into on 6 July 2011.

Majid Al Futtaim Holding entered into an agreement dated 22 May 2013 with Carrefour France SA (the "**Sale and Purchase Agreement**") whereby Majid Al Futtaim Holding acquired Carrefour France SA's 25 per cent. ownership interest in Majid Al Futtaim Hypermarkets for a consideration of AED2,555 million (the "**Acquisition**"). The Acquisition became effective on 25 June 2013.

The Acquisition did not have a material impact on the financial position of the Group as Majid Al Futtaim Hypermarkets was, prior to completion of the Acquisition, a fully consolidated subsidiary of Majid Al Futtaim Holding for accounting purposes, save that, as the purchase consideration was higher than 25 per cent. of the net assets of Majid Al Futtaim Hypermarkets, the Acquisition resulted in a reduction in shareholders' equity in accordance with IFRS of approximately AED2.1 billion on a Group consolidated basis. The impact of such reduction was substantially offset by an issuance of hybrid bonds, the proceeds of which were used to refinance the indebtedness incurred to finance the purchase price for the Acquisition and the hybrid bonds received full equity accounting treatment in accordance with IFRS.

In addition, Majid Al Futtaim Hypermarkets and Carrefour France SA have agreed to extend the franchise agreement currently in place between the two parties. The revised franchise agreement extends Majid Al Futtaim Hypermarket's use of the Carrefour brand name until 2025 and provides Majid Al Futtaim Hypermarkets with the opportunity to expand its use of the Carrefour brand into new jurisdictions (predominantly in Africa and in certain jurisdictions within the CIS) and in new formats (such as, for example, in relation to convenience stores and cash-and-carries) across the regions in which the Group currently operates.

Majid Al Futtaim Retail has agreed, for the duration of the franchise agreement, not to utilise any know-how gained in the operation of independent hypermarkets or supermarkets and is not permitted to sell the products of any of Carrefour's competitors.

Carrefour charges Majid Al Futtaim Retail a franchise fee based on sales made. Majid Al Futtaim Retail is responsible for the day-to-day operation of each store, seeking approval from Carrefour for new store openings and new country entry.

Current operations

UAE, Qatar, Oman, Kuwait and Bahrain

Majid Al Futtaim Retail opened its first Carrefour hypermarket in 1995 in the City Centre Deira shopping mall in the UAE. Subsequently, it opened its first hypermarket in Qatar in 2000, in Oman in 2001, in

Kuwait in 2007 and in Bahrain in 2008. The Carrefour hypermarket in the Mall of the Emirates, which opened in 2005, is Majid Al Futtaim Retail's largest hypermarket. As at 31 December 2016, Majid Al Futtaim Retail had 22 hypermarkets in the UAE, five in Qatar, seven in Oman, one in Kuwait and one in Bahrain and a total of 46 Carrefour supermarkets in the five countries.

Egypt

Majid Al Futtaim Retail opened its first Carrefour hypermarket in Egypt in 2002. The hypermarket is located in the City Centre Maadi shopping mall in Cairo, the most populous city in the Arab world. As at 31 December 2016, Majid Al Futtaim Retail had 10 Carrefour hypermarkets and 24 Carrefour supermarkets in Egypt.

Kingdom of Saudi Arabia

Majid Al Futtaim Retail entered the Kingdom of Saudi Arabia in 2004 with its first Carrefour hypermarket on Khurais Road in Riyadh. As at 31 December 2016, Majid Al Futtaim Retail had 13 Carrefour hypermarkets and two Carrefour supermarkets in the Kingdom of Saudi Arabia.

Other countries

Majid Al Futtaim Retail was the first hypermarket chain entrant into Jordan when it opened a Carrefour hypermarket within the Amman Mall in December 2006. In 2009, Majid Al Futtaim Retail opened a hypermarket in Pakistan followed by Iraq and Georgia in 2012 and Lebanon in 2013, the first hypermarket opened in Armenia during the year 2015 and the first hypermarkets in Kazakhstan and Kenya opened during the year 2016. As at 31 December 2016, Majid Al Futtaim Retail has a total of 18 hypermarkets and 24 supermarkets in these eight countries

Development pipeline

Majid Al Futtaim Retail plans to open 10 Carrefour hypermarkets (one store each in the Kingdom of Saudi Arabia, Jordan, Lebanon and Kenya and two each in UAE, Egypt and Pakistan) and 19 Carrefour supermarkets in 2017.

Operational leases

Majid Al Futtaim Retail currently leases the properties on which it operates Carrefour stores. Properties are leased from both Majid Al Futtaim Properties and, if applicable in order to gain quicker access to a target market, third-parties, including third-party shopping mall developers. As at 31 December 2016, 14 hypermarkets and two supermarkets were leased from Majid Al Futtaim Properties, with the remaining 63 hypermarkets and all 94 supermarkets leased from third parties.

It takes approximately six months for Majid Al Futtaim Retail to open a new hypermarket from the point at which the store is handed over and, in the case of hypermarkets located in shopping malls, it can take up to two and a half years to develop the mall in which the hypermarket is to be located from the point at which Majid Al Futtaim Retail commits to lease the store. In the case of supermarkets, it takes around four months to carry out refurbishment works and around two months to obtain necessary licenses and approvals. Majid Al Futtaim Retail prefers to lease sites for its Carrefour stores to ensure a faster time to market and to expedite the return on its investment. However, Majid Al Futtaim Retail will consider other options, such as owning a limited number of properties or leasing land and constructing a store, where it determines that it is more commercially viable to do so.

Majid Al Futtaim Retail aims to maintain long-term lease agreements (typically with terms of approximately 20 years for hypermarkets and approximately 10 years for supermarkets). As at 31 December 2016, the average lease period for its hypermarkets was approximately 20 years and for its supermarkets was approximately 10 years. Under most of the lease agreements, Majid Al Futtaim Retail has a conditional right to renew the lease subject to agreement on lease terms and retains termination rights at certain points during the lease.

Majid Al Futtaim Retail undertakes refurbishment of its hypermarkets approximately every seven to 10 years. In addition, store managers are responsible for reviewing and analysing inventory turnover and consumer trends, in order to plan potential changes to the store layout.

Store rollout and development strategy

Majid Al Futtaim Retail has created a development team to oversee the rollout of its Carrefour store network. The development team has representatives covering the countries in which Majid Al Futtaim Retail traditionally operates. Development within the new countries is managed by the head office development team with local management support. These development teams identify store location opportunities and negotiate with local suppliers and are supported by Majid Al Futtaim Retail country managers who are present in all countries of the region.

When rolling out a new store, the local development teams (under the supervision and with the support of the head office development team) are responsible for sourcing suitable real estate, negotiating lease or purchase agreements, conducting tenders for construction and installation services, store design and store launch. They also co-ordinate contacts with the external parties involved in the rollout process such as real estate agents, licensing authorities, lawyers and construction companies. There is a close dialogue between the regional teams and the Majid Al Futtaim Retail head office, although significant responsibility is given to the regional teams to facilitate efficient decision making. However, all important decisions require the involvement of the head office development team and Majid Al Futtaim Retail's legal and finance departments and significant financial commitments require approval by the Majid Al Futtaim Retail CEO or Board, depending on the size of the commitment.

Majid Al Futtaim Retail Board approval is required prior to entering into a new store project and a new geographical market. When considering a new geography, the head office development team first seeks to identify appropriate locations and conducts all necessary diligence, including commissioning a third party consultant approved by Carrefour in its capacity as franchisor, to estimate future sales for each proposed site. Based on the results of the diligence, the development team prepares a feasibility study which, among other matters, considers the financial criteria which are required to be met (including: (a) a positive net present value of the expected cash flows from the investment for the period of the lease; and (b) an internal rate of return and return on capital employed in excess of the country return objective set by Majid Al Futtaim Retail). Majid Al Futtaim Retail evaluates potential store feasibility based on projected cash flows for the proposed lease period, which depend on factors such as current population, catchment area, customer access to the hypermarket, potential rate of urbanisation and existing and planned competing properties. The feasibility study is reviewed by the Investment Committee (which comprises the CEO, Head of Development, Executive Regional Director, CFO and General Counsel) and the CEO of Majid Al Futtaim Retail and, if approved, is then submitted to the Majid Al Futtaim Retail board for final approval. Projects for supermarkets involving capital expenditure of less than AED10 million are approved by the Majid Al Futtaim Retail CEO, otherwise such projects are approved by the Majid Al Futtaim Retail board.

Following completion of a development, an annual review process for each store is conducted. Among other matters, results to date, the latest five-year plan and a conservative projection to cover the full lease period are considered. The return and profitability key performance indicators are compared with those identified at the initial project approval stage and the results of each review are presented to the Majid Al Futtaim Retail board.

Typically, Majid Al Futtaim Retail's Carrefour hypermarkets are the anchor tenants of choice for Majid Al Futtaim Properties' shopping mall developments. However, Carrefour hypermarkets and supermarkets are also located outside Majid Al Futtaim Properties shopping malls in order to support the expected growth of Majid Al Futtaim Retail.

Product range and quality control

Product range

Majid Al Futtaim Retail's Carrefour hypermarkets stock five categories of products: consumer, fresh food, light household, textile and heavy household goods. Consumer goods are all food products excluding fresh produce; fresh food goods are fresh produce; light household goods are non-food household products falling outside the heavy household category; textile goods are principally clothing and linen merchandise; and heavy household goods consist of large appliances and electronic goods. For the year ended 31 December 2016, food products and non-food products accounted for 66 per cent. and 34 per cent., respectively, of Majid Al Futtaim Retail's total sales.

Depending on the size of the individual store, Majid Al Futtaim Retail's Carrefour hypermarkets stock between 35,000 and 45,000 stock keeping units ("**SKUs**") per store. The SKUs stocked in a particular store include mandatory items selected centrally by the relevant country head office sourcing team and products chosen locally by the store's management to ensure the range of products offered is adapted to suit local tastes. As a result, the range of products varies from store-to-store, depending on preferences within a local catchment area, including various ethnic groups' needs.

Majid Al Futtaim Retail's merchandise strategy is aimed at standardising its range of products and optimising its ability to satisfy customer preferences. Based on monthly analyses of results and other relevant data (including competition data, loyalty data and periodic customer feedback), it sets objectives and modifies parameters, including store layout, range and price. Individual stores are then charged with adjusting accordingly the mix of products, prices, products on promotion and the location of products within the store.

A portion of Carrefour hypermarkets' SKUs are private label brands. The private label brands developed by Carrefour include "N1", "Carrefour" and "reflects de France". Majid Al Futtaim Retail intends to increase the proportion of the private label items in its sale mix.

Majid Al Futtaim Retail develops private label brand products in partnership with Carrefour, identifying product specifications based on consumer preferences. All of the private label products must adhere to the Carrefour group's strict quality standards, and Majid Al Futtaim Retail and Carrefour work together to ensure quality control.

Quality control

Majid Al Futtaim Retail has implemented an audit control system for its market goods and private label items. The audit control system covers staff training and audits of suppliers, stores and products within the GCC. Majid Al Futtaim Retail has appointed several companies to perform audits according to targets set by its management team. Approximately 60 per cent. of Majid Al Futtaim Retail's hypermarkets have received Hazard Analysis and Critical Control Points ("**HACCP**") certification or an equivalent ISO certification. The stores without HACCP certification are new and are in the process of gaining such certification, which is a time-consuming process. HACCP is a systematic preventive approach to food safety that addresses physical, chemical and biological hazards as a means of prevention rather than finished product inspection. HACCP is used in the food industry to identify potential food safety hazards, so that key actions can be taken to reduce or eliminate the risk of the hazards being realised. The system is used at all stages of food production and preparation processes.

Supply chain, procurement, inventory and distribution

Supply chain and procurement

Majid Al Futtaim Retail uses Carrefour's logistics network in East Asia to source products for its N1 and Carrefour private label brands and for limited non-food items, allowing Majid Al Futtaim Retail to leverage Carrefour's own purchasing power.

For all other products, Majid Al Futtaim Retail's central procurement team is responsible for producing an annual list of preferred suppliers by product category. These suppliers are ranked based on performance using benchmarking reports. In order to keep the supplier list relevant and manageable, the central procurement team considers the range required for each product type, as well as the target selling price. If a certain product line has not been selling well, the number of suppliers listed will be reduced to reflect the reduced demand or only those suppliers which offer goods at competitive prices will be listed. Individual store managers can suggest potential new suppliers to the central sourcing and procurement department. However, the final decision on whether to add a proposed supplier to the list is taken centrally.

The majority of supplier contracts are negotiated and entered into at the local level based on the supplier list. Negotiations and execution of supplier contracts with certain key suppliers are carried out by the central sourcing team. These suppliers tend to provide key imported branded products which are sold in large quantities across all regions allowing Majid Al Futtaim Retail to secure favourable terms due to its purchasing power (see "– *Rebates and supplier benefits*").

With increasing volumes of imports, Majid Al Futtaim Retail has decided to further improve the trade conditions and purchase prices through direct import rather than through intermediaries in some markets. In 2013, Majid Al Futtaim Retail set up a trading company in Hong Kong, China with the intention of targeting the private label product of the non-food departments. First deliveries to Majid Al Futtaim Retail stores through these new channels were made in the second half of 2013.

Inventory

Inventory management is a store-managed process. Store requirements are assessed at each individual store and orders are placed directly with suppliers. Order quantities are based on a minimum order level set for each SKU and an order is raised automatically once this minimum quantity has been triggered in-store. All purchase orders require authorisation from an appropriate level before being sent to suppliers.

Physical inventory counts are performed for all stores every three to six months (depending on the country in which the store is located), with sections counted on a rotational basis in between as well. Certain high value items at greater risk of theft are counted weekly or monthly. Majid Al Futtaim Retail uses the same inventory system used by Carrefour in its hypermarkets for managing store inventory. When goods arrive, the inventory system is automatically updated and Majid Al Futtaim Retail's accounting system captures invoices upon receipt. Inventory days in Majid Al Futtaim Retail's Carrefour hypermarkets have remained relatively constant over the three years to 31 December 2016.

Distribution

Deliveries are predominantly made directly to stores and the logistical costs of transport are usually borne by the distributor, but included within the purchase cost price. A small proportion of purchases are delivered to distribution centres managed by third party distributors before distribution to stores. These goods tend to be centrally purchased imported goods and private label Carrefour products. The third-party central warehouse facilities also provide storage space for Carrefour supermarkets due to the limited storage capacity available at each supermarket.

Rebates and supplier benefits

Due to its increased buying power across each region as its store portfolio expands, Majid Al Futtaim Retail is able to secure rebates and other supplier benefits from both its local distributors and its brand suppliers. Majid Al Futtaim Retail negotiates a number of different types of rebates and other benefits with its suppliers, generally on an annual basis at a regional level, although negotiations with some of the larger branded importers are conducted centrally. Fixed rebates are obtained on a yearly basis based on an agreed fixed percentage of supplier turnover. Volume discounts are obtained on yearly purchase values by brand or supplier. Other types of benefits include fees charged to suppliers for promotional activities, displays, advertising space, new range and additional shelf space. Rebates and supplier benefits represent a significant driver of Majid Al Futtaim Retail's revenue. A portion of the rebate gains are reinvested in the business to allow Majid Al Futtaim Retail to maintain its price leadership.

Pricing policy

In line with Carrefour's pricing policy, Majid Al Futtaim Retail's business philosophy is to offer its customers the products they want at a competitive price. Management aims to keep prices below those of its competitors by leveraging its market share to achieve volume-based rebates on its supply orders.

Typically, with the exception of promotional items, selling prices for non private-label SKUs are managed at the store level. The Majid Al Futtaim Retail head office sourcing team is responsible for setting prices for all private label SKUs and national promotion items. At the supermarkets level, a more centralised pricing approach has been introduced.

To ensure its Carrefour hypermarket SKUs are priced competitively, Majid Al Futtaim Retail regularly monitors prices through third party service providers. Additional price surveys are carried out as needed by store clusters according to the competition context, for example in connection with entering a new market or the introduction of a new competitor to one of its existing markets.

Advertising and marketing

For Majid Al Futtaim Retail, customer growth is the most important aspect of sales growth and its marketing effort is, accordingly, focused towards this end. In addition to traditional newspaper, magazine, radio and television advertising, Majid Al Futtaim Retail delivers leaflets door-to-door to local households as well as extending the use of the internet, social media and mobile communication. Majid Al Futtaim Retail also conducts co-branded advertising whereby a supplier pays to promote new items or a range of products in conjunction with Majid Al Futtaim Retail. In addition, Majid Al Futtaim Venture's Najm Visa credit card, which Majid Al Futtaim Retail actively promotes in its Carrefour hypermarkets, features a loyalty programme that offers its customers up to 4 per cent. cash back on their purchases.

Competition

Majid Al Futtaim Retail faces competition from international, regional and local retailers. The competition from international retailers is limited as the only major grocery retailer which has a multi-country and multi-store presence in the region where Majid Al Futtaim Retail operates is Carrefour, and the Group's contractual arrangements with Carrefour mean that it does not compete with Majid Al Futtaim Retail in the countries in which Majid Al Futtaim Retail operates.

Majid Al Futtaim Retail's main regional competitors (being those with a presence in a number of countries in which Majid Al Futtaim Retail operates) are Lulu (Emke Group), Spinneys, Panda (Savola Group) and The Sultan Center. The Group believes that Majid Al Futtaim Retail faces moderate competition from these entities on a regional basis. Majid Al Futtaim Retail's local competitors vary depending on the country concerned and the level of competition from these competitors also varies in each country. Certain of the regional competitors are also local competitors in individual countries, for example Majid Al Futtaim Retail's main competitors in the UAE are Union Cooperative, Lulu and Spinneys, in the Kingdom of Saudi Arabia is Panda and Al Othaim, in Egypt is Metro, in Qatar Al Meera, in Jordan Sameh Mall and The Sultan Center, while in Kuwait is the Sultan Center.

MAJID AL FUTTAIM VENTURES

Overview

The Group's businesses operated by Majid Al Futtaim Ventures are:

- VOX Cinemas, through Majid Al Futtaim Cinemas;
- Leisure and Entertainment services, including Magic Planet, Lego, Aqua Play, Yalla Bowling, Ski Dubai, Wahoo, Little Explorers and iFly, through Majid Al Futtaim Leisure and Entertainment LLC ("**Majid Al Futtaim Leisure and Entertainment**");
- Financial services, including the Najm Visa credit card, Voyager credit card and pre-paid cards, through Majid Al Futtaim Finance;
- Fashion retailing, through Majid Al Futtaim Fashion LLC ("**Majid Al Futtaim Fashion**");
- Healthcare services, through Majid Al Futtaim Healthcare LLC ("**Majid Al Futtaim Healthcare**");
- Commercial premises facilities management, through "ENOVA by VEOLIA" (previously known as Majid Al Futtaim Dalkia Middle East LLC ("**Majid Al Futtaim Dalkia**")); and
- Restaurant management services, through Majid Al Futtaim Food and Beverages LLC. In 2013, Majid Al Futtaim Ventures incorporated Majid Al Futtaim Food and Beverages LLC, a wholly-owned subsidiary investing in restaurant management services, which acquired a 50.66 per cent. shareholding in a joint venture company 'Gourmet Gulf Co. LLC' in July 2013.

In addition, Majid Al Futtaim Ventures serves as the business division through which the Group will seek to develop, in partnership with other international and regional businesses where appropriate, new retail and financial products and services that are designed to complement and leverage the success of the existing businesses of the Group.

The following table sets out details of the businesses operated by Majid Al Futtaim Ventures as at 31 December 2016:

Business	Date Established	% Contribution to Majid Al Futtaim Ventures' Revenue	Partner Name	Majid Al Futtaim Ventures' Ownership Share
Majid Al Futtaim Cinemas	1999	42%	—	100%
Majid Al Futtaim Leisure and Entertainment	1995	19%[1]	—	100%
Majid Al Futtaim Finance	2008	17%	—	100%
Majid Al Futtaim Fashion	2005	20%	—	100%
Majid Al Futtaim Healthcare	2011	3%	—	100%
ENOVA by VEOLIA	2002	—[2]	Veolia (49%)	51%
Majid Al Futtaim Food and Beverages	2013	—[3]	—	100%

(1) Contribution does not include revenue of AED255 million from ULOs being operated by Majid Al Futtaim Ventures (owned by Majid Al Futtaim Properties) through its subsidiary Majid Al Futtaim Leisure and Entertainment.

(2) Accounted for as an associate in 2016 .

(3) Majid Al Futtaim Food and Beverages LLC holds 50.66 per cent. in Gourmet Gulf Co. LLC along with Daud Arabian Trading (which holds 49.34 per cent.). The company was accounted for as a joint venture in 2016.

Majid Al Futtaim Ventures had revenue of AED1,856 million and EBITDA of AED231 million for the financial year ended 31 December 2016 as well as assets of AED3,149 million as at 31 December 2016, equal to 6.2 per cent., 5.5 per cent. and 6.0 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the financial year ended 31 December 2016. By comparison, Majid Al Futtaim Ventures had revenue of AED1,438 million and EBITDA of AED186 million in 2015 as well as assets of AED2,421 million as at 31 December 2015, equal to 5.3 per cent., 4.9 per cent. and 4.6 per cent., respectively, of the Group's revenue, EBITDA and assets as at and for the financial year ended 31 December 2015.

Wholly-owned businesses

Majid Al Futtaim Ventures categorises its portfolio companies as wholly-owned businesses and investments in Joint Ventures. Majid Al Futtaim Ventures' wholly-owned businesses are:

Majid Al Futtaim Cinemas

Majid Al Futtaim Cinemas was originally established in 1999 as a joint venture between Greater Union Holdings, a leading Australian international cinema, entertainment and leisure group, and Majid Al Futtaim Ventures. In 2010, Majid Al Futtaim Ventures acquired the 49 per cent. shareholding of its joint venture partner and became the sole owner of Majid Al Futtaim Cinemas. As at 31 December 2016, Majid Al Futtaim Ventures operated 27 cinemas with a total of 242 screens across the region. Each of the 242 auditoria features state-of-the-art sight and sound technology, digital projectors and stadium-style seating arrangements. Each cinema also has a candy bar offering a range of drinks and snacks and extended dining offerings. Most of the cinemas are located in shopping malls, nine of which are owned by Majid Al Futtaim Properties.

During the year 2016, Majid Al Futtaim Cinemas signed two joint venture agreements with Oman Arab Cinemas (80 per cent. stake) and Bahrain Cineco Cinemas (50 per cent. stake) with control over both management and operations.

Majid Al Futtaim Cinemas typically serves as a Group shopping mall anchor tenant in the super-regional malls where the cinema complex is generally located in close proximity to the unique leisure offering. Majid Al Futtaim Ventures' strategy in relation to Majid Al Futtaim Cinemas is to target growth through expansion outside the region in the medium-term as well as to upgrade the services offered, particularly in relation to seating and food and beverage. In 2016, Majid Al Futtaim's VOX Cinemas expansion saw the addition of 60 new screens, amongst which some were located in Oman and Bahrain

Majid Al Futtaim Leisure and Entertainment

Through its wholly-owned subsidiary, Majid Al Futtaim Leisure and Entertainment, Majid Al Futtaim Ventures offers leisure and entertainment facilities throughout the Middle East. These facilities are typically located in Group shopping malls to capitalise on existing high footfalls as well as to act as an attraction designed to increase the number of visitors to the shopping mall. Majid Al Futtaim Leisure and Entertainment's facilities include Family Entertainment Centres ("**FECs**"), Lego stores and Unique

Leisure Offers ("**ULOs**"). Majid Al Futtaim Ventures' strategy in relation to Majid Al Futtaim Leisure and Entertainment is to continue to use it to strengthen its shopping malls and at the same time to focus on improving efficiency and reducing costs.

Family Entertainment Centres

Majid Al Futtaim Leisure and Entertainment's 'Family Entertainment Centres' comprises of Magic Planet sites, Aqua Play and Yalla Bowling which serve as a Group shopping mall anchor tenant.

Magic Planet is a mall-based family entertainment destination. Magic Planet's 26 entertainment centres, which range from 100 to 9,000 square metres, offer thrill rides, family rides, soft-play areas for children and video games for all ages. There are currently Magic Planet centres in all the malls owned by Majid Al Futtaim Properties and also in Mirghab (Sharjah), Juraina (Sharjah), Arabian Ranches (Dubai), Al Naeem (Dubai), Al Jimmi (Al Ain), Dana Mall (Ajman), Enma (Bahrain) and Cairo Festival City (Egypt), which are not owned by Majid Al Futtaim Properties.

Magic Planet in The Avenues Mall, Kuwait and Taj, Jordan are also located in non-Majid Al Futtaim shopping malls and are essentially joint venture entities.

In addition, Majid Al Futtaim Leisure and Entertainment operates Aqua Play and Yalla Bowling centres which are located in City Centre Mirdiff (Dubai).

Lego stores

In 2014, Majid Al Futtaim Leisure and Entertainment entered into partnership with Lego to open Lego certified stores in the region. By 31 December 2016, eight Lego certified stores were opened in the UAE, Kuwait and Bahrain. During 2016, Majid Al Futtaim Leisure and Entertainment opended three new lego stores.

Unique Leisure Offers

Majid Al Futtaim Leisure and Entertainment operates five indoor ULOs which comprise Ski Dubai (located in Mall of the Emirates, Dubai), Wahoo (located in City Centre Bahrain), Little Explorers (located in City Centre Mirdif, Dubai and Marina Mall, Dubai) and iFly (located in City Centre Mirdif, Dubai). During the year 2015, Soccer Circus was closed and a new project (Orbi) was started to replace it.

The ULOs serve as important mall anchors to attract visitors to the shopping mall. The ULOs are owned by Majid Al Futtaim Properties, except Little Explorers (Marina Mall, Dubai), which is owned by Majid Al Futtaim Leisure and Entertainment.

Majid Al Futtaim Leisure and Entertainment's strategy in relation to ULOs is to continue to be the partner of choice for all new Majid Al Futtaim Shopping Mall developments providing an anchor leisure attraction.

Majid Al Futtaim Finance

Majid Al Futtaim Ventures established Majid Al Futtaim Finance as a joint venture company with JCB and Japan's Orix Corporation in 2008. In April 2010, Majid Al Futtaim Ventures acquired the shares held by its joint venture partners and became the sole owner of the company. At the same time, Majid Al Futtaim Finance entered into an arrangement with Visa International Service Association to issue Najm Visa credit cards. The Majid Al Futtaim Ventures Najm Visa credit cards feature a loyalty programme that leverages the Group's retail, shopping, hotel and leisure and entertainment products and services.

Majid Al Futtaim Finance and the Group's Carrefour stores benefit from the fact that the Carrefour shoppers are a captive market to which the credit cards can be marketed and the credit cards are a vehicle through which shoppers can be encouraged to make purchases at the Carrefour stores through targeted offers. Majid Al Futtaim Ventures' strategy in relation to Majid Al Futtaim Finance is to increase the range and value of promotions offered to existing card holders. As at 31 December 2016, 147,303 active Najm Visa credit cards (representing approximately 94,479 accounts) were in issue and the Group has controlled the expansion of its credit card business by imposing stringent credit profile requirements.

In 2016, Majid Al Futtaim Finance issued 42,560 new credit cards, expanded the portfolio of prepaid cards and continued investing in convenient apps and online services for the tech-savvy customers. In addition, Majid Al Futtaim Finance introduced a new stream of business called "Majid Al Futtaim Exchange LLC" for foreign currency remittance services and invested in emerging mobile payment technology with an investment in Beam, an innovative mobile payment and rewards platform.

Majid Al Futtaim Fashion

Majid Al Futtaim Fashion is a wholly-owned subsidiary of Majid Al Futtaim Ventures which was established in late 2005. During the year 2016, it acquired the franchise of Sacoor Brothers, with rights to open stores in the territory of the Kingdom of Saudi Arabia. Majid Al Futtaim Fashion's strategy to invest in new emerging brands and divest itself of legacy non-performing brands resulted in the opening of new stores consisting of All Saints, LuluLemon, Monsoon & Accessorize, with the discontinuation of four brands (Juicy Couture, Jane Norman, Hoss Intropia and Peacock).

As at 31 December 2016, Majid Al Futtaim Fashion operated 101 stores in six countries: the UAE, Bahrain, Kuwait, Qatar, Lebanon and the Kingdom of Saudi Arabia.

Majid Al Futtaim Fashion's strategy is to expand the newly acquired brands and establish a new furniture vertical business.

Majid Al Futtaim Healthcare

Majid Al Futtaim Ventures established Majid Al Futtaim Healthcare as a wholly-owned subsidiary in 2011. The company opened its first Multi-speciality and Day Care Surgery Centre at City Centre Deira in November 2013. The clinic continued to gain scale throughout 2013 to 2016 by adding world-class facilities and attract leading doctors and was awarded two prestigious industry recognitions, the ISO 15189 standard and the Joint Commission International's Gold Seal of Approval.

Majid Al Futtaim Healthcare was operating four clinics at the end of 31 December 2016, including two new clinics which were opened at City Centre Al Barsha and Ibn Battuta Mall.

Investments in Joint Ventures

Majid Al Futtaim Ventures' investments in joint ventures comprise:

ENOVA by VEOLIA

ENOVA by VEOLIA (previously known as Majid Al Futtaim Dalkia) is a joint venture established in 2002 between Majid Al Futtaim Ventures and Dalkia, a subsidiary of Veolia Environment, in which Majid Al Futtaim Ventures owns 51 per cent. of the shares. ENOVA by VEOLIA provides solutions designed to optimise the costs involved in managing the energy infrastructure in shopping centres, offices, leisure complexes, hotels, hospitals, universities, airports and any other commercial, industrial, residential or public buildings.

Approximately 60 per cent. of ENOVA by VEOLIA's revenue for the financial year ended 31 December 2016 and approximately 64 per cent. of its revenue for 2015 came from charges to non-MAF Group companies. In December 2009, the joint venture agreement with Majid Al Futtaim Dalkia (now known as ENOVA by VEOLIA) was amended to reflect the contribution by Majid Al Futtaim Dalkia to the joint venture of related businesses in Bahrain and the Kingdom of Saudi Arabia. In return, Majid Al Futtaim Ventures ceded management control of the joint venture to Majid Al Futtaim Dalkia and, whilst retaining its 51 per cent. shareholding, now accounts for the joint venture as an associate.

Majid Al Futtaim Food and Beverages

Majid Al Futtaim Food and Beverages LLC is a wholly-owned subsidiary of Majid Al Futtaim Ventures established in 2013 for investing in facility and restaurant management services. In 2013, Majid Al Futtaim Food and Beverages LLC acquired a 50.66 per cent. shareholding in a joint venture company Gourmet Gulf Co. LLC. The remaining 49.34 per cent. is held by the joint venture partner Daud Arabian Trading. Gourmet Gulf Co. LLC owns brands such as California Pizza Kitchen, YO! Sushi, Hummingbird Bakery, Panda Express, Azkadenya, Dalloyau, and Texas de Brazil. In 2016, the company opened six new stores in Burjuman Mall, Dubai Festival City and City Centre Mirdif.

TREASURY AND INTERNAL AUDIT

The Group operates a centralised treasury with a view to benefitting from both internal and external economies of scale and core expertise as well as leveraging the Group's different business profiles.

The treasury function is principally responsible for the overall co-ordination of cash management (payments and operational cash management are managed at an individual business unit level), financing and financial risk management, with all Group borrowings being arranged by the treasury and approved by the Majid Al Futtaim Holding Board. The treasury function has a clear demarcation of responsibility between front, middle and back office functions and its performance is measured by reference to a number of defined benchmarks in terms of capital structure and allocation, liquidity management, funding and investment, financial risk management and other areas.

During the second half of 2013, the internal audit function was reorganised from a centralised department at Majid Al Futtaim Holding level to a decentralised function at the level of each operating company. This was done to bring the audit function closer to the business and operational needs specific to each operating company. The prevailing methodology and approach have been maintained to ensure independent oversight and the implementation of strict corporate governance practices.

INFORMATION TECHNOLOGY

The Group utilises IT solutions for a variety of business functions, including financial reporting, supply chain management, project development and human resources. Each of the Group's operating subsidiaries uses software that is tailored to its particular business needs.

The Group does not currently have a separate disaster recovery site although disaster recovery procedures are in place at its data centre and designed to recover data and applications in a disaster scenario. The Group also implements anti-virus and other data security procedures.

HEALTH AND SAFETY AND SECURITY

The Group's operating subsidiaries follow comprehensive fire and health and safety policies and procedures appropriate to their respective businesses. In particular, the Group's shopping malls are constructed to international standards, most of Majid Al Futtaim Retail's stores have received HACCP certification (as further described under "*– Majid Al Futtaim Retail – Product range and quality control – Quality control*") and all applicable health and safety regulations applicable to the Group's business are complied with.

The Group is also bolstering contingency plans and implementing other security procedures following the civil unrest in Egypt and Bahrain which affected its properties in those countries.

LITIGATION

During 2010, a joint venture company that is 50 per cent. owned by the Group and 50 per cent. owned by a major UAE-based property development company became involved in arbitration proceedings under which the amount of AED2,614 million is being claimed from the joint venture for non-payment of instalments of the purchase price of land which the joint venture company had agreed to purchase. This arbitration has been put on hold since the end of 2011. The Group has no indication if, and when, the arbitration will resume. If resumed, the Group does not believe that any arbitration ruling against the joint venture will result in financial liability for any other Group company. In addition to the above, Majid Al Futtaim Holding and its subsidiaries are involved from time to time in legal actions, often as the claimant, and most of which arise in the ordinary course of business.

INSURANCE

The Group has in place insurance coverage for all material aspects of its operations up to a level which management considers to be reasonable and comparable to or in excess of that of other companies operating in the sectors and markets in which the Group operates. The Group's major insurable risks are covered by insurance policies for property all risks (including business interruption), terrorism cover, cyber insurance and public liability. The Group will continue to seek to secure appropriate insurance coverage for these risks at commercially reasonable rates (see "*Risk Factors – Risks Relating to the*

Group – The Group may not be able to secure full insurance coverage for the risks associated with the operation of its businesses").

MANAGEMENT AND EMPLOYEES

MANAGEMENT

Overview

The Group places considerable emphasis on governance and transparency within its operational framework and has voluntarily adopted the principles of the Combined Code on Corporate Governance for listed companies in the United Kingdom (the "**UK**").

The Majid Al Futtaim Holding Board is responsible for: (a) determining overall strategic objectives and ensuring there are appropriate human and financial resources available to meet these objectives; (b) monitoring the performance of management against the strategic objectives and key performance indicators; (c) ensuring the establishment and operation of prudent and effective controls to assess and manage the risks associated with the operations of the business; and (d) setting and upholding the values and standards necessary to ensure that obligations to shareholders and other stakeholders including employees and, in appropriate cases, creditors are met.

Each of Majid Al Futtaim Properties, Majid Al Futtaim Retail and Majid Al Futtaim Ventures has its own Board responsible for setting strategic goals and measuring the success of the business in achieving objectives and maintaining corporate accountability.

Independent non-executive chairmen have been appointed to the Majid Al Futtaim Properties and Majid Al Futtaim Retail Boards to define and allow for the implementation of separate and distinct roles for Majid Al Futtaim Holding's Chairman and CEO. This Board structure allows the Majid Al Futtaim Holding CEO to focus on his overriding responsibility of leading the executive management of the Group, while allowing the individual Boards and their management to focus on the increasingly complex and specialised demands of their respective businesses.

Each of the Group's Boards works closely together to review, recommend and approve projects, combining the expertise of the various businesses. To further this goal, the Majid Al Futtaim Holding CEO and at least one other member of the executive committee of Majid Al Futtaim Holding attend the board meetings of each of Majid Al Futtaim Properties, Majid Al Futtaim Retail and Majid Al Futtaim Ventures to ensure that the Group's strategy is implemented consistently.

Each Board undertakes a formal review process with a view to seeking continuous improvement in the Board's performance. Each review analyses the Board and any associated committee processes and their effectiveness, the relationships between non-executive and executive directors, information flows and other relevant information.

Majid Al Futtaim Holding Board

The Majid Al Futtaim Holding Board meets a minimum of four times annually and principally reviews the business performance of the operating companies as well as reports from both the internal and external audit functions. The table below provides certain information in relation to the Majid Al Futtaim Holding's Board:

Name	Position	Year of Appointment
Sir Michael Rake	Chairman	2009
Mr. Khalifa Sulaiman	Deputy Chairman	2011
Mr. Alain Bejjani	CEO	2015
Mr. Tariq Al Futtaim.	Director	2005
Mr. Ian Davis	Director	2012
Mr. Alan Keir	Director	2016

The business address of each director is Majid Al Futtaim Holding LLC, P.O. Box 91100, Dubai, United Arab Emirates.

Sir Michael Rake – Chairman

Sir Michael Rake was appointed as Chairman of Majid Al Futtaim Holding on 1 July 2009. He is currently the Chairman of British Telecom Group plc, the UK's largest telecom operator and of Worldpay. He was previously the Chairman of KPMG International and a Senior Partner of KPMG in the

UK. Prior to his appointment as Chairman of KPMG International, he was the Chairman of KPMG in Europe. He was the President of the Confederation of British Industry (CBI) from 2013 to 2015 and holds Deputy Chairmanships, amongst others, at Barclays Bank PLC and McGraw Hill Inc.

Khalifa Sulaiman – Deputy Chairman

Mr. Khalifa Sulaiman joined the Majid Al Futtaim Holding Board in October 2011. Mr. Sulaiman is a UAE National and has spent a career in government, representing the UAE at the highest levels both locally, regionally and internationally. During his career, Mr. Sulaiman was Ambassador to the Court of St. James in the UK, Chairman of H.H. The Ruler's Court, Dubai and Chairman and Director of the National Bank of Dubai PJSC.

Alain Bejjani – CEO

Mr. Alain Bejjani was appointed as CEO of Majid Al Futtaim Holding in February 2015. He was formerly the Chief Corporate Development and Brand Officer at Majid Al Futtaim Holding. He was previously the Vice President (Legal) at Majid Al Futtaim Properties (from 2006) and Head of Business Development at Majid Al Futtaim Properties (from 2009). Prior to this, Mr. Bejjani was Executive Vice-Chairman of the Investment Development Authority of Lebanon (IDAL) and a founding partner of a law firm. He serves on the board of directors for several of Majid Al Futtaim Properties' joint ventures including The Wave, Muscat; Waterfront City in Lebanon; The Emirates Egypt Malls Company; and Sharjah Holding.

Tariq Al Futtaim

Mr. Tariq Al Futtaim joined the Majid Al Futtaim Holding Board in May 2005. He was appointed as Vice President when Majid Al Futtaim Holding was formed. He is currently the Chairman of the Majid Al Futtaim Foundation, a prominent charitable initiative founded by the President.

Ian Davis

Mr. Ian Davis joined the Majid Al Futtaim Holding Board with effect from 1 June 2012. Mr. Davis is the Chairman of Rolls Royce and an independent non-executive director of BP and Johnson & Johnson, Inc. and a senior adviser to Apax Partners LLP. He is also a non-executive member of the UK's Cabinet. Mr. Davis spent his early career at Bowater, moving to McKinsey & Company in 1979. He was managing partner of McKinsey's practice in the UK and Ireland from 1996 to 2003. In 2003, he was appointed as chairman and worldwide managing director of McKinsey, serving in this capacity until 2009. During his career with McKinsey, Mr. Davis served as a consultant to a range of organisations across the private, public and not-for-profit sectors. He retired as senior partner of McKinsey & Company on 30 July 2010.

Alan Keir

Mr. Alan Keir joined the Majid Al Futtaim Holding Board in September 2016. Alan is an experienced Chief Executive who has successfully led a range of large operations through significant challenges. He has a 30 year track record in a variety of leadership roles across a range of businesses within HSBC. He has held several global roles and has strong expertise in finance, regulation, politics, government and international markets.

There are no conflicts of interest between the duties of the members of the Majid Al Futtaim Holding Board listed above to Majid Al Futtaim Holding and their private interests or other duties.

Majid Al Futtaim Properties Board

The Majid Al Futtaim Properties Board meets a minimum of four times annually and is responsible for setting strategic goals, measuring the success of the business in achieving its objectives and maintaining corporate accountability.

The Majid Al Futtaim Properties Board is assisted by two committees, the Audit and Risk Committee and the HR and Remuneration Committee. The Audit and Risk Committee meets at least four times annually and represents and assists the Majid Al Futtaim Properties Board with the oversight of the integrity of the company's financial statements and internal controls, the company's compliance with legal and regulatory requirements, the findings of the internal audit department and independence, and the performance of the company's internal audit and its independent auditor. The HR and Remuneration Committee meets at least twice annually and represents and assists the Board with the oversight of annual and long-term performance rewards, annual pay and benefits and strategic human resource issues.

The table below provides certain information in relation to the Majid Al Futtaim Properties Board:

Name	Position	Year of Appointment
Mr. Philip Bowman	Chairman	2017
Mr. Richard North	Director	2009
Mr. Abdulla Majed Ahmad Al Ghurair	Director	2009
Mr. Neil Jones	Director	2012
Mr. Robert Welanetz	Director	2016

The business address of each director is Majid Al Futtaim Properties LLC, P.O. Box 60811, Dubai, United Arab Emirates.

Philip Bowman – Chairman

Mr. Bowman joined the Majid Al Futtaim Properties board in August 2016 and was subsequently appointed as Chairman on 1 February 2017. Prior to this, Mr. Bowman was Chief Executive of Smiths Group plc from 2007 to 2015, and he previously held the positions of Chief Executive at Scottish Power plc and Chief Executive at Allied Domecq plc. His earlier career included five years as a director of Bass plc. He was previously Chairman of Liberty plc and Coral Eurobet plc and a non-executive director of Scottish & Newcastle plc and British Sky Broadcasting Group plc. He holds a number of other non-executive positions on various boards including as Senior Independent Director and Chairman of the Audit Committee of Burberry Group plc and Independent Director of Ferrovial S.A.

Richard North

Mr. Richard North joined the Group Board in February 2006 and subsequently transferred to the Majid Al Futtaim Properties Board in July 2009. He was appointed as Deputy Chairman in August 2014. A Partner with Coopers & Lybrand from 1983, he joined The Burton Group in 1991 as group CFO, moving to Bass PLC (later Six Continents) in 1994 and becoming CEO of Intercontinental Hotels Group in 2003 following the demerger of Six Continents. He has held a number of non-executive positions on various boards including Asda, Britannia Soft Drinks (as chairman), Felcor Lodgings Trust Inc. and Mecom. He was formerly chairman of Woolworths Group. Mr. North will step down from the Majid Al Futtaim Properties board in March 2017.

Abdulla Al Ghurair

Mr. Abdulla Majed Ahmad Al Ghurair joined the Majid Al Futtaim Properties Board in July 2009. He is currently the chairman of Abdulla & Hamad Al Ghurair Investment LLC (A&H Investment), a holding company established in Dubai under his and his brother Mr. Hamad Majed Al Ghurair's leadership. A&H Investment manages Mr. Al Ghurair's and his brother's interests in a number of companies, including companies that are either partially or fully owned by the Group. Mr. Al Ghurair also holds a number of directorships and is a member of the board of the Dubai Financial Markets. He is currently Chairman of the Majid Al Futtaim Charity Foundation, a prominent charitable initiative.

Neil Jones

Mr. Neil Jones joined the Majid Al Futtaim Properties Board in June 2012. He is an experienced general manager and real estate capital markets specialist. Since 2009 he has focused on strategic advisory and venture capital in the real estate industry. Previously he was chief executive of Grosvenor Continental Europe for 12 years until 2009 and a director of Grosvenor Group Limited. He has held numerous directorships with both listed and private companies. Current appointments include director of Sonae Sierra SGPS and consultant to Grosvenor Group Limited as well as advising a number of privately held, family controlled groups. He has spent most of his career in Asia and Continental Europe.

Robert Welanetz

Mr. Welanetz was appointed as the Chief Executive Officer and Executive Director of Majid Al Futtaim Properties on 16 February 2016. As Blackstone Real Estate's Global Retail Real Estate Advisor since

2008, Mr. Welanetz has been responsible for assisting in sourcing and creating investment strategies, underwriting acquisition targets and determining strategic asset management guidance within the company's real estate portfolio. He has held a number of board positions in other organisations, including as Chairman of the International Council of Shopping Centers (a global trade associate with more than 70,000 members in over 100 countries).

There are no conflicts of interest between the duties of the members of the Majid Al Futtaim Properties' Board listed above to Majid Al Futtaim Properties and their private interests or other duties.

In the five years preceding the date of this Prospectus, no member of the Majid Al Futtaim Holding Board or Majid Al Futtaim Properties Board has been convicted of any fraudulent offence, served as director, partner, founder or senior manager of any organisation at the time of any bankruptcy, receivership, any official public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies, or has been disqualified by a court from acting as a director of an issuer of securities or from acting in the management or conduct of affairs of any issuer of securities.

EMPLOYEES

As at 31 December 2016, the Group had 34,145 employees. The following table shows the number of employees in each of the major Group companies:

Business Division	**Number of Employees**
Majid Al Futtaim Holding	86
Majid Al Futtaim Properties[1]	3,049
Majid Al Futtaim Retail	27,469
Majid Al Futtaim Ventures	3,541
Total	**34,145**

(1) Includes employees of managed hotels.

As is common in jurisdictions in which the Group operates, employee benefit packages include housing allowances for employees of a certain grade and the provision of housing for employees below that grade.

Presently, most GCC countries do not permit unions, and the Group does not presently have any direct dealings with unions in its countries of operation.

The Group fulfils its statutory pension obligations in all countries in which it operates.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantors, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer that each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Transfers of Notes Represented by the Global Note

Transfers of any interests in Notes represented by the Global Note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. The laws in some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form.

On or after the Issue Date, transfers of Notes between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in the Global Note among participants and accountholders of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantors, the Trustee, the Agents or any Joint Lead Manager will be responsible for any performance by Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

GENERAL

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of the Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

THE CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws payments on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Notes nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of the Notes. An instrument transferring title to any Notes, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Issuer to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

UNITED ARAB EMIRATES

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Notes is based on the taxation law in force as at the date of this Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

There is currently in force in the emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments made under the Guarantee. In the event of the imposition of any such withholding, the Guarantors have undertaken to gross-up any payments subject to certain limited exceptions.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

As at the date of this Prospectus, the UAE does not impose value added tax ("**VAT**") on the sale of goods or services. However, there is a possibility that this situation will not continue. On 2 June 2008, the Director General of Dubai Customs announced that his department had been studying the possibility of introducing a VAT system across the UAE and that draft laws had been submitted to the federal authorities. The federal authorities have not yet provided any details of the proposed VAT system or confirmed a possible date of introduction.

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 3 March 2017 between the Issuer, Majid Al Futtaim Holding, Majid Al Futtaim Properties and the Joint Lead Managers, the Issuer has agreed to issue U.S.$500,000,000 in aggregate principal amount of the Notes and, subject to certain conditions, the Joint Lead Managers have jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of Notes less certain commissions in respect of their services for managing the issue and offering of the Notes.

To the extent permitted by law, the Issuer, Majid Al Futtaim Holding, Majid Al Futtaim Properties and the Joint Lead Managers may agree that commissions or fees may be paid to certain brokers, financial advisors and other intermediaries based upon the amount of investment in the Notes purchased by such intermediary and/or its customers. Any disclosure and other obligations in relation to the payment of such commission to such intermediary are solely the responsibility of the relevant intermediary and none of the Issuer, Majid Al Futtaim Holding, Majid Al Futtaim Properties and the Joint Lead Managers or any of their affiliates, nor any person who controls or is a director, officer, employee or agent of any such person accepts any liability or responsibility whatsoever for compliance with such obligations. Each customer of any such intermediary is responsible for determining for itself whether an investment in the Notes is consistent with its investment objectives. The Joint Lead Managers will also be reimbursed in respect of certain of their expenses, and each of the Issuer, Majid Al Futtaim Holding and Majid Al Futtaim Properties has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue and offering of the Notes.

In connection with the offering of the Notes, the Joint Lead Managers may purchase and sell the Notes in the open market. These activities by the Joint Lead Managers, as well as other purchases by the Joint Lead Managers for their own accounts, may affect the market price of the Notes.

In connection with the offering of the Notes, any shareholder or related party of Majid Al Futtaim Holding, Majid Al Futtaim Properties or the Joint Lead Managers may invest in and may take up Notes in the offering and may retain, purchase or sell for its own account such Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to any shareholder or related party of Majid Al Futtaim Holding, Majid Al Futtaim Properties or the Joint Lead Managers. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

SELLING RESTRICTIONS

Cayman Islands

Each Joint Lead Manager has represented and agreed that it has not made and will not make any offer or invitation to the public in the Cayman Islands to subscribe for the Notes.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Public Offer Selling Restriction under the Prospectus Directive

Each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in a Member State of the European Economic Area (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus to the public in that Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Joint Lead Manager(s) nominated by the Issuer or the Guarantors for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer, the Guarantors or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measures in that Member State.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (i) to "professional investors" within the meaning of the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CO**") or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

Kingdom of Bahrain

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 128-2008 dated 18 August 2008 (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of Notes to a Saudi Investor will be made in compliance with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations places restrictions on secondary market activity with respect to the Notes, including as follows:

(a) a Saudi Investor (referred to as a "**transferor**") who has acquired Notes pursuant to a private placement may not offer or sell Notes to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:

 (i) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;

 (ii) the Notes are offered or sold to a sophisticated investor; or

 (iii) the Notes are being offered or sold in such other circumstances as the Capital Market Authority may prescribe for these purposes;

(b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Notes being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;

(c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Notes if he/she sells his entire holding of Notes to one transferee; and

(d) the provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the Notes.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and that it will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

State of Qatar

Each Joint Lead Manager has represented and agreed that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Prospectus has not been reviewed or approved by the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

United Arab Emirates (**excluding the Dubai International Financial Centre**)

Each Joint Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or either Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States

Each Joint Lead Manager has acknowledged that the Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered and shall not offer, sell or deliver Notes: (a) as part of their distribution at any time; and (b) otherwise until 40 days after the completion of the distribution of all Notes, as determined and certified to the Issuer or the Principal Paying Agent by the relevant Joint Lead Manager (or, in the case of a sale of Notes to or through more than one Joint Lead Manager, by each of such Joint Lead Managers as to the Notes purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Joint Lead Manager when all such Joint Lead Managers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Joint Lead Manager will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

General

Each Joint Lead Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantors, the Trustee nor any of the other Joint Lead Managers shall have any responsibility therefor.

None of the Issuer, the Guarantors, the Trustee or the Joint Lead Managers represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Prospectus or any Notes may come must inform themselves about and observe any applicable restrictions on the distribution of this Prospectus and the offering and sale of the Notes.

GENERAL INFORMATION

AUTHORISATION

The issue of the Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 1 March 2017. The giving of the Guarantee has been duly authorised by a resolution of the shareholders of Majid Al Futtaim Holding dated 19 February 2017 and a resolution of the shareholders of Majid Al Futtaim Properties dated 19 February 2017.

LISTING OF NOTES

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the Main Securities Market. The Main Securities Market is a MiFID Regulated Market. It is expected that the listing of the Notes on the Official List and admission of the Notes to trading on the Main Securities Market will be granted on or around 8 March 2017. The total expenses related to the admission to trading are estimated to be €4,790.

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Main Securities Market.

DOCUMENTS AVAILABLE

From the date of this Prospectus, copies of the following documents will, when published, be available, in physical form for inspection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London:

- the Memorandum and Articles of Association of the Issuer and the Memorandum of Association (with an English translation thereof) of each Guarantor. The English translation of each Guarantor's Memorandum of Association is direct and accurate. However, in case of conflict or discrepancy between the Arabic version of the Memorandum of Association and their English translation, the Arabic version of the Memorandum of Association shall prevail;

- the consolidated audited financial statements of each Guarantor in respect of the financial years ended 31 December 2016 and 31 December 2015, in each case together with the audit reports prepared in connection therewith. Each Guarantor currently prepares audited consolidated financial statements on an annual basis;

- the audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 31 December 2015, in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited financial statements on an annual basis;

- the Trust Deed, the Agency Agreement, a copy of the Global Note and the forms of the Notes in definitive form;

- a copy of this Prospectus; and

- any future supplements to this Prospectus and any other documents incorporated therein by reference.

This Prospectus will be available for viewing on the website of the Central Bank (http://www.centralbank.ie).

CLEARING SYSTEMS

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) under common code 156790362 and ISIN XS1567903627.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L1855 Luxembourg.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the prospects of the Issuer, in each case, since 31 December 2016.

There has been no significant change in the financial or trading position of each Guarantor and its respective subsidiaries, taken as a whole, and no material adverse change in the prospects of each Guarantor and its respective subsidiaries, taken as a whole, in each case, since 31 December 2016.

LITIGATION

None of the Issuer, the Guarantors or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantors or the Group.

AUDITORS

The auditors of the Issuer and each Guarantor are KPMG Lower Gulf Limited, chartered accountants, who have audited each Guarantor's accounts without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2016 and 31 December 2015 and the Issuer's accounts without qualification, in accordance with IFRS for the financial years ended 31 December 2016 and 31 December 2015. The auditors of the Issuer and each Guarantor have no material interest in the Issuer or the Guarantors.

KPMG Lower Gulf Limited is an institution authorised by the Ministry of Economy of the UAE to conduct independent audits of corporations in the UAE. KPMG Lower Gulf Limited is a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative.

JOINT LEAD MANAGERS TRANSACTING WITH THE ISSUER AND THE GUARANTORS

Certain of the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantors or their affiliates. The Joint Lead Managers have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of the Joint Lead Managers' business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or their affiliates. Certain underwriters or their affiliates that have a lending relationship with the Issuer, the Guarantors or their affiliates routinely hedge their credit exposure to the Issuer and/or the Guarantors consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities issued by the Issuer and/or the Guarantors, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

CERTAIN ADDITIONAL INFORMATION RELATING TO MAJID AL FUTTAIM HOLDING

Majid Al Futtaim Holding is registered as a limited liability company in Dubai (with register number 534314) under UAE Federal Law No. 2 of 2015 as applicable to commercial companies and was incorporated on 20 May 2002.

According to its Memorandum of Association, Majid Al Futtaim Holding has been incorporated for a term of 50 years expiring in May 2052, which term shall be automatically renewed for similar periods unless otherwise determined by resolution of the shareholders of Majid Al Futtaim Holding. Such term may be lengthened or shortened by resolution of the shareholders of Majid Al Futtaim Holding.

Majid Al Futtaim Holding's Memorandum of Association provides that Majid Al Futtaim Holding shall be dissolved:

- unless renewed upon the expiry of its term;
- upon fulfilment of the objectives for which it was created;
- upon merger of Majid Al Futtaim Holding into another company;
- if shareholders holding 75 per cent. of Majid Al Futtaim Holding's capital decide in the general assembly to terminate the term of Majid Al Futtaim Holding;
- if all or most of Majid Al Futtaim Holding's assets have been damaged in such a manner that the remaining assets cannot be invested productively; or
- if Majid Al Futtaim Holding is dissolved pursuant to a court decision.

Majid Al Futtaim Holding changed its name from Majid Al Futtaim Group LLC to Majid Al Futtaim Holding LLC on 18 January 2011.

Majid Al Futtaim Holding's address and telephone number are P.O. Box 91100, Dubai, UAE and +971 (0)4 209 4657, respectively. This is also the address of each member of the Majid Al Futtaim Holding Board and senior executive management.

CERTAIN ADDITIONAL INFORMATION RELATING TO MAJID AL FUTTAIM PROPERTIES

Majid Al Futtaim Properties is registered as a limited liability company in Dubai (with register number 41429) under UAE Federal Law No. 2 of 2015 as applicable to commercial companies and was incorporated on 5 February 1994.

According to its Memorandum of Association, Majid Al Futtaim Properties has been incorporated for a term of 99 years expiring in February 2093, which period may be lengthened or shortened by resolution of the shareholders of Majid Al Futtaim Properties.

Majid Al Futtaim Properties' Memorandum of Association provides that Majid Al Futtaim Properties shall be dissolved:

- unless renewed upon the expiry of its term;
- upon fulfilment of the purposes for which it was created;
- upon merger of Majid Al Futtaim Properties into another company;
- if shareholders holding 75 per cent. of Majid Al Futtaim Properties' capital decide in the general assembly to terminate the term of Majid Al Futtaim Properties;
- if all or most of Majid Al Futtaim Properties' assets have been depleted in such a manner that beneficial investment of the remainder of the assets, if any, is impracticable; or
- if Majid Al Futtaim Properties is dissolved pursuant to a court decision.

Majid Al Futtaim Properties' address and telephone number are P.O. Box 60811, Dubai, UAE and +971 (0)4 294 2444, respectively. This is also the address of each member of Majid Al Futtaim Properties' Board and senior executive management.

INDEX TO FINANCIAL STATEMENTS

KPMG Lower Gulf Limited
Level 12, IT Plaza
Dubai Silicon Oasis, Dubai, UAE
Tel. +971 (4) 356 9500, Fax +971 (4) 326 3788

Independent auditors' report

To the Shareholders of MAF Global Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MAF Global Securities Limited ("the Company"), which comprise the statement of financial position as at 31 December 2016, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. 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 judgement, were of the most significance in our audit of the financial statements of the current year.

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.

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Auditors' Responsibilities for the Audit of the 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 Company'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 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 Company to cease to continue as a going concern.

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

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

On Behalf of KPMG Lower Gulf Limited

Fawzi AbuRass
Registration Number: 968
Dubai, United Arab Emirates

Date: 18 FEB 2017

Statement of financial position
At 31 December

	Note	2016 USD '000	2015 USD '000
Non-current assets			
Long term loans to the Parent Company	4	**1,300,000**	1,000,000
Investment	5	**526,531**	501,120
Total non-current assets		**1,826,531**	1,501,120
Current assets			
Due from the Parent Company - net	6	**30,721**	12,882
Total current assets		**30,721**	12,882
Current liabilities			
Interest payable to Note holders		**19,750**	16,747
Total current liabilities		**19,750**	16,747
Net current assets/(liabilities)		**10,971**	(3,865)
Non-current liabilities			
Payable to Note holders	7	**1,310,971**	996,135
Total non-current liabilities		**1,310,971**	996,135
Net assets		**526,531**	501,120
Equity			
Share capital	9	**-**	-
Retained earnings		**29,407**	3,996
Total equity attributable to the owners of the Company		**29,407**	3,996
Hybrid equity instrument	10	**497,124**	497,124
Total capital and reserves		**526,531**	501,120

These financial statements were approved by the Directors on 18 February 2017.

Director

Director

The notes on pages 8 to 15 form an integral part of these financial statements.
The independent auditors' report is set out on pages 1 to 3.

Statement of profit or loss and other comprehensive income
For the year ended 31 December

	Note	**2016** USD '000	2015 USD '000
Finance income on long term loans to the Parent Company	4	**57,318**	50,167
Coupon income on investments		**35,625**	35,625
Unrealized gain/(loss) from FVPL investment		**25,411**	(41,930)
Finance cost on Notes		**(57,318)**	(50,167)
Profit/(loss) for the year		**61,036**	(6,305)
Other comprehensive income			
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**61,036**	(6,305)

The notes on pages 8 to 15 form an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

Statement of cash flows
For the year ended 31 December

	Note	**2016** **USD '000**	2015 USD '000
Cash flow from operating activities			
Profit/(loss) for the year		61,036	(6,305)
Adjustments:			
Coupon income on investments		**(35,625)**	(35,625)
Unrealized (gain)/loss from FVPL investment		**(25,411)**	41,930
Net cash generated from operating activities		**-**	-
Cash flow from investing activities		**-**	-
Cash flow from financing activities		**-**	-
Net (decrease)/increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at the beginning of the year		**-**	-
Cash and cash equivalents at the end of the year		**-**	-

The notes on pages 8 to 15 form an integral part of these financial statements.
The independent auditors' report is set out on pages 1 to 3.

Statement of changes in equity
For the year ended 31 December
In thousands of USD

	Share capital	Retained earnings	Hybrid equity instrument	Total
At 1 January 2015	**-**	**45,926**	**497,124**	**543,050**
Total comprehensive income for the year				
Loss for the year	-	(6,305)	-	(6,305)
Total comprehensive income for the year	**-**	**(6,305)**	**-**	**(6,305)**
Coupon paid on hybrid equity instrument (note 10)	-	(35,625)	-	(35,625)
At 31 December 2015	**-**	**3,996**	**497,124**	**501,120**
Total comprehensive income for the year				
Profit for the year	-	61,036	-	61,036
Total comprehensive income for the year	**-**	**61,036**	**-**	**61,036**
Coupon paid on hybrid equity instrument (note 10)	-	(35,625)	-	(35,625)
At 31 December 2016	**-**	**29,407**	**497,124**	**526,531**

The notes on pages 8 to 15 form an integral part of these financial statements.

Notes to the financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

MAF Global Securities Limited ("the Company") is an exempted company incorporated on 12 May 2011 in the Cayman Islands with limited liability. The Company began its operations on 5 July 2012. The Company is a wholly owned subsidiary of Majid Al Futtaim Holding LLC ("the Parent Company").

The Company's registered office address is P O Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is established as a Structured Entity ('Entity') to issue Notes (the "Notes") under a US Dollars 3 Billion Global Medium Term Notes (GMTN) Program, to issue hybrid equity instruments, to engage in other borrowing programmes established from time to time by the Guarantors (the Parent Company and Majid Al Futtaim Properties LLC, a related party), the making of loans to one or both of the Guarantors or other companies controlled by the Guarantors and other activities incidental or related to the foregoing.

2. BASIS OF PREPARATION

These financial statements are prepared for management purposes and reflect the Company's operations and financial position as a standalone entity. The results of the Company are consolidated in the consolidated financial statements of the Parent Company.

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB").

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency, and are rounded to the nearest thousand except when otherwise indicated.

(d) Use of estimates and judgments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements, except to the extent of the adoption of new standards and amendments described below. The Company has adopted the following new standards and amendments to the standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016:

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Annual Improvements to IFRSs 2012-2014 Cycle
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).
- Disclosure Initiative (Amendments to IAS 1).

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Notes to the financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been early adopted in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9, 'Financial instruments', effective from 1 January 2018.
- IFRS 15, 'Revenue from contracts with customers', effective from 1 January 2018.
- IFRS 16, 'Leases', effective from 1 January 2019.

Management is currently assessing the impact of these new standards, amendments to standards and interpretations and amendments to published standards on its financial statements.

(a) Finance income and cost

Finance income and expense for all interest bearing financial instruments except for those designated at fair value through profit or loss, are recognized in 'finance income' and 'finance cost' in profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

(b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the Company's functional currency and recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

Non-derivative financial assets

Classification

A financial instrument is any contract that gives rise to both a financial asset of the Company and a financial liability or equity for another party. The Company principally classifies its financial assets at initial recognition in the following categories:

Financial assets at fair value through profit or loss: This category has the following two sub-categories: financial asset held for trading or designated at fair valued through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Parent Company's documented risk management or investment strategy.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These arise when the Company provides money directly to the counterparty with no intention of trading the receivable.

Initial recognition

Purchases and sales of investment securities are recognized on the trade date which is the date on which the Company commits to purchase or sell the securities. Loans and advances are recognized when cash is advanced to the counter party. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Notes to the financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

Non-derivative financial assets (continued)

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method, less impairment allowances, if any. Gains and losses arising from changes in the fair value of the investments in the fair value through profit or loss category are included in profit or loss in the period in which they arise.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership.

Non-derivative financial liabilities

Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that Company becomes a party to the contractual provisions of the instrument. Company derecognizes a financial liability when the contractual obligations are discharged, cancelled or expired.

Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise accruals, long-term loans, borrowings and related party balances.

(d) Impairment

Financial assets

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) specifically. All individually significant assets are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(f) Share capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(g) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Offsetting (continued)

Income and expenses are presented on a net basis only when permitted under IFRS, or of gains and losses arising from a group of similar transactions.

4. LONG TERM LOANS TO THE PARENT COMPANY

The Company has provided long term loans (unsecured) of USD 1.3 billion (2015: USD 1 billion) to its Parent Company. Out of the total loan, the Company provided USD 500 million in July 2012 for seven years at a fixed rate of 5.25% per annum payable semiannually and USD 500 million in May 2014 for ten years at a fixed rate of 4.75% per annum payable semiannually. During the year, as part of May 2014 ten year loan, the Company provided an additional USD 316 million at a fixed rate of USD 4.75% per annum, payable semiannually. These loans are receivable by the Company in bullet amounts on their respective maturities in 2019 and 2024.

5. INVESTMENT

	2016 USD '000	2015 USD '000
At 31 December	**526,531**	501,120

In October 2013, the Company issued Hybrid Perpetual Note Instruments ("the Hybrid Notes") of USD 500 million and subscribed to similar instruments issued by the Parent Company on similar terms. The notes subscribed to the Company carry no maturity date and the Parent Company may elect at its sole and absolute discretion not to pay interest (coupon) on the interest payment dates. Accordingly this amount is classified as investment.

6. DUE FROM / (DUE TO) THE PARENT COMPANY

	2016 USD '000	2015 USD '000
Interest receivable on long term loans to the Parent Company (note 4)	**19,750**	16,747
Receivable in respect of premium (note 8)	**14,958**	-
Payable in respect of underwriting fees (note 8)	**(3,987)**	(3,865)
	30,721	12,882

7. PAYABLE TO NOTE HOLDERS

	2016 USD '000	2015 USD '000
Issuance of Notes	**1,300,000**	1,000,000
Unamortized portion of discount, premium and underwriting fees	**10,971**	(3,865)
	1,310,971	996,135

In July 2012, under the USD 2 billion Global Medium Term Note (GMTN) Program, the Company had issued seven year fixed rate unsecured bonds of USD 500 million and ten year fixed rate unsecured bonds in May 2014 of USD 500 million. The bonds carry coupon rates ranging from 4.75% to 5.25% per annum, payable every six months. The bonds issued in July 2012 are listed on London and NASDAQ Dubai, UAE Stock Exchanges and bonds issued in May 2014 are listed on NASDAQ Dubai, UAE and Irish Stock Exchanges. In addition the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates of the Program have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE.

Notes to the financial statements (continued)

7. PAYABLE TO NOTE HOLDERS (continued)

As per the terms of the Notes, any payment due in respect of the Notes is unconditionally and irrevocably guaranteed, on a joint and several basis, by the Parent Company and Majid Al Futtaim Properties LLC, a related party ("the Guarantors"). Also refer to note 8.

The obligations of each Guarantor will be direct, unconditional and unsecured and will rank pari passu and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of such Guarantor from time to time outstanding.

During 2015, the size of the GMTN Program was increased to USD 3 billion. In July 2016, the Group issued additional USD 300 million at a premium of USD 15.96 million under the GMTN program as part of May 2014 issue, thereby increasing the ten year issue to USD 800 million.

8. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the Parent Company and its shareholders, fellow subsidiaries, associates, key management personnel and/or their close family members. Transactions with related parties are carried out at agreed terms.

Transactions with related parties other than those disclosed elsewhere in these financial statements are set out below:

- The Parent Company provides all administrative and support services including accounting, legal, corporate, etc. as the Company has no employees. However, no amount has been charged to the Company during the year (2015: USD nil) by the Parent Company in respect of these services.
- During the previous years, the Company incurred underwriting fee of USD 5,263 thousand including discount of USD 825 thousand as part of issuance of the Notes which was paid for by the Parent Company. The amortization of the underwriting fee and discount amounting to USD 582 thousand (2015: USD 553 thousand) during the year has been reimbursed by the Parent Company.
- During the current year, the Company issued additional USD 300 million Notes at a premium of USD 15.96 million with underwriting fee amounting to USD 750 thousand. These were received and paid for by the Parent Company, respectively. The net amount of amortization of the premium and underwriting fee amounting to USD 960 thousand during the year has been recovered by the Parent Company.

9. SHARE CAPITAL

The Company's authorized share capital amounts to US$ 50,000 divided into 50,000 ordinary shares of US$ 1 each and issued and paid up share capital amounts to US$ 100 divided into 100 ordinary shares of US$ 1 each.

10. HYBRID EQUITY INSTRUMENT

	2016 USD '000	2015 USD '000
Issuance of Hybrid Perpetual Notes	**500,000**	500,000
Less: underwriting fees	**(2,876)**	(2,876)
	497,124	497,124

In October 2013, the Company issued the Hybrid Notes of USD 500 million which are listed on the Irish Stock Exchange. The Hybrid Notes are deeply subordinated with no maturity date. The Hybrid Notes carry interest at the rate of 7.125% payable semi-annually in arrear till the first call date on 29 October 2018 and will be reset thereafter every 5 years to a new fixed rate plus the margin. The Company may elect at its sole and absolute discretion not to pay interest on interest payment dates. The Hybrid Notes are co-guaranteed by the Parent Company and Majid Al Futtaim Properties LLC, a related party. Pursuant to the requirements of IAS 32 and the terms/conditions, the Hybrid Notes are classified within equity and any future interest payments will be treated as a distribution to equity holders.

Notes to the financial statements (continued)

11. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

11.1 Financial risk management objectives and policies

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework.
The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

11.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations.
The Company's exposure to the credit risk is principally from its long term loans and balance due from the Parent Company. The loans and balance due from the Parent Company are considered fully recoverable. The carrying amount of Company's long term loans and balance due from the Parent Company represents the maximum exposure to the credit risk at the reporting date. As at the reporting date, no receivables were overdue for repayment and/or considered impaired.

11.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
Following is an analysis of financial liabilities by remaining contractual maturities:

		Contractual cash flows			
	Carrying amount USD '000	**Less than one year USD '000**	**Between one to two years USD '000**	**Between two to five years USD '000**	**More than five years USD '000**
As at 31 December 2016					
Payable to Note holders	1,310,971	64,250	64,250	627,490	889,406
Interest payable to Note holders	19,750	19,750	-	-	-
	1,330,721	84,000	64,250	627,490	889,406
As at 31 December 2015					
Payable to Note holders	996,135	50,000	50,000	623,750	583,125
Interest payable to Note holders	16,747	16,747	-	-	-
	1,012,882	66,747	50,000	623,750	583,125

11.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the financial statements (continued)

11. FINANCIAL INSTRUMENTS (continued)

11.4 Market risk (continued)

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no significant exposure to foreign currency risk as all the transactions are designated in its functional currency.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the profit or loss account of the Company. The Company has no significant exposure to interest rate risk as all interest bearing financial instruments carry a fixed rate of interest.

12. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an asset/liability. An asset/liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets/liabilities valued using: quoted market prices in active or the most advantageous market for similar assets/liabilities; quoted prices for identical or similar assets/liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The management believes that the fair value of financial assets and liabilities, except the investment and the liability to Note holders, at the reporting date are not materially different from their carrying amounts and hence not measured at fair value. The fair value of the investment and liability to Note holders is disclosed below:

At 31 December 2016				
	Carrying	**Fair value**		
In thousands of USD	**amount**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Investment	526,531	-	526,531	-
Financial liabilities				
Payable to Note holders	1,310,971	-	1,360,345	-

At 31 December 2015				
	Carrying	**Fair value**		
In thousands of USD	**amount**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Investment	501,120	-	501,120	-
Financial liabilities				
Payable to Note holders	996,135	-	1,029,198	-

Notes to the financial statements (continued)

13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities and capital commitments outstanding as at the reporting date.

14. SUBSEQUENT EVENTS

There have been no significant events up to the date of authorization, which would have a material effect on these financial statements.

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Independent Auditors' Report

The Shareholders
Majid Al Futtaim Global Securities Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Majid Al Futtaim Global Securities Limited ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG Lower Gulf Limited *Date:* 20 MAR 2016

Statement of financial position
At 31 December

	Note	2015 USD '000	2014 USD '000
Non-current assets			
Long term loans to the Parent Company	4	**1,000,000**	1,000,000
Investment	5	**501,120**	543,050
Total non-current assets		**1,501,120**	1,543,050
Current assets			
Due from the Parent Company - net	6	**12,882**	-
Total current assets		**12,882**	-
Current liabilities			
Interest payable to Note holders	7	**16,747**	3,493
Due to the Parent Company - net	6	-	925
Total current liabilities		**16,747**	4,418
Net current liabilities		**(3,865)**	(4,418)
Non-current liabilities			
Payable to Note holders	7	**996,135**	995,582
Total non-current liabilities		**996,135**	995,582
Net assets		**501,120**	543,050
Equity			
Share capital	9	**-**	-
Retained earnings		**3,996**	45,926
Total equity attributable to the owners of the Company			
Hybrid equity instruments	10	**497,124**	497,124
Total capital and reserves		**501,120**	543,050

These financial statements were approved by the Directors on <u>20 March 2016</u>.

Director **Director**

The notes on pages 6 to 12 form an integral part of these financial statements.
The report of the independent auditors' is set out on page 1.

Statement of profit or loss and other comprehensive income
For the year ended 31 December

	Note	2015 USD '000	2014 USD '000
Finance income on long term loans to the Parent Company	4	**50,167**	41,837
Coupon income on investments	5	**35,625**	35,625
Unrealized (loss)/gain from FVPL investment		**(41,930)**	45,926
Finance cost on Notes	7	**(50,167)**	(41,837)
(Loss)/profit for the year		**(6,305)**	**81,551**
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		**(6,305)**	81,551

The notes on pages 6 to 12 form an integral part of these financial statements.

The report of the independent auditors' is set out on page 1.

Statement of cash flows
For the year ended 31 December

	2015 **USD '000**	2014 USD '000
(Loss)/profit for the year	**(6,305)**	81,551
Adjustments:		
Coupon income on investments	**(35,625)**	(35,625)
Unrealized loss/(gain) from FVPL investment	**41,930**	(45,926)
Net cash from operating activities	**-**	-
Net cash from investing activities	**-**	-
Net cash from financing activities	**-**	-
Net (decrease)/increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at the beginning of the year	**-**	-
Cash and cash equivalents at the end of the year	**-**	-

The notes on pages 6 to 12 form an integral part of these financial statements.
The report of the independent auditors' is set out on page 1.

Statement of changes in equity
For the year ended 31 December
In thousands of USD

	Share capital	Retained earnings	Hybrid equity instruments	Total equity
At 1 January 2014	**-**	**-**	**497,124**	**497,124**
Total comprehensive income for the year				
Net profit for the year	-	81,551	-	81,551
Total comprehensive income for the year	**-**	**81,551**	**-**	**81,551**
Coupon paid on hybrid equity instrument (note 10)	-	(35,625)	-	**(35,625)**
At 31 December 2014	**-**	**45,926**	**497,124**	**543,050**
Total comprehensive income for the year				
Net loss for the year	-	(6,305)	-	(6,305)
Total comprehensive income for the year	**-**	**(6,305)**	**-**	**(6,305)**
Coupon paid on hybrid equity instrument (note 10)	-	(35,625)	-	(35,625)
Total contribution by and distribution to owners	**-**	**(35,625)**	**-**	**(35,625)**
At 31 December 2015	**-**	**3,996**	**497,124**	**501,120**

The notes on pages 6 to 12 form an integral part of these financial statements.

Notes to the financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

MAF Global Securities Limited ("the Company") is an exempted company incorporated on 12 May 2011 in the Cayman Islands with limited liability. The Company began its operations on 5 July 2012. The Company is a wholly owned subsidiary of Majid Al Futtaim Holding LLC ("the Parent Company").

The Company's registered office address is P O Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is established as a Structured Entity ('Entity') to issue Notes (the "Notes") under a US Dollars 2 Billion Global Medium Term Notes (GMTN) Program, to issue hybrid equity instruments, to engage in other borrowing programmes established from time to time by the Guarantors (the Parent Company and Majid Al Futtaim Properties LLC, a related party), the making of loans to one or both of the Guarantors or other companies controlled by the Guarantors and other activities incidental or related to the foregoing.

2. BASIS OF PREPARATION

These financial statements are prepared for management purposes and reflect the Company's operations and financial position as a standalone entity. The results of the Company are consolidated in the consolidated financial statements of the Parent Company.

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB").

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency, and are rounded to the nearest thousand except when otherwise indicated.

(d) Use of estimates and judgments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements, except to the extent of the adoption of new standards and amendments described below. The Company has adopted the following new standards and amendments to the standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015:

- Annual improvements to IFRS - 2010-2012 Cycle and 2011-2013 Cycle
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

New standards and interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been early adopted in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except IFRS 9, 'Financial instruments', effective from 1 January 2018.

Notes to the financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations issued but not yet effective (continued)

Management is currently assessing the impact of new standards, amendments to standards and interpretations and amendments to published standards on the financial statements.

(a) Finance income and cost

Finance income and expense for all interest bearing financial instruments except for those designated at fair value through profit or loss, are recognized in 'finance income' and 'finance cost' in profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

(b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the Company's functional currency and recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

Non-derivative financial assets

Classification

A financial instrument is any contract that gives rise to both a financial asset of the Company and a financial liability or equity for another party. The Company principally classifies its financial assets at initial recognition in the following categories:

Financial assets at fair value through profit or loss: This category has the following two sub-categories: financial asset held for trading or designated at fair valued through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Parent Company's documented risk management or investment strategy.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These arise when the Company provides money directly to the counterparty with no intention of trading the receivable.

Initial recognition

Purchases and sales of investment securities are recognized on the trade date which is the date on which the Company commits to purchase or sell the securities. Loans and advances are recognized when cash is advanced to the counter party. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method, less impairment allowances, if any. Gains and losses arising from changes in the fair value of the investments in the fair value through profit or loss category are included in profit or loss in the period in which they arise.

Notes to the financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

Non-derivative financial assets (continued)

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership.

Non-derivative financial liabilities

Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that Company becomes a party to the contractual provisions of the instrument. Company derecognizes a financial liability when the contractual obligations are discharged, cancelled or expire.

Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise accruals, long-term loans, borrowings and related party balances.

(d) Impairment

Financial assets

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) specifically. All individually significant assets are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(f) Share capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(g) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or of gains and losses arising from a group of similar transactions.

Notes to the financial statements (continued)

4. LONG TERM LOANS TO THE PARENT COMPANY

The Company has provided long term loans (unsecured) of USD 1 billion (2014: USD 1 billion) to its Parent Company. Out of the total loan, the Company provided USD 500 million in July 2012 for seven years at a fixed rate of 5.25% per annum payable semiannually and USD 500 million in May 2014 for ten years at a fixed rate of 4.75% per annum payable semiannually. Both these loans are receivable by the Company in bullet amounts on maturity.

5. INVESTMENT

	2015 USD '000	2014 USD '000
Investments held at fair value through profit or loss (FVPL)	**501,120**	543,050

In October 2013, the Company issued Hybrid Perpetual Note Instruments ("the Hybrid Notes") of USD 500 million and subscribed to similar instruments issued by the Parent Company on similar terms. The notes subscribed to the Company carry no maturity date and the Parent Company may elect at its sole and absolute discretion not to pay interest (coupon) on the interest payment dates. Accordingly this amount is classified as investment.

6. DUE FROM / (DUE TO) THE PARENT COMPANY

	2015 USD '000	2014 USD '000
Interest receivable on long term loans to the Parent Company (note 4)	**16,747**	3,493
Payable in respect of underwriting fees (note 8)	**(3,865)**	(4,418)
	12,882	(925)

7. PAYABLE TO NOTE HOLDERS

	2015 USD '000	2014 USD '000
Issuance of Notes	**1,000,000**	1,000,000
Unamortized portion of underwriting fees	**(3,865)**	(4,418)
	996,135	995,582

In July 2012, under the USD 2 billion Global Medium Term Note (GMTN) Program, the Company had issued seven year fixed rate unsecured bonds of USD 500 million and ten year fixed rate unsecured bonds in May 2014 of USD 500 million. The bonds carry coupon rates ranging from 4.75% to 5.25% per annum, payable every six months. The bonds issued in July 2012 are listed on London and NASDAQ Dubai, UAE Stock Exchanges and bonds issued in May 2014 are listed on NASDAQ Dubai, UAE and Irish Stock Exchanges. In addition the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates of the Program have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the GMTN Program, USD 700 million (2014: USD 700 million) is hedged by financial derivatives and accordingly, carried at fair value.

As per the terms of the Notes, any payment due in respect of the Notes is unconditionally and irrevocably guaranteed, on a joint and several basis, by the Parent Company and Majid Al Futtaim Properties LLC, a related party ("the Guarantors"). Also refer to note 8.

The obligations of each Guarantor will be direct, unconditional and unsecured and will rank pari passu and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of such Guarantor from time to time outstanding.

In 2015, the size of the GMTN Program was increased to USD 3 billion.

Notes to the financial statements (continued)

8. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the Parent Company and its shareholders, fellow subsidiaries, associates, key management personnel and/or their close family members. Transactions with related parties are carried out at agreed terms.

Transactions with related parties other than those disclosed elsewhere in these financial statements are set out below:

- The Parent Company provides all administrative and support services including accounting, legal, corporate, etc. as the Company has no employees. However, no amount has been charged to the Company during the year by the Parent Company in respect of these services.
- During the previous years the Company incurred underwriting fee of USD 5,263 thousand including discount of USD 825 thousand as part of issuance of the Notes which was paid for by the Parent Company. The amortization of the underwriting fee and discount amounting to USD 553 thousand (2014: USD 448 thousand) during the year has been reimbursed by the Parent Company.

9. SHARE CAPITAL

The Company's authorized share capital amounts to US$ 50,000 divided into 50,000 ordinary shares of US$ 1 each and issued and paid up share capital amounts to US$ 100 divided into 100 ordinary shares of US$ 1 each.

10. HYBRID EQUITY INSTRUMENTS

	2015	2014
	USD '000	USD '000
Issuance of Hybrid Perpetual Notes	**500,000**	500,000
Less: underwriting fees	**(2,876)**	(2,876)
	497,124	497,124

In October 2013, the Company issued the Hybrid Notes of USD 500 million which are listed on the Irish Stock Exchange. The Hybrid Notes are deeply subordinated with no maturity date. The Hybrid Notes carry interest at the rate of 7.125% payable semi-annually in arrear till the first call date on 29 October 2018 and will be reset thereafter every 5 years to a new fixed rate plus the margin. The Company may elect at its sole and absolute discretion not to pay interest on interest payment dates. The Hybrid Notes are co-guaranteed by the Parent Company and Majid Al Futtaim Properties LLC, a related party. Pursuant to the requirements of IAS 32 and the terms/conditions, the Hybrid Notes are classified within equity and any future interest payments will be treated as a distribution to equity holders.

11. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

11.1 Financial risk management objectives and policies

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Notes to the financial statements (continued)

11. FINANCIAL INSTRUMENTS (continued)

11.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations.

The Company's exposure to the credit risk is principally from its long term loans and balance due from the Parent Company. The loans and balance due from the Parent Company are considered fully recoverable. The carrying amount of Company's long term loans and balance due from the Parent Company represents the maximum exposure to the credit risk at the reporting date. As at the reporting date, no receivables were overdue for repayment and/or considered impaired.

11.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Following is an analysis of financial liabilities by remaining contractual maturities:

		Contractual cash flows			
	Carrying amount USD '000	**Less than one year USD '000**	**Between one to two years USD '000**	**Between two to five years USD '000**	**More than five years USD '000**
As at 31 December 2015					
Payable to Note holders	**996,135**	**50,000**	**50,000**	**623,750**	**583,125**
Interest payable to Note holders	**16,747**	**16,747**	**-**	**-**	**-**
Total	**1,012,882**	**66,747**	**50,000**	**623,750**	**583,125**
As at 31 December 2014					
Payable to Note holders	995,582	50,000	50,000	650,000	606,875
Interest payable to Note holders	3,493	3,493	-	-	-
Due to the Parent Company - net	925	925	-	-	-
Total	1,000,000	54,418	50,000	650,000	606,875

11.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no significant exposure to foreign currency risk as all the transactions are designated in its functional currency.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the profit or loss account of the Company. The Company has no significant exposure to interest rate risk as all interest bearing financial instruments carry a fixed rate of interest.

Notes to the financial statements (continued)

12. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an asset/liability. An asset/liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets/liabilities valued using: quoted market prices in active or the most advantageous market for similar assets/liabilities; quoted prices for identical or similar assets/liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The management believes that the fair value of financial assets and liabilities, except the investment and the liability to Note holders, at the reporting date are not materially different from their carrying amounts and hence not measured at fair value. The fair value of the investment and liability to Note holders is disclosed below:

` **At 31 December 2015**

In thousands of USD	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial assets				
Investment	501,120	-	501,120	-
Financial liabilities				
Payable to Note holders	996,135	-	1,029,198	-

At 31 December 2014

In thousands of USD	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial assets				
Investment	543,050	-	543,050	-
Financial liabilities				
Payable to Note holders	995,582	-	1,059,127	-

13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities and capital commitments outstanding as at the reporting date.

14. SUBSEQUENT EVENTS

There have been no significant events up to the date of authorization, which would have a material effect on these financial statements.

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Independent auditors' report

To the Shareholders of Majid Al Futtaim Holding LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Majid Al Futtaim Holding LLC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, 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 2016, 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 *Auditor's 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 Code of Ethics for Professional Accountants (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 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.

Key audit matter	How our audit addressed the key audit matter

Valuation of properties

Refer to notes 3 (c), (d), (e), 4, 6, 7 and 34.2.1 to the consolidated financial statements

The Group's accounting policy is to state its properties (primarily comprising of shopping malls, hotels, and offices) at fair value at each reporting date. The property portfolio is valued at AED 41,414 million.

The valuation of the property portfolio is a significant area of judgment and is underpinned by a number of assumptions. The existence of significant estimation uncertainty and lack of comparable transactions 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.

The property portfolio (excluding properties under development where the external valuers stated that fair value is not reliably determinable) was valued by using discounted cashflows. Key inputs into the valuation process included discount rates, yield rates and contracted lease rent, 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.

Properties under construction, where the fair value cannot be measured reliably, are accounted for using the cost model until the earlier of the date on which the fair value of the property can be measured reliably or the date on which the construction is completed. Management assesses the potential for impairment in relation to the carrying value of these properties held at cost.

- 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 in the consolidated statement of financial position.
- We carried out procedures on the largest properties of the portfolio to test whether property specific standing data supplied to the external valuers by management reflects the underlying property records held by the Group which have been tested during our audit.
- We met with the external valuers of the property portfolio to discuss the results of their work. We discussed and challenged the valuation process, overall performance of the portfolio and the significant assumptions and critical areas of judgement.
- In relation to those properties held at cost where an impairment analysis was required to be performed, we considered the Group's procedures used to develop the forecasts and the principles and integrity of the Group's discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and challenged the significant assumptions and critical areas of judgement.

Key audit matter *(continued)*	**How our audit addressed the key audit matter** *(continued)*

Valuation of properties (continued)

- We evaluated year-on-year movements in property valuations 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.
- Based on the outcome of our evaluation, we assessed the adequacy of the disclosures in the consolidated financial statements.

Impairment provision

Refer to notes 3(i), 4 and 31 to the consolidated financial statements.

The Group has investments in hypermarkets, supermarkets, retail stores (all forming part of property, plant and equipment), and joint ventures and associates. There is a risk that the carrying value of these assets may not be reflective of their recoverable amounts as at the reporting date which would require an impairment provision. Where there are indicators of impairment, the Group undertakes impairment testing using free cash flow projections based on forecasts estimated by management. There is inherent uncertainty involved in forecasting and discounting future cash flows, which forms the basis of the assessment of recoverability.

- We examined underperforming assets, assessed for indicators of impairment and evaluated management's impairment assessment including performing sensitivity analysis on the key assumptions used.
- We held discussions with management on the status of ongoing and completed projects by the Group's joint ventures and associates, including future plans. Where an indicator of impairment existed, we reviewed management's impairment analysis and we considered the Group's procedures used to develop the forecasts, and discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and challenged the significant assumptions and critical areas of judgment.

Key audit matter *(continued)*	**How our audit addressed the key audit matter** *(continued)*

Supplier balances and sourcing (rebates)

Refer to notes 4.4 and 27 to the consolidated financial statements

The Group recognizes a reduction in cost of sales as a result of amounts receivable from suppliers, primarily comprising contributions in relation to strategic volumes purchased by the Group and some annual volume-based rebates.

These discounts and rebates are received retrospectively according to the quantity of goods bought and promotional and marketing activity performed in stores. The agreements with suppliers can include a number of characteristics that require significant judgment in determining the appropriate accounting treatment including estimating the rebate eligibility and determining the period over which the reduction in cost of sales should be recognized. This requires a detailed understanding of the contractual arrangements as well as complete and accurate source data to calculate the rebate amount due to the Group.

There may also be incentives or pressures for buyers to manipulate the timing of when the rebate is recognised to meet internal targets.

- We tested the general IT control and access control environment of the merchandising and rebate application employed by management, to verify, the accuracy of the calculation, interface to the financial application and the restriction over access to configure or update the rebate terms in the rebate application.
- We tested, on a sample basis the completeness and accuracy of the systematic inputs to the calculations for recording supplier rebates and discounts by agreement to supporting evidence, including volume data and promotion dates.
- We performed detailed tests to assess whether the accounting treatment was appropriate including the timing of recognition of rebates, and on a sample basis, verifying that amounts recognised were accurate and recorded in the correct accounting period based on the contractual performance terms mentioned in the individual supplier agreements.
- We performed revenue and margin analysis to understand detailed trends by product category in order to identify, and test if any, anomalies which may indicate potential rebate accounting errors.
- We tested, on a sample basis, supplier reconciliation statements and supplier balance confirmations / statements to verify that any significant reconciling items including rebates are valid and cleared in a timely manner.

Other information

Management is responsible for the other information. The other information comprises the information included in in the Directors' Report but does not include the consolidated financial statements and our auditors' report thereon.

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

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.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

KPMG

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

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;

iii) the Group has maintained proper books of accounts;

iv) the financial information included in the Directors' Report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Group;

v) as disclosed in note 9 to the consolidated financial statements, the Group has purchased shares during the financial year ended 31 December 2016;

vi) note 17 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 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Articles of Association of the Company, which would materially affect its activities or its consolidated financial position as at 31 December 2016; and

viii) note 28.3 to the consolidated financial statements discloses the social contributions made during the year.

On Behalf of KPMG Lower Gulf Limited

Fawzi AbuRass
Registration Number: 968
Dubai, United Arab Emirates

Date: 18 FEB 2017

Consolidated statement of financial position
As at 31 December

	Note	2016 AED '000	2015 AED '000
Non-current assets			
Property, plant and equipment	6	11,779,505	11,409,630
Investment properties	7	33,103,375	32,470,704
		44,882,880	43,880,334
Investments	9	1,251,581	1,209,236
Long term receivable from related parties	17.1	71,085	121,166
Intangible assets	10	454,104	188,016
Deferred tax assets	11.1	36,643	43,111
Other non-current assets	12	514,896	414,041
		2,328,309	1,975,570
Total non-current assets		47,211,189	45,855,904
Current assets			
Development properties	8	245,436	-
Inventories	13	1,688,728	1,712,071
Trade and other receivables	14	2,189,286	1,861,041
Short term loan to a related party	17.2	23,994	-
Due from related parties	17.5	114,355	59,578
Cash in hand and at bank	15	1,262,466	1,394,332
		5,524,265	5,027,022
Current liabilities			
Trade payables, other liabilities and provisions	16	7,837,153	7,671,455
Short term loan from a related party	17.3	2,258	53,126
Due to related parties	17.6	37,993	37,392
Bank overdraft	18	539,443	-
Short term loan	19	51,422	-
Current maturity of long term loans	20	2,509,099	2,102,082
		10,977,368	9,864,055
Net current liabilities		(5,453,103)	(4,837,033)
Non-current liabilities			
Long term loans	20	7,764,629	8,483,918
Long term loans from related parties	17.4	32,622	-
Deferred tax liabilities	11.2	81,318	196,104
Other long term liabilities and provisions	21	773,655	607,587
Total non-current liabilities		8,652,224	9,287,609
Net assets		33,105,862	31,731,262
Equity			
Share capital	22.1	2,486,729	2,486,729
Statutory reserve		2,438,092	2,045,940
Revaluation reserve		18,179,050	17,899,475
Other reserves		7,735,013	7,105,399
Total equity attributable to the owners of the Company		30,838,884	29,537,543
Hybrid equity instrument	23	1,825,935	1,825,935
Non-controlling interests	24	441,043	367,784
Total equity		33,105,862	31,731,262

By the order of the Board on 18 February 2017:

Majid Al Futtaim Holding LLC
Chief Executive Officer

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 16 to 66 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 3 to 9.

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

	Note	2016 AED '000	2015 AED '000
Revenue	26	**29,908,800**	27,343,343
Cost of sales	27	**(20,082,525)**	(18,433,670)
Operating expenses	28	**(6,911,354)**	(6,230,713)
Finance costs - net	29	**(398,163)**	(285,632)
Other expenses - net	30	**(65,672)**	(51,669)
Impairment (charge)/reversal - net	31	**(168,284)**	13,808
Share of profit/(loss) from joint ventures and associates - net	9.1 & 9.2	**129,469**	(27,430)
Profit before valuation gain on land and buildings		**2,412,271**	2,328,037
Net valuation gain on land and buildings	7.1	**420,758**	1,120,613
Profit before tax		**2,833,029**	3,448,650
Tax charge - net	32	**(49,331)**	(141,495)
Profit for the year		**2,783,698**	3,307,155
Profit for the year attributable to:			
- Owners of the Company		**2,751,449**	3,279,177
- Non-controlling interests		**32,249**	27,978
Profit for the year		**2,783,698**	3,307,155
Comprehensive income:			
Profit for the year		**2,783,698**	3,307,155
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Valuation gain on land and buildings - net	6.1	**264,207**	1,177,849
Deferred tax credit/(charge) on revaluation of land and buildings	11	**15,368**	(41,094)
		279,575	1,136,755
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations	22.4	**(1,439,445)**	(167,697)
Net change in fair value of cash flow hedges	29.2	**60,550**	44,989
Share of other comprehensive income of equity accounted investments		**244**	-
		(1,378,651)	(122,708)
Total other comprehensive income for the year		**(1,099,076)**	1,014,047
Total comprehensive income for the year		**1,684,622**	4,321,202
Total comprehensive income for the period attributable to:			
- Owners of the Company		**1,652,348**	4,293,086
- Non-controlling interests	24	**32,274**	28,116
Total comprehensive income for the year		**1,684,622**	4,321,202

The notes on pages 16 to 66 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 9.

Consolidated statement of cash flows
For the year ended 31 December

	Note	2016 AED '000	2015 AED '000
Cash flows from operating activities			
Profit for the year after tax		**2,783,698**	3,307,155
Adjustments:			
Net valuation gain on land and buildings	7.1	**(420,758)**	(1,120,613)
Finance costs - net	29	**398,163**	285,632
Depreciation	28	**1,135,016**	1,086,191
Tax charge - net	32	**49,331**	141,495
Amortisation	28	**54,322**	29,412
Share of (profit)/loss from joint ventures and associates	9.1 & 9.2	**(129,469)**	27,430
Gain on acquiring control of jointly controlled entities	30	**-**	(43,171)
Impairment charge/(reversal) - net	31	**168,284**	(13,808)
Provision for bad debts	28	**128,063**	64,261
Provision for staff terminal benefits	21.1	**110,462**	101,438
		4,277,112	3,865,422
Changes to working capital			
Inventories		**25,027**	(193,482)
Trade and other receivables		**(543,213)**	(300,640)
Trade and other payables		**114,080**	631,620
Due from/to related parties - net		**(55,482)**	7,669
Tax paid		**(64,841)**	(87,189)
Payment of staff terminal benefits	21.1	**(41,607)**	(37,996)
		(566,036)	19,982
Net cash generated from operating activities		**3,711,076**	3,885,404
Cash flow from investing activities			
Acquisition of property, plant and equipment, investment property and development property		**(3,643,920)**	(4,210,468)
Acquisition of a subsidiary - net of cash received		**(146,329)**	(76,088)
Acquisition of non-controlling interest		**-**	(8,280)
Proceeds from sale of property, plant and equipment and investment properties		**37,850**	26,520
Recovery of advances made to a joint venture		**-**	107,053
Lease premium paid during the year		**-**	(70,844)
Investment in joint ventures and associates		**(18,825)**	(9,877)
Fixed deposits (placed)/echashed		**(83,554)**	1,100
Payments against intangible assets		**(33,185)**	(21,260)
Dividend received from associates		**16,395**	16,723
Finance income received		**30,972**	46,644
Net cash used in investing activities		**(3,840,596)**	(4,198,777)

Consolidated statement of cash flows (continued)
For the year ended 31 December

	Note	2016 AED '000	2015 AED '000
Cash flow from financing activities			
Short term loan received from a related party	17.2	**1,012,665**	212,437
Short term loan repaid to a related party	17.2	**(1,273,533)**	(575,701)
Short term loan granted to a related party	17.2	**(23,994)**	-
Long term loan from related parties - net	17.4	**32,622**	(6,855)
Long term loans received	20	**3,639,548**	6,757,062
Long term loans repaid	20	**(3,341,354)**	(5,151,724)
Short term loans received	19	**2,019,966**	2,549,062
Short term loans repaid	19	**(1,968,544)**	(2,549,062)
Payment against finance lease liability		**(38,530)**	-
Capital (repayment)/contribution in a subsidiary (to)/by a non-controlling interest		**(580)**	27,560
Finance cost paid		**(540,489)**	(427,945)
Coupon paid on hybrid equity instrument		**(130,851)**	(130,851)
Dividend paid to non-controlling interest		**(12,269)**	(10,085)
Net cash (used in)/generated from financing activities		**(625,343)**	693,898
Net (decrease)/increase in cash and cash equivalents		**(754,863)**	380,525
Cash and cash equivalents at the beginning of the year		**1,386,032**	1,005,507
Cash and cash equivalents at the end of the year		**631,169**	1,386,032
Cash and cash equivalents comprise:			
Cash in hand and at bank	15	**1,170,612**	1,386,032
Less: bank overdraft	18	**(539,443)**	-
Cash in hand and at bank		**631,169**	1,386,032

The notes on pages 16 to 66 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 3 to 9.

Consolidated statement of changes in equity
For the year ended 31 December

	Attributable to owners of the Company										
					Other reserves						
	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total other reserves	Total equity	Hybrid equity instrument	Non-controlling interests	Total
At 1 January 2015	**2,486,729**	**1,729,271**	**16,762,720**	**5,243,345**	**(140,545)**	**(293,088)**	**4,809,712**	**25,788,432**	**1,825,935**	**308,938**	**27,923,305**
Total comprehensive income for the year											
Net profit for the year	-	-	-	3,279,177	-	-	3,279,177	3,279,177	-	27,978	3,307,155
Other comprehensive income											
Net gain on valuation of land and buildings (note 6)	-	-	1,177,849	-	-	-	-	1,177,849	-	-	1,177,849
Deferred tax charge arising on revaluation of land and buildings (note 11.2)	-	-	(41,094)	-	-	-	-	(41,094)	-	-	(41,094)
Net change in fair value of cash flow hedges (note 29.2)	-	-	-	-	44,989	-	44,989	44,989	-	-	44,989
Currency translation differences in foreign operations (note 22.4)	-	-	-	-	-	(167,835)	(167,835)	(167,835)	-	138	(167,697)
Total comprehensive income for the year	**-**	**-**	**1,136,755**	**3,279,177**	**44,989**	**(167,835)**	**3,156,331**	**4,293,086**	**-**	**28,116**	**4,321,202**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Acquisition of non-controlling interest without a change in control (note 25.2.2)	-	-	-	(8,280)	-	-	(8,280)	(8,280)	-	-	(8,280)
Acquisition of non-controlling interest on accounting for change in control (note 25.2.3)	-	-	-	-	-	-	-	-	-	23,411	23,411
Capital contribution in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	27,560	27,560
Reclassifications during the year	-	-	-	10,156	-	-	10,156	10,156	-	(10,156)	-
Dividend declared and settled / paid (note 22)	-	-	-	(415,000)	-	-	(415,000)	(415,000)	-	(10,085)	(425,085)
Transfer to statutory reserve (note 22.2)	-	316,669	-	(316,669)	-	-	(316,669)	-	-	-	-
Total contribution by and distribution to owners	**-**	**316,669**	**-**	**(729,793)**	**-**	**-**	**(729,793)**	**(413,124)**	**-**	**30,730**	**(382,394)**
Coupon paid on hybrid equity instrument	-	-	-	(130,851)	-		(130,851)	(130,851)	-	-	(130,851)
At 31 December 2015	**2,486,729**	**2,045,940**	**17,899,475**	**7,661,878**	**(95,556)**	**(460,923)**	**7,105,399**	**29,537,543**	**1,825,935**	**367,784**	**31,731,262**

The notes on pages 16 to 66 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)
For the year ended 31 December

	Attributable to owners of the Company										
					Other reserves						
	Share capital	**Statutory reserve**	**Revaluation reserve**	**Retained earnings**	**Hedging reserve**	**Currency translation reserve**	**Total other reserves**	**Total equity**	**Hybrid equity instrument**	**Non-controlling interests**	**Total**
At 1 January 2016	**2,486,729**	**2,045,940**	**17,899,475**	**7,661,878**	**(95,556)**	**(460,923)**	**7,105,399**	**29,537,543**	**1,825,935**	**367,784**	**31,731,262**
Total comprehensive income for the year											
Net profit for the year	-	-	-	2,751,449	-	-	2,751,449	2,751,449	-	32,249	2,783,698
Other comprehensive income											
Net gain on valuation of land and buildings (note 6)	-	-	264,207	-	-	-	-	264,207	-	-	264,207
Deferred tax credit arising on revaluation of land and buildings (note 11.2)	-	-	15,368	-	-	-	-	15,368	-	-	15,368
Net change in fair value of cash flow hedges (note 29.2)	-	-	-	-	60,550	-	60,550	60,550	-	-	60,550
Currency translation differences in foreign operations (note 22.4)	-	-	-	-	-	(1,439,470)	(1,439,470)	(1,439,470)	-	25	(1,439,445)
Share of other comprehensive income of equity accounted investments	-	-	-	-	-	244	244	244	-	-	244
Total comprehensive income for the year	**-**	**-**	**279,575**	**2,751,449**	**60,550**	**(1,439,226)**	**1,372,773**	**1,652,348**	**-**	**32,274**	**1,684,622**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividend declared and settled / paid (note 22)	-	-	-	(210,000)	-	-	(210,000)	(210,000)	-	(12,269)	(222,269)
Reclassifications during the year	-	-	-	(10,156)	-	-	(10,156)	(10,156)	-	10,156	-
Acquisition of subsidiaries with non-controlling interest (note 25)	-	-	-	-	-	-	-	-	-	43,678	43,678
Capital reduction in a subsidiary by non-controlling shareholder	-	-	-	-	-	-	-	-	-	(580)	(580)
Transfer to statutory reserve (note 22.2)		392,152		(392,152)	-	-	(392,152)	-	-	-	-
Total contribution by and distribution to owners	**-**	**392,152**	**-**	**(612,308)**	**-**	**-**	**(612,308)**	**(220,156)**	**-**	**40,985**	**(179,171)**
Coupon paid on hybrid equity instrument	-	-	-	(130,851)	-	-	(130,851)	(130,851)	-	-	(130,851)
At 31 December 2016	**2,486,729**	**2,438,092**	**18,179,050**	**9,670,168**	**(35,006)**	**(1,900,149)**	**7,735,013**	**30,838,884**	**1,825,935**	**441,043**	**33,105,862**

The notes on pages 16 to 66 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

Majid Al Futtaim Holding LLC ("the Company") is registered as a limited liability company in the Emirate of Dubai under the UAE Federal Law No. 2 of 2015 as applicable to commercial companies.

The principal activity of the Company is to invest in subsidiaries that are involved in establishing, investing in and managing commercial projects. The activities of its subsidiaries are the establishment and management of shopping malls, hotels, residential projects, hypermarkets, supermarkets, fashion retailing, leisure and entertainment, credit cards operations, leasing, food and beverages, healthcare and investment activities. The Company and its subsidiaries are collectively referred to as "the Group". The Company is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company").

The registered address of the Group and its Parent Company is P.O. Box 91100, Dubai, United Arab Emirates.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements, which includes the financial position and performance of the Company, it's subsidiaries, associates and joint ventures, have been prepared in accordance with International Financial Reporting Standards ("IFRS(s)") and the requirements of the UAE Federal Law No. 2 of 2015, and the relevant laws applicable to the various entities comprising the Group.

These consolidated financial statements were authorized for issue by the Board of Directors on 18 February 2017 .

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured at fair value:

- Investment properties
- Certain classes of property, plant and equipment
- Certain non-derivative financial instruments at fair value through profit or loss
- Derivative financial instruments

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency, and are rounded to the nearest thousand except wherever stated otherwise.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have most significant effect on the amounts recognized in these consolidated financial statements are set out in the respective notes and are summarized in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except to the extent of the adoption of new standards and amendments described below. The Group has adopted the following new standards and amendments to the standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016:

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Annual Improvements to IFRSs 2012-2014 Cycle
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).
- Disclosure Initiative (Amendments to IAS 1).

The adoption of these amendments did not have a significant impact on the current period or any prior period and is not likely to affect future periods.

New standards and interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been early adopted in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 9, 'Financial instruments', effective from 1 January 2018.
- IFRS 15, 'Revenue from contracts with customers', effective from 1 January 2018.
- IFRS 16, 'Leases', effective from 1 January 2019.

Management is currently assessing the impact of these new standards, amendments to standards and interpretations and amendments to published standards on its consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements present the results of operations and financial position of the Group for the year ended 31 December 2016.

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 statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is re-measured at fair value on the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

The accounting policies of subsidiaries have been changed, where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests which may cause the non-controlling interests to have a deficit balance.

Interests in equity-accounted investees: Associates and Joint ventures

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

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. 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.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

Interests in equity-accounted investees: Associates and Joint ventures *(continued)*

Interest in associates and joint venture 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 other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The financial statements of the Group's associates or joint ventures are prepared using consistent accounting policies. Wherever necessary, adjustments are made to bring accounting policies in line with those of the Group.

Interests in joint arrangements

The Group classifies its interest in joint arrangement as either joint ventures or joint operations depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form, the contractual terms and other facts and circumstances. Joint arrangements are arrangements in which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' return. Other joint ventures and joint operations is classified and accounted for as follows;

When the Group has right to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation. The Group accounts for investments in joint operation using proportionate consolidation method.

Interests in other entities

The Group does not hold any direct ownership interest in MAF Sukuk Ltd. (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 the entity's activities that most significantly affect these returns. Accordingly, the results and financial performance of the structured entity are consolidated in these financial statements.

Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had 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 are recognized at the carrying amounts recognized previously in the Parent Company's consolidated financial statements. The components of other comprehensive income of the acquired entities are added to the same components within Group's other comprehensive income. Any gain/loss arising is recognized directly in equity.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Discontinued operations *(continued)*

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-resale, if earlier.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative year.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in full in preparing these consolidated financial statements. Unrealized gains arising from transactions with jointly controlled entities and associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the respective functional currencies of the Group's entities at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into functional currency at the exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to functional currency at the exchange rates ruling at the dates when the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies, which are measured in terms of historical cost, are translated into functional currency at the exchange rates ruling at the date of the transaction.

Foreign exchange differences arising on the translation of non-monetary assets and liabilities carried at fair value are recognized in profit or loss. Foreign exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income are recognized directly in other consolidated statement of comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the foreign exchange rates at the reporting date. Share capital is translated at historical rate. The income and expenses of foreign operations are translated at average rates of exchange for the year. Foreign exchange differences arising on retranslation are recognized directly in other comprehensive income, and are presented in currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed-off partially or in its entirety 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. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the currency translation reserve in equity.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

Recognition and measurement

Developed properties, (land and buildings) mainly comprising hotels, shopping malls and offices are initially recognized at cost. Subsequent to initial recognition, these are stated at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and any impairment losses. 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 is held at its carrying value and development expenditure is carried at cost less any impairment losses. Upon completion of construction, the entire property (land and building) is carried at revalued amount.

All other items of property, plant and equipment, mainly comprising administrative assets, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are put to use. Depreciation is charged to profit or loss so as to write off the cost/revalued amounts in equal installments over their estimated useful lives, except land which is not depreciated. The estimated useful lives of property, plant and equipment are as follows:

Category of assets	*Estimated useful life*
Buildings	4 - 50 years
Motor vehicles	4 years
Furniture, fixtures and equipment	3 - 15 years

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

Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful life of the respective building structure which ranges from 35 to 50 years.

Revaluation reserve

Any increase in value arising on the revaluation of developed properties is credited to revaluation reserve 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 charged.

A decrease in carrying amount arising on the revaluation of properties is charged to profit or loss except to the extent that it reverses a previously recognized revaluation gain on the property in which case it is debited to revaluation reserve in equity.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.
On subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in revaluation reserve is transferred directly to retained earnings.

(d) Capital work in progress

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Borrowing costs and other overheads directly attributable to the projects are included as costs until completion thereof. Where development work is carried out on land owned by the Group, the carrying value of the land is included under capital work in progress.
Capital work in progress for properties that are being constructed with an intention of building an investment property is carried at fair value.
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 the property is fully developed.
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 capital work in progress.
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 Gateway 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.

(e) Investment property

Investment properties are properties held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, shopping malls and properties being constructed for future use as investment property, is stated at fair value at the reporting date.
Where the fair value of an investment property under development is not reliably determinable, such property is carried at the book value of the land and any development cost incurred to date, less any impairment losses, until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.
Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Reclassification

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as an investment property. Any gain arising on re-measurement at transfer date is recognized in equity. Any loss is recognized immediately in profit or loss except to the extent that it reverses a previously recognized revaluation gain on the same property in which case it is debited to equity. The amount recognized in equity on such property remains within equity until the property is disposed-off or withdrawn from use at which point the amount remaining in equity is transferred directly to retained earnings.
If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost. Change in fair value up to the date of reclassification is recognized directly in profit or loss.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment property (continued)

De-recognition

An investment property is derecognized when it is either disposed off or permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period in which the property is derecognized. When investment property which was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(f) Development property

Properties in the process of construction or development for the purpose of sale on completion are classified as development properties. These are measured at lower of cost and net realisable value. Net realisable 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 costs capitalized.

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.

(g) Borrowing costs

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. A qualifying asset is one that takes a substantial period of time to get ready for its intended use or sale. 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 ready for the intended use. The capitalization rate is arrived at by reference to either the actual rate payable on specific borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, the overall effective borrowing rate for the Group. Borrowing costs that do not meet the criteria of capitalization are recognized as expenses in the period in which they are incurred.

(h) Financial instruments

Non-derivative financial assets

Classification

A financial instrument is any contract that gives rise to both a financial asset of the Group and a financial liability or equity instrument for another party. The Group principally classifies its financial assets at initial recognition in the following categories:

Financial assets at fair value through profit or loss: This category has the following two sub-categories; financial assets held for trading or designated to be fair valued through profit or loss at inception. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These arise when the Group provides money directly to the counterparty with no intention of trading the receivable.

Initial recognition

Purchases and sales of investment securities are recognized on the trade date which is the date on which the Group commits to purchase or sell the securities. Loans and advances are recognized when cash is advanced to the counter party. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Non-derivative financial assets (continued)

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method, less impairment allowances, if any. Gains and losses arising from changes in the fair value of the investments in the fair value through profit or loss category are included in profit or loss in the period in which they arise.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all the risks and rewards of ownership.

Non-derivative financial liabilities

Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that Group becomes a party to the contractual provisions of the instrument. Group derecognizes a financial liability when the contractual obligations are discharged, cancelled or expire.

Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables, accruals, retention payables, long-term loans, income tax payable, bank borrowings and related party balances.

(i) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For the financial assets measured at amortized cost the reversal is recognized in the profit or loss.

Non-financial assets

The carrying amounts of the Group’s non-financial assets except investment properties, deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative financial instruments

Classification

The Group uses derivative instruments for risk management purposes to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVPL – financial assets held for trading" financial instruments.

Initial and subsequent measurement

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.

The positive mark to market values (unrealised gains) of derivative financial instruments is included in assets. While, the negative mark to market values (unrealised losses) of derivative financial instruments is included in liabilities.

Gains and losses on subsequent measurement

The gains or losses from derivative financial instruments classified as held for trading are taken to profit or loss.

Hedging instruments

When derivatives are designated as hedges, the Group classifies them as either:

- fair value hedges which hedge the change in the fair value of recognized assets or liabilities; or
- cash flow hedges which hedge the exposure to variability in highly probable future cash flows attributable to a recognized asset or liability or a forecast transaction.

Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow hedge provided certain criteria are met.

Hedge documentation

At the inception of the hedge, formal documentation of the hedge relationship must be established. The hedge documentation prepared at the inception of the hedge must include a description of the following:

- The Group's risk management objective and strategy for undertaking the hedge;
- The nature of risk being hedged;
- Clear identification of the hedged item and the hedging instrument; and
- The method the Group will adopt to assess the effectiveness of the hedging relationship on an ongoing basis.

Hedge effectiveness testing

The hedge is regarded as highly effective if both of the following conditions are met:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows of the hedging instruments with corresponding changes in the hedged risk and should be reliably measurable; and
- The actual results of the hedge are within a range of 80 to 125 percent.

Prospective hedge effectiveness is assessed by matching the critical terms of hedging instruments and hedged items.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative financial instruments (continued)

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in profit or loss, along with changes in the fair value of the assets, liabilities or group thereof that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in hedge reserve. Any change in fair value relating to an ineffective portion is recognized immediately in profit or loss.

Discontinuance of hedge accounting

The hedge accounting is discontinued when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. At that point of time, any cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income remains in other comprehensive income until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

Hedges that do not qualify for hedge accounting

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to profit or loss.

(k) Intangible assets

Goodwill

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 profit or loss.

Acquisitions of non-controlling interests are accounted for as transactions with other equity holders in their capacity as equity holders and therefore, goodwill is not recognized as a result of such transactions.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and is not tested for impairment separately.

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 profit or loss on disposal.

Other intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash outflows over the payment term. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets (continued)

Amortization

Amortization is calculated on the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Category of assets	*Estimated useful life*
Metro naming rights	10 years
Others	3 - 4 years

(l) Assets classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are measured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss previously recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated and any equity accounted investee is no longer equity accounted.

(m) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is stated net of rebates according to the agreements with suppliers. The cost of inventories is based on the first-in first-out principle (FIFO) for certain inventory items (retail, consumables, stores and F&B) and weighted average cost for others (fashion goods), and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is any future salability of the product and the net realizable value for such product. Accordingly, provision is made where the net realizable value of inventories is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the ageing and past movement of the inventory.

(n) Provisions

A provision is recognized in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Staff terminal and retirement benefits

Provision for staff terminal benefits is calculated in accordance with the labor laws of the respective country in which they are employed. The Group's net obligation in respect of staff terminal benefits 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 average yield on high investment grade bonds that have maturity dates approximating the terms of the Group's obligation.

Under the UAE Federal Law No.7 of 1999 for Pension and Social Security, 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.

The principal assumptions for the calculation of the provision for staff terminal benefits at the reporting date are as follows:

	2016	2015
Discount rate	2.58% - 6.00%	2.98% - 6.00%
Future salary increase	3% - 5%	5%

(p) Long term employee benefits

The Group offers a retention plan to certain senior management personnel under a special incentive scheme. A provision for the Group's obligation under the scheme is accrued by estimating the present obligation and present value of the estimated future payments as at the reporting date in respect of all applicable employees for their services rendered during the year. The principal assumptions underlying the estimates are as follows:

	2016	2015
Discount rate	2.58% - 6.00%	2.98% - 6.00%
Annual rate of employees expected to leave scheme	0% - 50%	0% - 25%

(q) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be measured reliably.

(r) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. Where at inception or on reassessment of an arrangement that contains a lease, the asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Leases (continued)

Lease payments

Lease payments incurred as lessee under operating leases are recognized as an expense in the profit or loss on a straight line basis over the lease term. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease. Increases in rentals which are considered to be due to inflation are regarded as contingent rent and are recognized in the year in which that they occur.

Differences between rentals on the straight-line basis and contracted rentals are recognized as 'accrued lease rentals', as an asset or a liability, as the case may be. Lease rentals which are considered contingent at the inception of the lease but are confirmed at a subsequent date during the period of the lease are accounted for in the period in which they are incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance the liability.

(s) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(t) Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash balances, call deposits and term deposits with an original maturity less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(u) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or of gains and losses arising from a group of similar transactions.

(v) Revenue recognition

Revenue includes amounts derived from the provision of goods and services falling within the Group's ordinary activities and includes revenue from the following sources:

Goods sold

Revenue from the sale of goods at hypermarket is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Group and are recognized at the time of check-out when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Discounts are recognized as a reduction of revenue as the sales are recognized.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

Rebates and other supplier benefits

Income from rebates and other supplier benefits is recognized on an accrual basis, according to the agreements with suppliers. For the purpose of presentation, income from rebates is netted off from cost of sales. Income from other supplier benefits is included as part of revenue.

Listing and gondola fees

Listing and gondola fees are recognized as income on an accrual basis, when the obligations to display inventories are met.

Opening fees

Opening fees, based on agreements with suppliers, are recognized at the time of opening of the store.

Commission

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

Loyalty programmes

The Group has a customer loyalty programme whereby customers are awarded credits known as "tickets/ loyalty points". The fair value of the consideration received or receivable in respect of the initial sale is allocated between the reward credit and the other components of the sale.
The amount allocated to the tickets/ loyalty points is considered to be the fair value for which they could be redeemed. Such amount is deferred and revenue is recognized only when the tickets/ loyalty points is redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognized in those circumstances is based on the number of tickets/loyalty points that have been redeemed in exchange for products, relative to the total number of tickets/loyalty points that are expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the tickets/ loyalty points will be redeemed.

Rental income

Rental income received as lessor from properties under operating leases is recognized on a straight-line basis over the term of the lease. Contingent rents are recorded as income in the period in which they are earned. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Services

Revenue from hospitality and leisure and entertainment activities is recognized on rendering the services. Revenue from services is recognized when customers have a right to use the facilities on payment for these services.

(w) Finance income and expenses

Interest income and expense for all interest bearing financial instruments except for those designated at fair value through profit or loss, are recognized in 'interest income' and 'interest expense' in profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Finance income and expenses (continued)

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

(x) 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.

(y) Tax

Income tax expense comprises current and deferred tax calculated in accordance with the income tax laws applicable to certain overseas subsidiaries. Income tax expense is recognized in profit or loss except to the extent it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of 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 assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which can be used. 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; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of all operating segments are reviewed regularly by senior management and the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Group has four segments, consistent with internal reporting and are considered Group's strategic business units. The strategic businesses units offer different services and are managed separately because they have different strategic requirements. Inter-segment pricing is determined on an arm's length basis.

The following summary describes the operations in each of the Group's reportable segments:

Properties: The principal activities includes investing in and operating and managing commercial projects including shopping malls, hotels, residential projects, leisure and entertainment, acting as a holding company to various subsidiaries and investing in joint ventures and associates.

Retail: The principal activities include establishment and management of hypermarkets, and supermarket in accordance with the franchise agreement with Carrefour Partenariat International, a Carrefour SA affiliate.

Ventures: The principal activities include establishing, investing in and management of commercial projects. It also includes, through subsidiaries, the establishment and management of retail fashion stores, leisure activities entertainment, credit cards, food and beverage and healthcare services.

Head Office: The principal activities acting as the holding company of the Group's subsidiaries, arranging the Group's financing requirements and providing certain support services to the subsidiaries.

EBITDA

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Classification of properties

4.1.1 *Investment property - accounting for dual-use properties*

Investment property is property held to either earn rental income or capital appreciation or for both. 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, referred to as 'dual use properties'. Such dual use properties are split for accounting purposes between property, plant and equipment and investment properties based on their respective leasable values, subject to the conditions described below.

4.1.2 *Properties where the let-out portions can be sold or finance leased separately*

In the UAE, Law No. 27 of 2007 regulating the Ownership of Jointly Owned Properties in the Emirate of Dubai ("the Strata Law") came into effect from 1 April 2008. Based on the terms of the Strata Law and clarification obtained by the Group from independent legal advisors, management is of the view that:

- It is possible to divide developed property, such as a shopping mall, into separate units;
- Conceptually, strata title can validly be created within the shopping malls and individual units or parts thereof may be sold or subject to long leases; and
- The Dubai Land Department and the Strata Law both support the above concept.

In countries other than UAE, wherever similar laws exist, the Company splits dual use properties based on the respective leasable value of each portion.

Notes to the consolidated financial statements (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Classification of properties (continued)

4.1.3 Properties where the let-out portions cannot be sold or finance leased separately

Due to legal restrictions in Oman, the properties cannot currently be sold or finance leased separately (in case of UAE, without the prior consent of the Ruler). Consequently, the entire property is classified as investment property only if an insignificant portion is held for own use.

In 2015, the legal titles for the properties in the UAE that had been developed on land gifted by the Ruler of Dubai to the majority shareholder of the Parent Company, were registered with the Dubai Land Department with freehold status in return for a fee paid by the Group, thereby, granting the Group freehold title to these plots. Accordingly, management is of the view that these properties can henceforth be treated as those where portions can be sold or finance-leased separately.

4.2 Valuation and apportionment fair values between land and buildings

Valuation of properties is a significant area of judgement. Key assumptions used in arriving at the fair values of land and buildings are disclosed in notes 6 and 7.

Where the valuation of a property comprises the aggregate value of land and building, the valuation is apportioned between land and building based on the reinstatement cost as computed by an external appraiser of the building, unless another appropriate basis is available for allocation.

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 valuer or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the buildings and depreciated over the remaining useful lives of the respective buildings.

4.3 Impairment

Management assesses impairment loss on assets other than investment property carried at fair value and inventories whenever there are indicators of impairment. In assessing impairment of assets based on value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

4.4 Supplier balances and sourcing (rebates)

Management applies judgement in estimating the rebate eligibility and determining the period over which the reduction in cost of sales should be recognized. Management estimates the rebates eligibility and the period, in relation to strategic volume moves and some annual volume based rebates, over which cost of sales is reduced based on the individual contractual arrangement with the suppliers.

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING

5.1 By business

The segment information provided to the Board of Directors for reportable segments for the year ended 31 December 2016 are as follows:

	Properties AED '000	Retail AED '000	Ventures AED '000	Head office AED '000	Total AED '000
For the year ended 31 December 2016:					
Revenue					
Gross revenue	4,490,628	23,881,920	1,855,828	-	30,228,376
Inter segment revenue	(319,576)	-	-	-	(319,576)
Revenue from external customers	4,171,052	23,881,920	1,855,828	-	29,908,800
Results from continuing operations					
EBITDA	2,855,496	1,231,697	231,201	(133,429)	4,184,965
Eliminations and adjustments					(12,546)
					4,172,419
Depreciation and amortisation expense	(479,391)	(330,233)	(222,644)	(5,757)	(1,038,025)
Eliminations and adjustments					(151,313)
					(1,189,338)
Valuation gain on land and buildings - net	392,274	-	-	-	392,274
Eliminations and adjustments					28,484
					420,758
Net finance (cost)/income	(361,700)	67,592	(60,905)	467,273	112,260
Eliminations and adjustments					(510,423)
					(398,163)
Net profit/(loss) after tax	2,359,724	868,317	(111,644)	331,199	3,447,596
Eliminations and adjustments					(663,898)
					2,783,698
Capital expenditure	(2,785,118)	(489,654)	(500,125)	(28,699)	(3,803,596)
As at 31 December 2016:					
Total assets	45,285,764	6,092,269	3,148,525	288,259	54,814,817
Eliminations and adjustments					(2,079,363)
					52,735,454

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING (continued)

5.1 By business (continued)

The segment information provided to the Board of Directors for reportable segments for the year ended 31 December 2015 are as follows:

	Properties AED '000	Retail AED '000	Ventures AED '000	Head office AED '000	Total AED '000
For the year ended 31 December 2015:					
Revenue					
Gross revenue	4,090,866	22,076,256	1,438,506	-	27,605,628
Inter segment revenue	(262,285)	-	-	-	(262,285)
Revenue from external customers	3,828,581	22,076,256	1,438,506	-	27,343,343
Results from continuing operations					
EBITDA	2,606,585	1,178,098	186,437	(136,557)	3,834,563
Eliminations and adjustments					-
					3,834,563
Depreciation and amortisation expense	(344,230)	(321,936)	(145,461)	(1,939)	(813,566)
Eliminations and adjustments					(272,625)
					(1,086,191)
Valuation gain on land and buildings - net	1,743,366	-	-	-	1,743,366
Eliminations and adjustments					(622,753)
					1,120,613
Net finance (cost)/income	(267,259)	62,524	(29,129)	445,729	211,865
Eliminations and adjustments					(497,497)
					(285,632)
Net profit after tax	3,526,846	809,760	40,511	272,331	4,649,448
Eliminations and adjustments					(1,342,293)
					3,307,155
Capital expenditure	(3,440,789)	(503,803)	(462,191)	(1,720)	(4,408,503)
As at 31 December 2015:					
Total assets	43,997,193	5,756,668	2,421,540	270,296	52,445,697
Eliminations and adjustments					(1,562,771)
					50,882,926

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING (continued)

5.2 By geography

5.2.1 Revenue by geographical market

	2016 AED '000	2015 AED '000
UAE (country of domicile)	**15,943,161**	14,556,837
Egypt	**2,853,082**	3,033,994
Qatar	**2,269,216**	2,192,651
Saudi Arabia	**2,562,960**	2,335,014
Oman	**1,638,473**	1,452,734
Jordan	**1,301,096**	1,061,710
Bahrain	**810,354**	760,827
Pakistan	**603,531**	424,441
Kuwait	**583,006**	540,689
Lebanon	**432,671**	416,520
Georgia	**408,633**	274,709
Iraq	**336,450**	262,896
Kazakhastan	**81,282**	-
Kenya	**54,849**	-
Armenia	**30,036**	30,321
	29,908,800	27,343,343

5.2.2 Total assets by geographical region

	2016 AED '000	2015 AED '000
UAE (country of domicile)	**37,628,776**	35,189,925
Egypt	**2,141,835**	4,109,815
Bahrain	**3,799,156**	3,469,086
Saudi Arabia	**2,552,526**	2,412,326
Lebanon	**2,228,078**	1,922,638
Oman	**2,716,872**	2,408,616
Qatar	**459,141**	313,143
Jordan	**346,081**	376,154
Others*	**862,989**	681,223
	52,735,454	50,882,926

* Others include Kuwait, Georgia, Pakistan, Hong Kong, Iraq, Kazakhstan, Armenia and Kenya.

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED '000	Motor vehicles AED '000	Furniture fixtures and equipment AED '000	Capital work in progress AED '000	Total AED '000
Cost/valuation					
At 1 January 2015	21,007,554	11,650	5,096,408	554,765	26,670,377
Additions	1,425,411	2,760	377,996	1,020,031	2,826,198
Acquired in business combination	-	-	97,707	70	97,777
Disposals/write offs/adjustments	(17,695)	(950)	(128,497)	(15,882)	(163,024)
Transfer to investment properties-net	(14,922,897)	-	-	-	(14,922,897)
Assets placed in service	378,161	160	630,285	(1,008,606)	-
Net gain on valuation of properties (note 6.1)	1,204,433	-	-	-	1,204,433
Accumulated depreciation and impairment eliminated on valuation	(542,024)	-	-	-	(542,024)
Effect of foreign exchange movements	(16,398)	(119)	(59,104)	(20,728)	(96,349)
At 1 January 2016	**8,516,545**	**13,501**	**6,014,795**	**529,650**	**15,074,491**
Additions	**130,210**	**2,159**	**620,218**	**682,416**	**1,435,003**
Acquired in business combination (note 25.1)	**-**	**1,041**	**177,725**	**5,321**	**184,087**
Disposals/write offs/adjustments	**3,290**	**(786)**	**(416,015)**	**(11,053)**	**(424,564)**
Transfer from investment properties-net (note 7)	**14,717**	**-**	**-**	**138,747**	**153,464**
Transfer to intangible assets (note 10)	**-**	**-**	**(30,209)**	**-**	**(30,209)**
Assets placed in service	**-**	**65**	**308,227**	**(308,292)**	**-**
Net gain on valuation of properties (note 6.1)	**232,262**	**-**	**-**	**-**	**232,262**
Accumulated depreciation and impairment eliminated on valuation	**(486,133)**	**-**	**-**	**-**	**(486,133)**
Effect of foreign exchange movements	**(100,085)**	**(407)**	**(321,793)**	**(54,390)**	**(476,675)**
At 31 December 2016	**8,310,806**	**15,573**	**6,352,948**	**982,399**	**15,661,726**
Accumulated depreciation/impairment					
At 1 January 2015	-	(5,595)	(3,124,196)	(14,657)	(3,144,448)
Charged during the year	(542,024)	(1,655)	(541,143)	(1,369)	(1,086,191)
Impairment loss (note 31)	-	-	(56,468)	(13,894)	(70,362)
Reversal of impairment (note 31)	-	-	15,122	-	15,122
On assets acquired in business combination	-	-	(49,417)	-	(49,417)
Accumulated depreciation and impairment eliminated on valuation	542,024	-	-	-	542,024
On disposals/write offs	-	828	100,862	-	101,690
Effect of foreign exchange movements	-	69	26,652	-	26,721
At 1 January 2016	**-**	**(6,353)**	**(3,628,588)**	**(29,920)**	**(3,664,861)**
Charged during the year	**(486,133)**	**(1,846)**	**(646,653)**	**(384)**	**(1,135,016)**
Impairment loss (note 31)	**-**	**-**	**(73,725)**	**(22,149)**	**(95,874)**
Reversal of impairment (note 31)	**-**	**-**	**27,730**	**-**	**27,730**
Acquired in business combination (note 25.1)	**-**	**(730)**	**(75,966)**	**-**	**(76,696)**
Transfer to intangible assets (note 10)	**-**	**-**	**12,401**	**-**	**12,401**
Accumulated depreciation and impairment eliminated on valuation	**486,133**	**-**	**-**	**-**	**486,133**
On disposals/write offs	**-**	**656**	**386,058**	**-**	**386,714**
Effect of foreign exchange movements	**-**	**517**	**176,616**	**115**	**177,248**
At 31 December 2016	**-**	**(7,756)**	**(3,822,127)**	**(52,338)**	**(3,882,221)**
Carrying amounts					
At 31 December 2015	8,516,545	7,148	2,386,207	499,730	11,409,630
At 31 December 2016	**8,310,806**	**7,817**	**2,530,821**	**930,061**	**11,779,505**

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.1 The details of revaluation gain on property, plant and equipment are as follows:

	2016 AED '000	2015 AED '000
Gain transferred to revaluation reserve	**264,207**	1,177,849
Net (loss)/gain recognized in profit or loss	**(31,945)**	26,584
	232,262	1,204,433

6.2 Accrued income relating to the accounting for lease rentals on a straight line basis as per IAS 17 have been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2016 AED '000	2015 AED '000
Fair value of land and buildings	**8,315,472**	8,545,428
Less: adjustment for accrued operating lease income	**(4,666)**	(28,883)
Net adjusted fair value	**8,310,806**	8,516,545

6.3 If the properties had been stated under the historical cost basis, the carrying amounts would have been as follows:

	2016		2015	
	Land AED '000	**Buildings AED '000**	Land AED '000	Buildings AED '000
Cost	**764,168**	**6,472,873**	626,198	6,168,550
Accumulated depreciation	**-**	**(2,661,934)**	-	(2,140,473)
Net carrying amount	**764,168**	**3,810,939**	626,198	4,028,077

6.4 Certain lands are held in the personal name of the majority shareholder of the Parent Company for the beneficial interest of the Group. During the year, title to properties amounting to AED 1,809 million have been transferred to the Group.

6.5 Measurement of fair value

6.5.1 The fair value measurement of property, plant and equipment of AED 8,311 million (2015: AED 8,517 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

6.5.2 The following table shows the significant unobservable inputs used:

Significant unobservable inputs for:	**2016**			**2015**		
	Shopping malls	**Offices**	**Hotels**	**Shopping malls**	**Offices**	**Hotels**
Discount rate	10.82%-22.22%	-	11.25%-12.75%	11%-19%	-	11.25%-12.75%
Net initial yield	-	7.67%-9.79%	-	-	7%-7.5%	-
Income return	5.24%-14.39%	8.04%-10.34%	3.88%-7.96%	8%-12%	8%-10.5%	5%-13%
Average occupancy	98%	98%	77%	98%	97%-100%	75%*

* This excludes the occupancy of hotels in UAE which were under renovation during 2015.

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.5.3 ***Inter-relationship between key unobservable inputs and fair value measurement.***

The estimated fair value would increase/ (decrease) if:

- The occupancy rates were higher/(lower);
- The discount rates were lower/(higher); or
- The income returns were higher/(lower).

7. INVESTMENT PROPERTIES

	Land-Undeveloped AED '000	Land and buildings AED '000	Capital work in progress AED '000	Total AED '000
Cost/valuation				
At 1 January 2015	885,434	10,475,092	2,919,930	14,280,456
Additions	-	627,514	954,791	1,582,305
Net valuation gain recognized in profit or loss (note 7.1)	-	1,094,029	-	1,094,029
Assets placed in service	-	425,052	(425,052)	-
Transfer (to)/from property, plant and equipment-net (note 6)	(9,688)	14,932,585	-	14,922,897
Transfer from development properties (note 8)	61,351	-	716,700	778,051
Disposals / write offs	-	(4,187)	(48)	(4,235)
Effect of foreign exchange movements (note 22.4)	(1,602)	(73,450)	(107,747)	(182,799)
At 1 January 2016	**935,495**	**27,476,635**	**4,058,574**	**32,470,704**
Additions	**765,732**	**477,260**	**1,123,165**	**2,366,157**
Net valuation (loss)/gain recognized in profit or loss (note 7.1)	**(26,219)**	**724,687**	**(245,765)**	**452,703**
Assets placed in service	**3,873**	**56,810**	**(60,683)**	**-**
Transfer to property, plant and equipment-net (note 6)	**(3,873)**	**(8,474)**	**(141,117)**	**(153,464)**
Transfer to development properties (note 8)	**(243,000)**	**-**	**-**	**(243,000)**
Effect of foreign exchange movements (note 22.4)	**(19,023)**	**(461,507)**	**(1,309,195)**	**(1,789,725)**
At 31 December 2016	**1,412,985**	**28,265,411**	**3,424,979**	**33,103,375**

7.1 The net valuation gain/(loss) included in profit or loss is as follows:

	2016 AED '000	2015 AED '000
Net (loss)/gain taken to profit or loss on property, plant and equipment	**(31,945)**	26,584
Gain on valuation of investment properties	**452,703**	1,094,029
	420,758	1,120,613

7.2 Rental income derived from investment properties during the current year is AED 2,979 million (2015: AED 1,773 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 654 million (2015: AED 441 million).

7.3 The Group transferred a portion of land amounting to AED 243 million, purchased during the year, from investment property to development property in line with the business model.

7.4 Accrued income relating to the accounting for lease rentals on a straight line basis as per IAS 17 has been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

Notes to the consolidated financial statements (continued)

7. INVESTMENT PROPERTIES (continued)

	2016 AED '000	2015 AED '000
Fair value of land and buildings	**28,458,012**	27,623,893
Less: adjustment for accrued operating lease income	**(192,601)**	(147,258)
Net adjusted fair value	**28,265,411**	27,476,635

7.5 Certain lands are held in the personal name of the majority shareholder of the Parent Company for the beneficial interest of the Group. During the year, the title to properties amounting to AED 17,317 million has been transferred to the Group.

7.6 The carrying value of properties (including property, plant and equipment) mortgaged against bank loans aggregates to AED 2,025 million (2015: AED 1,303 million).

7.7 Measurement of fair value

7.7.1 The fair value measurement of investment properties of AED 33,103 million (2015: AED 32,471 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

7.7.2 The following table shows the significant unobservable inputs used:

	2016		2015	
Significant unobservable inputs for:	**Shopping malls and properties under construction**	**Offices**	Shopping malls	Offices
Discount rate	10.82%-22.22%	-	11%-19%	-
Net initial yield	-	7.67%-9.79%	-	7%-7.5%
Income return	5.24%-14.39%	8.04%-10.34%	8%-12%	8%-10.5%
Average occupancy	98%	98%	98%	97%-100%
Capitalisation Rate*	4.2%	-	N/A	-

* The capitalisation rate applied for the property under construction as at the reporting date is based on the net initial yield on commencement of operations.

7.7.3 ***Inter-relationship between key unobservable inputs and fair value measurement.***

The estimated fair value would increase/ (decrease) if:

- The occupancy rates were higher/(lower);
- The discount rates were lower/(higher);
- The income returns were higher/(lower); or
- The capitalisation rate was lower/(higher).

8. DEVELOPMENT PROPERTIES

	2016 AED '000	2015 AED '000
At 1 January	**-**	797,771
Additions during the year	**2,436**	-
Transferred from/(to) investment properties (note 7.3)	**243,000**	(778,051)
Provision for impairment	**-**	(19,720)
	245,436	-

Notes to the consolidated financial statements (continued)

9. INVESTMENTS

	2016 AED '000	2015 AED '000
Investments held at fair value through profit or loss (FVPL):		
- Unlisted equities	**3,233**	7,524
Investment in associates (note 9.1)	**62,111**	147,248
Investment in joint ventures (note 9.2)	**1,186,237**	1,054,464
	1,251,581	1,209,236

9.1 Investment in associates

	2016 AED '000	2015 AED '000
At 1 January	**147,248**	219,136
Additions/transfers during the year	**18,825**	9,877
Share of profit/(loss) accounted through profit or loss	**3,789**	(62,735)
Dividend income received	**(16,395)**	(16,723)
Impairment charge (note 31)	**(91,356)**	(2,307)
	62,111	147,248

9.1.1 Summarized financial information in respect of the Group's material interest in the associates in UAE is set out below:

	2016 AED '000	2015 AED '000
Total assets	**355,184**	2,758,104
Total liabilities	**(275,426)**	(2,387,680)
Net assets	**79,758**	370,424
Carrying amount of interest in the investee at the year end*	**62,111**	147,248
Revenue	**596,526**	2,717,189
Profit/(loss) for the year	**6,833**	(269,688)
Share of profit/(loss) for the year	**3,789**	(62,735)

* Share of net assets disclosed above in associates and joint ventures is net of impairment.

9.1.1.1 For the current year, no reliable financial information is available in respect of an associate, whose principal activities are to deal in and own properties, and to invest in other entities. Consequently, no financial information has been disclosed for this associate in these consolidated financial statements in 2016 (note 31.3).

9.2 Investment in joint ventures

	2016 AED '000	2015 AED '000
At 1 January	**1,054,464**	1,023,981
Additions/reclassifications during the year (9.2.1)	**32,700**	24,504
Share of profit accounted through profit or loss (note 9.2.3)	**125,680**	35,305
De-recognition of investment on account of change in control	**-**	(14,619)
Provision for impairment (note 31)	**-**	(16,000)
Share of other comprehensive income from equity accounted investees	**244**	-
Foreign currency translation differences from foreign operations	**(26,851)**	1,293
	1,186,237	1,054,464

Notes to the consolidated financial statements (continued)

9. INVESTMENTS (continued)

9.2 Investment in joint ventures (continued)

9.2.1 Investment amounts in various entities include capital contributions made by the Group in its capacity as a shareholder. These balances are unsecured and interest free in nature and will not be called for repayment, except at the sole discretion of the joint venture entities. During the year, a portion of the balance receivable amounting to AED 32.7 million, was reclassified to investment in joint ventures as part of the consideration for additional shareholder contribution.

9.2.2 Summarized financial information in respect of the Group's interest in joint ventures aggregated by geographical concentration between UAE, Gulf Cooperation Council (GCC) excluding UAE and others is set out below:

At 31 December 2016

	UAE AED '000	**Other GCC AED '000**	**Others AED '000**	**Total AED '000**
Non-current assets	**422,633**	**303,408**	**156,504**	**882,545**
Current assets	**1,418,803**	**2,109,843**	**2,158,240**	**5,686,886**
Current liabilities	**(1,019,096)**	**(926,500)**	**(120,477)**	**(2,066,073)**
Non-current liabilities	**(136,740)**	**(823,886)**	**(1,447,645)**	**(2,408,271)**
Net assets	**685,600**	**662,865**	**746,622**	**2,095,087**
Carrying amount of interest in the investee at the year end*	**392,220**	**417,085**	**376,932**	**1,186,237**
Revenue	**620,439**	**677,695**	**3,628**	**1,301,762**
Profit for the year	**78,415**	**156,298**	**16,519**	**251,232**
Share of profit for the year	**39,296**	**78,149**	**8,235**	**125,680**

At 31 December 2015

	UAE AED '000	Other GCC AED '000	Others AED '000	Total AED '000
Non-current assets	342,512	297,728	27,233	667,473
Current assets	2,509,343	2,039,585	1,876,014	6,424,942
Current liabilities	(2,130,873)	(938,160)	(74,908)	(3,143,941)
Non-current liabilities	(72,944)	(892,587)	(1,098,236)	(2,063,767)
Net assets	648,038	506,566	730,103	1,884,707
Carrying amount of interest in the investee at the year end*	319,980	338,832	395,652	1,054,464
Revenue	168,904	507,491	-	676,395
Profit for the year	(1,070)	77,792	(7,058)	69,664
Share of profit for the year	92	38,896	(3,683)	35,305

* Share of net assets disclosed above in associates and joint ventures is net of impairment.

Notes to the consolidated financial statements (continued)

10. INTANGIBLE ASSETS

	2016		2015	
	Goodwill AED '000	Others	Goodwill AED '000	Others AED '000
Cost				
At 1 January	**84,989**	**248,193**	-	221,977
Additions during the year	**-**	**33,185**	84,989	26,216
Acquired in business combination (note 25.1)	**214,570**	**50,110**	-	-
Transfer from property, plant and equipment (note 6)	**-**	**30,209**	-	-
Disposals/write offs/adjustments	**(1,161)**	-	-	-
Effect of foreign exchange movements	**(29)**	**(1,686)**	-	-
	298,369	**360,011**	84,989	248,193
Accumulated amortization/impairment				
At 1 January	**-**	**(145,166)**	-	(117,980)
Charge for the year	**-**	**(45,032)**	-	(27,186)
Impairment loss	**(2,840)**	-	-	-
On disposals/write offs	**-**	**1,163**	-	-
On transfers from property, plant and equipment (note 6)	**-**	**(12,401)**	-	-
	(2,840)	**(201,436)**	-	(145,166)
Carrying amount - net	**295,529**	**158,575**	84,989	103,027

10.1 Above includes intangible assets in respect of naming rights. In 2008, the Group entered into an agreement with a Government entity in the UAE to acquire naming rights for two stations of Dubai Metro for a period of 10 years commencing from 2009, when the Metro became operational. Based on the present value of the future payments to be made, an intangible asset has been recorded which is being amortized over the contract period using the incremental borrowing cost of the Group at that time of 4.5% p.a and a corresponding long term liability has been recorded (note 21.3).

10.2 The management has carried out impairment tests for goodwill acquired through business combinations. Management has estimated the recoverable amount of the assets based on a value in use calculation. The Group's policy is to test Goodwill for impairment on an annual basis and whenever there is an indicator for impairment. Goodwill arising on the acquisitions during the year (note 25.1) shall be tested for impairment upon completion of one year from the date of acquisition.

11. DEFERRED TAX ASSETS AND LIABILITIES

11.1 Deferred tax assets

	2016 AED '000	2015 AED '000
At 1 January	**43,111**	32,317
Recognized in profit or loss	**9,015**	298
Charged to equity	**(358)**	-
Reclassified during the year (note 11.2)	**772**	12,969
Foreign currency translation difference from foreign operations	**(15,897)**	(2,473)
At 31 December	**36,643**	43,111

11.1.1 Deferred tax asset amounting to AED 26 million (2015: AED 34 million) is in respect of tax losses carried forward and temporary differences on depreciation of assets and provisions. Deferred tax asset has also been recognised on valuation losses on properties in Lebanon, where the tax rate is 10% (2015: 10%).

Notes to the consolidated financial statements (continued)

11. DEFERRED TAX ASSETS AND LIABILITIES (continued)

11.2 Deferred tax liabilities

	2016 AED '000	2015 AED '000
At 1 January	**196,104**	97,397
(Credited)/charged to profit or loss	**(15,657)**	54,191
(Credited)/charged to equity	**(15,726)**	41,094
Reclassified during the year (note 11.1)	**772**	12,969
Foreign currency translation difference from foreign operations	**(84,175)**	(9,547)
At 31 December	**81,318**	196,104

11.2.1 Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gain/losses on properties in Egypt and Oman. The tax rates in these countries are 22.5% (2015: 22.5%) and 12% (2015: 12%) respectively.

12. OTHER NON-CURRENT ASSETS

	2016 AED '000	2015 AED '000
Long term portion of:		
- Advances and deposits (note 14)	**302,426**	161,516
- Accrued income on operating leases (note 14)	**141,827**	172,428
- Prepaid rentals	**10,089**	10,252
Long term prepaid lease premium (note 12.1)	**60,554**	69,845
	514,896	414,041

12.1 This mainly represents the unamortized value of the payments made to the previous tenants of a hypermarket and a supermarket in respect of the right to enter as a lessee and also includes the payments made to the landlord of a hypermarket towards the cost of construction of the building in which the hypermarket is situated. These payments are in the nature of lease premiums and are amortised over the period of the respective leases which range from 2 to 20 years.

13. INVENTORIES

	2016 AED '000	2015 AED '000
Inventory held for sale (net of provisions)	**1,768,471**	1,774,924
Reduction in cost from incidence of rebates and discounts	**(126,987)**	(123,369)
Goods in transit	**16,581**	22,554
Spares and consumables	**30,663**	37,962
	1,688,728	1,712,071

Notes to the consolidated financial statements (continued)

14. TRADE AND OTHER RECEIVABLES

	2016 AED '000	2015 AED '000
Trade receivables	1,112,253	855,033
Advances and deposits	835,371	690,588
Prepayments	457,599	419,807
Accrued income on operating leases	197,507	176,141
Positive fair value of derivatives	90,294	103,815
Other receivables	88,666	55,765
	2,781,690	2,301,149
Provision for doubtful receivables (note 33.2.1)	(138,062)	(95,912)
	2,643,628	2,205,237
Less: long term portion (note 12)	(454,342)	(344,196)
	2,189,286	1,861,041

15. CASH IN HAND AND AT BANK

	2016 AED '000	2015 AED '000
Cash in hand	202,391	130,202
Fixed deposits	123,236	177,031
Cash at bank	844,985	1,078,799
Cash and cash equivalents	1,170,612	1,386,032
Fixed deposits with an original maturity of more than three months	91,854	8,300
	1,262,466	1,394,332

15.1 Cash in hand mainly represents daily sales takings at stores not deposited, the cash in operation at the central cashier office and petty cash.

15.2 Fixed deposits are obtained at prevailing market interest rates.

16. TRADE PAYABLES, OTHER LIABILITIES AND PROVISIONS

	2016 AED '000	2015 AED '000
Trade payables	3,599,214	3,470,028
Accruals	1,385,376	1,435,900
Advance receipts	821,572	875,139
Unearned rental income	802,541	683,323
Accrued lease rentals	202,245	178,894
Current portion of provision for bonus (note 21.2)	196,438	171,154
Retentions payable	191,530	220,914
Tax payable	133,425	118,719
Negative fair value of derivatives	131,255	135,978
Provisions (note 16.1)	129,109	100,870
Deferred consideration - current portion (note 25.1.2)	40,494	-
Current portion of finance lease liability (note 21.4)	25,582	30,214
Current portion of deferred liability (note 21.3)	9,120	11,428
Other payables	169,252	238,894
	7,837,153	7,671,455

Notes to the consolidated financial statements (continued)

16. TRADE PAYABLES, OTHER LIABILITIES AND PROVISIONS (continued)

16.1 Movement during the year:

	2016 AED '000	2015 AED '000
At 1 January	**100,870**	119,944
Charge during the year	**96,017**	29,187
Payments/adjustments made during the year	**(60,727)**	(47,842)
Currency translation adjustments	**(7,051)**	(419)
At 31 December	**129,109**	100,870

17. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the Parent Company and its shareholders, fellow subsidiaries, associates, joint ventures, key management personnel and/or their close family members. Transactions with related parties are carried out at agreed terms.

17.1 Long term receivable from related parties

	2016 AED '000	2015 AED '000
Receivable from joint ventures (note 17.1.1)	**61,890**	111,000
Less: discounting of receivable	**(13,394)**	(11,785)
	48,496	99,215
Receivable from a minority shareholder (note 17.1.2)	**19,061**	17,526
Receivable from a joint operator	**3,528**	4,425
	71,085	121,166

17.1.1 As at 31 December 2016, portion of the long-term receivable is measured at fair value, being the present value of the expected future cash flows, by using a discount rate of 10%. The differential between the carrying amount and the fair value is recognized within profit or loss.

17.1.2 A subsidiary of the Group, and its minority shareholder (‘the minority shareholder”) entered into a loan agreement on 25 November 2010. According to the loan agreement, the minority shareholder, shall repay to the subsidiary, the aggregate principal amount together with all accrued interest therein on the final maturity date of 31 December 2020. Accordingly, the balance is classified as long term in these consolidated financial statements. Interest has been accrued at the rate of 6 months EIBOR plus a margin of 7% p.a. compounded on a monthly basis.

17.2 Short term loan to a related party

In September 2016, a subsidiary of the Group, entered into an agreement with its joint venture, to provide a loan of EGP 118.5 million, amounting to AED 23.9 million as at the reporting date. The loan will be settled within one year from the date of signing the agreement. Accordingly this loan has been classified as short-term in these consolidated financial statements.

17.3 Short term loan from a related party

The loan is obtained from the Parent Company, against a loan facility of AED 500 million, renewable every year with a final maturity in 2019.

Notes to the consolidated financial statements (continued)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

17.3 Short term loan from a related party (continued)

	2016 AED '000	2015 AED '000
At 1 January	**53,126**	1,390
Borrowed during the year	**1,012,665**	212,437
Repaid during the year	**(1,273,533)**	(575,701)
Adjusted for dividend settlement	**210,000**	415,000
At 31 December	**2,258**	53,126

17.4 Long term loan from related parties

Long term loans from related parties include:

- The un-secured loan amounting to AED 29.7 million by a Group's subsidiary from it's non-controlling shareholder repayable upon the fifth anniversary of the agreement dated August 2015.
- AED 2.9 million loan is obtained by a Group's joint operation from a joint operator.

17.5 Due from related parties

	2016 AED '000	2015 AED '000
Parent company	**35,415**	15,215
Subsidiaries of the parent company	**180**	459
Joint ventures	**87,939**	61,373
Associates	**222**	2,315
Others	**17,118**	6,735
	140,874	86,097
Provision for doubtful receivables	**(26,519)**	(26,519)
	114,355	59,578

17.6 Due to related parties

	2016 AED '000	2015 AED '000
Others	**37,993**	37,392

17.7 Compensation to key management personnel

The aggregate compensation of key management personnel of the Group's entities, including non-executive directors is disclosed as follows:

	2016 AED '000	2015 AED '000
Directors' fees and expenses	**13,401**	16,491
Employee benefits (salaries and allowances including provision for bonus)	**104,682**	89,668
Post employment benefits (provision for end of service benefits)	**5,979**	4,375
	124,062	110,534

Notes to the consolidated financial statements (continued)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

17.8 Other transactions with related parties during the year

17.8.1 During the year the Parent Company has subsidized a proportion of costs, amounting to AED 15 million, incurred in respect of rollout and operations of Leadership Institute.

17.8.2 During the year certain projects and activities were undertaken on behalf of the Parent Company. Accordingly, costs relating to such projects and proportion of management time and travel costs, amounting to AED 40 million, incurred on these projects have been cross charged to the Parent Company.

18. BANK OVERDRAFT

	2016 AED '000	2015 AED '000
Bank overdraft	**539,443**	-

In the ordinary course of business, companies within the Group use overdraft facilities from banks on market rate interest. The Group has bank overdraft facilities aggregating to AED 914 million (2015: AED 545 million). The facilities carry interest at 0.75% - 3% above the base lending equivalent and the drawn amounts are repayable on demand.

19. SHORT TERM LOAN

	2016 AED '000	2015 AED '000
At 1 January	**-**	-
Borrowed during the year	**2,019,966**	2,549,062
Repaid during the year	**(1,968,544)**	(2,549,062)
	51,422	-

19.1 The loan is an uncommited revolving facility of USD 100 million with a margin of 1.25% per annum over 1 week LIBOR maturing within 6 months from the date of each drawdown.

20. LONG TERM LOANS

	2016 AED '000	2015 AED '000
At 1 January	**10,586,000**	9,014,663
Borrowed during the year	**3,639,548**	6,757,062
Fair value movement	**(63,161)**	8,122
Repaid during the year	**(3,341,354)**	(5,151,724)
Currency translation adjustment	**(547,305)**	(42,123)
	10,273,728	10,586,000
Less: Current maturity of long term loans	**(2,509,099)**	(2,102,082)
Non-current portion	**7,764,629**	8,483,918

20.1 The floating rate loans carry margins ranging from 1% to 3.75% (2015: 1.2% to 3.5%) per annum over the base lending rate, whilst fixed rate on loans ranges from 4.5% to 5.9% (2015: 4.5% to 5.85%). For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

Notes to the consolidated financial statements (continued)

20. LONG TERM LOANS (continued)

20.2 The details of long term loans are mentioned below:

Loan facility '000	Repayment interval	Repayment commencing	Maturity date	Note	2016 AED '000	2015 AED '000
EGP 3,000,000	Unequal installments every year	26-Jul-17	28-Apr-26	20.3	**513,730**	772,510
AED 225,000	Semi-annual	29-Sep-13	29-Mar-21	20.4	**154,800**	177,975
USD 45,000	Semi-annual	5-Nov-15	5-May-22	20.5	**114,781**	124,882
USD 8,262	Annual	27-Sep-16	27-Sep-18	20.5	**19,327**	30,346
LBP 170,633,264	Annual	20-Mar-16	20-Sep-22	20.5	**394,652**	415,663
EGP 2,500,000	Unequal installments every year	28-Sep-21	28-Sep-30	20.6	**-**	-
KES 1,530,000	Semi-annual	31-Dec-18	30-Jun-20	20.7	**36,010**	-
GEL 10,939	Semi-annual	17-Mar-18	17-Mar-21	20.7	**15,126**	-
PKR 1,850,000	Quarterly	6-Aug-18	9-May-21	20.8	**38,627**	-
USD 400,000	Bullet	NA	7-Feb-17	20.9	**1,468,760**	1,468,703
USD 500,000	Bullet	NA	3-Nov-25	20.9	**1,808,854**	1,822,059
USD 1,159,000	Revolver	NA	19-Sep-18		**-**	888,484
AED 1,609,000	Revolver	NA	19-Sep-18		**-**	335,834
USD 500,000	Bullet	NA	5-Jul-19	20.10	**1,828,952**	1,829,029
USD 800,000	Bullet	NA	7-May-24	20.10	**3,007,113**	1,908,060
USD 100,000	Revolver	NA	24-Jul-19		**366,826**	83,821
USD 800,000	Revolver	NA	16-Sep-20		**506,170**	728,634
USD 500,000	Revolver	NA	30-Jun-21		**-**	-
					10,273,728	10,586,000

20.3 In 2013, a loan facility of EGP 3,000 million was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall, which is secured by assignment of lease proceeds and insurance contracts.

20.4 The loan facility is secured by way of a first degree mortgage over land and building of a shopping mall in UAE, assignment of insurance policies of the property and lease rentals of the shopping mall.

20.5 These loan facilities were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which a shopping mall is constructed and the assignment of lease rentals of the shopping mall.

20.6 During the year, a loan facility of EGP 2,500 million was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall. As at the reporting date the Group had no outstanding balance on this loan facility.

20.7 During the year, term loan facilities of KES 1,530 million and GEL 10.9 million were obtained by the Group's subsidiaries in Kenya and Georgia respectively.

20.8 During the year, a term loan facility of PKR 1,850 million was obtained by a subsidiary in Pakistan, which is secured by a bank guarantee issued to lending bank amounting to PKR 1,575 million and a charge on inventory amounting to PKR 500 million.

20.9 In February 2012 the Group had issued five year Sukuk certificates ("bonds") under its USD 1,000 million Sukuk program (structured as a "Wakala"), raising USD 400 million (AED 1,469 million). The five year senior unsecured bonds issued in 2012 under this program are listed on the London Stock Exchange and on the NASDAQ Dubai, UAE. The terms of the arrangement include transfer of ownership of certain identified assets (the "Wakala assets") of the Group to a Special Purpose Vehicle, MAF Sukuk Ltd. (the "Issuer"), formed for the issuance of bonds. In substance, the Wakala assets remain under the control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 5.85% per annum on a semi-annual basis to be serviced from returns generated from the Wakala assets.

Notes to the consolidated financial statements (continued)

20. LONG TERM LOANS (continued)

In 2015, the size of the Sukuk Trust Certificate Issuance Program was increased to USD 1,500 million and the structure of the Program was amended to incorporate a Commodity Murabaha Investment option within the "Wakala" structure.

In November 2015, the Group issued ten year Sukuk certificates ("bonds") under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,836.5 million). The ten year senior unsecured bonds issued in November under this program are listed on the NASDAQ Dubai, UAE and on the Irish Stock Exchange. The terms of the arrangement include payment to the Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the "Wakala Portfolio".

In substance, the Wakala Portfolio remains in control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 4.5% per annum on a semi-annual basis to be serviced from returns generated from the Wakala Portfolio.

The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the Sukuk Program, USD 600 million (31 December 2015: USD 600 million) is hedged by financial derivatives and accordingly, carried at fair value.

20.10 In July 2012, under the USD 2,000 million Global Medium Term Note (GMTN) Program (increased to USD 3,000 million in 2015), the Group had issued seven year fixed rate unsecured bonds of USD 500 million (AED 1,837 million) and ten year fixed rate unsecured bonds in May 2014 of USD 500 million (AED 1,837 million). The bonds carry coupon rates ranging from 4.75% to 5.25% per annum, payable every six months. The bonds issued in July 2012 are listed on London and NASDAQ Dubai, UAE Stock Exchanges and bonds issued in May 2014 are listed on NASDAQ Dubai, UAE and Irish Stock Exchanges. In addition the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates of the Program have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the GMTN Program, USD 825 million (31 December 2015: USD 700 million) is hedged by financial derivatives and accordingly, carried at fair value.

In July 2016, the Group issued additional USD 300 million (AED 1,102 million) under the GMTN program as part of May 2014 issue, thereby increasing the ten year issue to USD 800 million (AED 2,938 million).

21. OTHER LONG TERM LIABILITIES AND PROVISIONS

	2016 AED '000	2015 AED '000
Provision for staff terminal benefits (note 21.1)	**545,996**	481,362
Deferred consideration - non-current portion (note 25.1.2)	**143,449**	-
Provision for bonus (note 21.2)	**46,951**	40,866
Deferred liability (note 21.3)	**10,621**	19,449
Finance lease liabilities (note 7.4 and 21.4)	**23,697**	62,227
Other long term liabilities	**2,941**	3,683
	773,655	607,587

21.1 The movement in provision for staff terminal benefits is analysed as follows:

	2016 AED '000	2015 AED '000
At 1 January	**481,362**	418,940
Charge during the year	**110,462**	101,438
Payments made during the year	**(41,607)**	(37,996)
Currency translation adjustment	**(4,221)**	(1,020)
At 31 December	**545,996**	481,362

Notes to the consolidated financial statements (continued)

21. OTHER LONG TERM LIABILITIES AND PROVISIONS (continued)

21.2 The movement in provision for bonus incentive plan is as follows:

	2016 AED '000	2015 AED '000
At 1 January	**212,020**	183,487
Additions during the year	**233,033**	198,936
Payments/transfers made during the year	**(189,228)**	(169,646)
Currency translation adjustment	**(12,436)**	(757)
At 31 December	**243,389**	212,020
Less: Current portion (note 16)	**(196,438)**	(171,154)
Non-current portion	**46,951**	40,866

The provision for bonus includes AED 41 million (2015: AED 28 million) in respect of deferred bonus plan for the senior management staff of the Group, and is expected to be paid after one year from the reporting date.

21.3 The movement in the deferred liability is as follows:

	2016 AED '000	2015 AED '000
At 1 January	**30,877**	57,290
Interest accrued during the year	**1,204**	2,151
Payments made during the year	**(12,340)**	(28,564)
At 31 December	**19,741**	30,877
Less: Current portion (note 16)	**(9,120)**	(11,428)
Non-current portion	**10,621**	19,449

Also refer to note 10.1

21.4 Finance lease liabilities are as follows:

	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
In thousands of AED	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Less than one year	**30,187**	36,073	**4,605**	5,859	**25,582**	30,214
Between one and five years	**7,893**	32,818	**7,893**	11,453	**-**	21,365
More than five years	**123,659**	128,921	**99,962**	88,059	**23,697**	40,862
	161,739	197,812	**112,460**	105,371	**49,279**	92,441

The imputed finance cost on the finance lease liabilities was determined based on Group's subsidiaries incremental borrowing rate of 0.3% - 10%.

22. SHARE CAPITAL AND RESERVES

22.1 Share capital

	2016 AED '000	2015 AED '000
Issued and fully paid 2,486,729 shares of AED 1,000 each	**2,486,729**	2,486,729

Notes to the consolidated financial statements (continued)

22. SHARE CAPITAL AND RESERVES (continued)

22.1.1 During the year, a dividend of AED 210 million (2015: 415 million) was declared and settled by the Company.

22.2 Statutory reserve

In accordance with the respective Articles of Association of the entities within the Group and relevant local laws, 10% of the net profit for the year of the individual entities to which 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 the individual entities. This reserve can be utilized only in the manner specified under the relevant laws and is not available for distribution.

22.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

22.4 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. During the current year the Central Bank of Egypt floated its controlled currency which led to devaluation of Egyptian Pound by 57% and resulted in an impact of AED 1,434 million in the currency translation reserve in current year.

23. HYBRID EQUITY INSTRUMENT

In October 2013, the Group has issued Hybrid Perpetual Note Instruments ('the Notes') of AED 1,836 million (USD 500 million) which are listed on the Irish Stock Exchange. The Notes are deeply subordinated with no maturity date. The Notes carry interest at the rate of 7.125% payable semi-annually in arrears till the first call date on October 29, 2018 and will be reset thereafter every 5 years to a new fixed rate plus the margin. The Group may elect at its sole and absolute discretion not to pay interest on interest payment dates. Pursuant to the requirements of IAS 32 and the terms/conditions, the Notes are classified as equity net of transaction costs amounting to AED 10.5 million.

24. NON-CONTROLLING INTERESTS

The following subsidiaries within the Group have material non-controlling interests:

			Non-controlling interest	
Name of subsidiary	**Country of incorporation**	**Nature of business**	**2016**	2015
Fujairah City Centre Investment Company LLC	United Arab Emirates	Property developer	37.5%	37.5%
Aswaq Al Emarat Trading CJSC	Kingdom of Saudi Arabia	Property developer	15%	15%
MAF IT Sugar LLC	United Arab Emirates	Retail	25%	25%
Attractions and Leisure Services Company WLL	Kuwait	Leisure and Entertainment	50%	50%
Perfect World for Kids Entertainment Co.	Jordan	Leisure and Entertainment	50%	50%
Majid Al Futtaim Accessories LLC	United Arab Emirates	Fashion retailer	49%	49%
Suburban Development Company SAL	Lebanon	Property developer	3.2%	3.2%
Oman Arab Cinemas Co. LLC	Oman	Cinema	20%	-
Vox Cineco Cinema Company (note 25.1.2)	Bahrain	Cinema	50%	-

Notes to the consolidated financial statements (continued)

24. NON-CONTROLLING INTERESTS (continued)

The following is summarised financial information for the subsidiaries within the Group that have material non-controlling interest:

At 31 December 2016

	UAE AED '000	Other GCC AED '000	Others AED '000	Total AED '000
Non-current assets	1,434,585	1,148,230	8,337	2,591,152
Current assets	372,638	566,465	9,676	948,779
Current liabilities	(345,854)	(90,152)	(2,871)	(438,877)
Non-current liabilities	(667,274)	(1,937)	(154)	(669,365)
Net assets	794,095	1,622,606	14,988	2,431,689
Net assets attributable to non-controlling interests	152,720	278,996	9,327	441,043
Revenue	395,870	109,860	5,940	511,670
Profit/(loss) for the year	90,789	29,558	(359)	119,988
Other comprehensive income	(55)	(178)	35	(198)
Total comprehensive income/(loss) attributable to non-controlling interest	14,752	17,679	(157)	32,274

At 31 December 2015

	UAE AED '000	Other GCC AED '000	Others AED '000	Total AED '000
Non-current assets	1,425,768	1,471,373	9,610	2,906,751
Current assets	367,052	18,258	8,819	394,129
Current liabilities	(401,616)	(27,847)	(2,598)	(432,061)
Non-current liabilities	(686,702)	(736)	(28)	(687,466)
Net assets	704,502	1,461,048	15,803	2,181,353
Net assets attributable to non-controlling interests	137,920	219,966	9,898	367,784
Revenue	235,149	48,256	5,463	288,868
Profit/(loss) for the year	82,808	19,628	(2,115)	100,321
Other comprehensive income	37	104	16	157
Total comprehensive income/(loss) attributable to non-controlling interest	18,249	10,787	(920)	28,116

25. BUSINESS COMBINATIONS

25.1 2016 business combinations

25.1.1 On 30 June 2016, the Group entered into an agreement to purchase 80% shares and voting rights in Oman Arab Cinema Company LLC. The agreement became effective on 24 August 2016 after all the conditions of the buyer and the seller were met. As part of the share purchase agreement, the Group has a call option (excercisable at the fair value of the shares) to acquire the remaining 20% of the shares and voting interest on the third anniversary of the closing date. The management has assessed that the value of option is immaterial and hence it is not recorded in these consolidated financial statements.

- For the period ended 31 December 2016, Oman Arab Cinema Company LLC contributed revenue of AED 22.8 million and loss of AED 0.9 million to the Group's results.
- If the acquisition had occurred on 1 January 2016, management estimates that consolidated revenue would have been AED 62.9 million, and consolidated profit for the year would have been AED 0.73 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

Notes to the consolidated financial statements (continued)

25. BUSINESS COMBINATIONS (continued)

25.1 2016 business combinations (continued)

- The valuation technique used for measuring the fair value of assets acquired was on the basis of depreciated replacement cost approach. Intangible are measured using discounted cashflows of the variance between actual payout rate in comparison with market rate. The following tables summarizes recognized amounts of the assets acquired, liabilities assumed and consideration transferred at the date of acquisition:

	24 August 2016 AED '000
Property, plant and equipment (note 6)	65,452
Intangible assets - favourable terms lease contract (note 10)	50,110
Others	(2,016)
Fair value of net identifiable net assets acquired (A)	113,546
Non-controlling interest, based on proportionate interest recognised (B)	22,709
Purchase consideration paid (C)	146,920
Goodwill (C+B-A)	56,083

- The Group incurred acquisition-related costs of AED 0.73 million on legal fees and due deligence cost. These costs have been included in 'Operating expenses'.

25.1.2 Pursuant to the shareholders agreement dated 27 September 2016 between the Group and Bahrain Cinema Company BSC ('the seller'), the Group acquired a component of the seller's cinema business. The acquired Cinema will be transferred to a separate Company by the name of Vox Cineco Cinema Company W.L.L. ('Cineco'). The Group will own 50% shares of Cineco and will have control over the operations and management of the of the cinema theatres. However, the Group has consolidated the Cinema as it represents a separate business having its own separately identifiable assets, liabilities and cash flows for the purpose of these consolidated financial statements it has been considered as a deemed entity.

- For the period ended December 31, 2016, Cineco contributed revenue of AED 30.8 million and profit of AED 10.7 million (AED 5.4 million after NCI allocation) to the Group’s results .
- Management is in the process of completing the purchase price allocation of this acquisition. The following table summarizes the the provisional amount of goodwill acquired at the date of acquisition:

	1 October 2016 AED '000
Property, plant and equipment (note 6) (A)	41,939
Non-controlling interest, based on proportionate interest recognised (B)	20,969
Deferred consideration* (C)	179,457
Goodwill (C+B-A)	158,487

*The current portion of the above consideration amounts to AED 40.5 million (note 16).
In accordance with the terms of above agreement the business acquired should be transferred in a separate legal entity which is in the process of being incorporated and the operations are being carried out under the trade license of Bahrain Cinema Company BSC. The operations of the Cineco are under the control of the Group.

Notes to the consolidated financial statements (continued)

25. BUSINESS COMBINATIONS (continued)

25.2 2015 business combinations

25.2.1 Pursuant to the shareholders agreement entered on 18 March 2015, with Accessories (Island) limited, the Group incorporated Majid Al Futtaim Accessories LLC ("MAFA") to operate Monsoon, Accessorize & Monsoon Kids retail outlets in UAE, Qatar, Oman, Bahrain and Kuwait.

- The Group paid total consideration amounting to AED 76 million for 51% shareholding in MAFA. Goodwill amounting to AED 39.7 million was recognized on acquisition of net assets amounting to AED 36.3 million.
- The valuation technique used for measuring the fair value of assets acquired was on the basis of depreciated replacement cost approach.
- During 2015, the subsidiary contributed revenue of AED 34.9 million and a loss of AED 8.8 million to the Group's results.
- Capital contribution by non-controlling interest amounted to AED 27.6 million.

25.2.2 The Group acquired the remaining 25% equity interest in Majid Al Futtaim Fashion KSA from the non-controlling interest for a consideration of AED 8.2 million on 6 October 2015. The Group had previously fully absorbed the initial losses, hence the balance of non-controlling interest was nil and accordingly the contribution paid was charged to equity.

25.2.3 Effective 1 January 2015, the Group acquired controlling interest in two jointly controlled entities (namely, Attractions Management & Leisure Services Company W.L.L Kuwait and Kids Entertainment Perfect World PJSC Jordan). In 2015 the shareholders of the jointly controlled entities signed an agreement whereby, control over the relevant activities of these two entities were transferred to the Group with effect from 1 January 2015. Consequently, for the year ended 31 December 2015 the Group consolidated the results of the two entities.

- There was no additional purchase consideration for this transaction. The carrying value of investment amounting to AED 22.1 million at the date of change in control was considered as the purchase consideration.
- The Group measured it's portion of the net assets acquired at fair value using discounted cash flow method over a period of ten years.
- The non-controlling interest was measured at AED 23.4 million at the date of acquisition.
- The re-measurement of fair value of the Group's interest in these entities resulted in a gain of AED 43.1 million, the fair value had been attributed to the net identifiable assets of AED 43.4 million and the excess was recognized as Goodwill (AED 45.3 million) to the extent of the controlling interest acquired.
- During 2015, these entities have contributed revenue of AED 53.7 million and profit of AED 20.3 million to the Group's results.

Notes to the consolidated financial statements (continued)

26. REVENUE

	2016 AED '000	2015 AED '000
Sale of goods	**22,295,574**	20,625,926
Listing fees, gondola fees and commissions	**1,864,503**	1,627,128
Rental income	**3,170,896**	2,837,223
Leisure and entertainment	**1,408,648**	1,212,074
Hospitality revenue	**713,318**	682,133
Others	**455,861**	358,859
	29,908,800	27,343,343

27. COST OF SALES

	2016 AED '000	2015 AED '000
Opening inventories	**(1,712,071)**	(1,503,026)
Purchases	**(21,680,266)**	(20,104,447)
Closing inventories	**1,688,728**	1,712,071
Supplier rebates and discounts	**1,621,084**	1,461,732
	(20,082,525)	(18,433,670)

28. OPERATING EXPENSES

	2016 AED '000	2015 AED '000
Staff costs (note 28.1)	**(2,836,579)**	(2,595,115)
Depreciation (note 6)	**(1,135,016)**	(1,086,191)
Utilities	**(370,707)**	(340,976)
Rent	**(591,523)**	(530,589)
Advertising, selling and marketing expenses	**(292,811)**	(272,125)
Legal and consultancy expenses	**(186,481)**	(148,474)
Bank charges	**(147,352)**	(138,597)
Repair and maintenance	**(242,221)**	(213,553)
Franchise and management fees	**(154,813)**	(151,933)
Security expenses	**(109,895)**	(111,234)
Amortisation	**(54,322)**	(29,412)
House keeping and cleaning	**(85,519)**	(75,598)
Bad debts expense (note 33.2.1)	**(128,063)**	(64,261)
Other general and administrative expenses	**(576,052)**	(472,655)
	(6,911,354)	(6,230,713)

28.1 Staff cost (includes) / is net of the following:

	2016 AED '000	2015 AED '000
Gratuity cost	**(110,460)**	(101,438)
Pension cost	**(15,760)**	(14,676)
Staff cost capitalised	**99,136**	68,600

28.2 The number of employees at 31 December 2016 was 34,145 (2015: 30,371).

Notes to the consolidated financial statements (continued)

28. OPERATING EXPENSES

28.3 During the year ended 31 December 2016, the Group paid AED 6.3 million (2015: 4.8 million) for various social contribution purposes.

29. FINANCE COSTS - NET

	2016 AED '000	2015 AED '000
Finance costs:		
Arrangement and participation fee	**(45,037)**	(34,448)
Interest charges on bank loans	**(502,892)**	(448,715)
Interest charges on related party loans	**(5,792)**	(150)
Capitalized interest on development expenditure	**167,743**	129,435
	(385,978)	(353,878)
Changes in the fair value/settlement of derivatives held as FVPL	**(32,895)**	(14,343)
Cash flow hedges reclassified from hedging reserve	**(55,098)**	(63,679)
Bond programme cost	**(3,747)**	(7,786)
	(477,718)	(439,686)
Finance income:		
Interest income on bank balances	**30,972**	46,644
Interest income from operational financing	**21,550**	19,740
Cash flow hedges reclassified from hedging reserve	**3,071**	1,529
Changes in the fair value/settlement of derivatives held as FVPL	**23,962**	86,141
	79,555	154,054
	(398,163)	(285,632)

29.1 The capitalization rate used to determine the amount of borrowing cost eligible for capitalization varies from 4.11% to 17.75% (2015: 3.79% to 12.25%) depending on the effective interest rate over the tenure of the borrowing.

29.2 Net changes in fair value recognised directly in other comprehensive income:

	2016 AED '000	2015 AED '000
Effective portion of changes in fair value of cash flow hedges	**8,523**	(17,161)
Cash flow hedges reclassified to profit or loss - net	**52,027**	62,150
	60,550	44,989

30. OTHER EXPENSES - NET

	2016 AED '000	2015 AED '000
Foreign exchange loss - net	**(76,126)**	(52,296)
Fixed assets/project costs written off	**(9,910)**	(9,721)
Loss on disposal of non-current assets	**(6,016)**	(5,601)
Land transfer fee reversal/(provision)	**-**	5,702
Development expenses written off	**(33,644)**	(28,743)
Gain on acquiring control of jointly controlled entities (note 25.2.3)	**-**	43,171
Service income from related parties (note 17.8)	**59,134**	4,300
Other income/(expense)	**890**	(8,481)
	(65,672)	(51,669)

Notes to the consolidated financial statements (continued)

31. IMPAIRMENT REVERSALS/(CHARGE) – NET

	2016 AED '000	2015 AED '000
Impairment of property, plant and equipment:		
- Furniture and fixtures (note 31.1)	**(73,725)**	(56,468)
- Land and building (note 31.2)	**-**	(442)
- Capital work in progress (note 31.2)	**(22,149)**	(13,894)
Impairment of investments:	**-**	
- Associate (note 31.3)	**(91,356)**	(2,307)
- Joint venture	**-**	(16,000)
Impairment of investment property (note 31.2)	**(8,067)**	-
Impairment of development properties (note 8)	**-**	(19,720)
Other impairment (charges)/reversals	**(717)**	464
Reversal of impairment of property, plant and equipment (note 31.4)	**27,730**	15,122
Reversal of impairment of advances provided to a joint venture (note 31.5)	**-**	107,053
	(168,284)	13,808

31.1 Represents impairment loss on the assets of certain operating units (retail and fashion stores) as the recoverable amount, which was estimated based on the value in use of the cash generating units, was lower than the carrying amount of the assets. A discount rate specific to the country of operation of the concerned business was used to derive the net present value of the future cash flows.

31.2 Based on management's assessment of fair value and revised business plan of the Group, the carrying value of these assets has been eroded.

31.3 At the year end, management reviewed the carrying value of its investment in an associate and assessed that the investment has been eroded due to adverse market and business conditions and, therefore, recognized a full impairment loss of AED 91 million (note 9.1) in the current year.

31.4 The reversal represents the balance after utilizing an impairment provision amounting to AED 5.4 million (2015: AED 3.8 million) during the year on the disposal/ write off of assets.

31.5 In previous years, the Group had fully impaired it's advance of AED 389 million granted to a joint venture, as the Group's contribution, upon reassessment of the project. During 2015, the Group recovered AED 107 million in cash and accordingly the impairment provision was reversed to that extent.

32. TAX CHARGE - NET

	2016 AED '000	2015 AED '000
Current tax		
Current year	**(72,554)**	(72,737)
Adjustment for prior years	**(1,449)**	(14,865)
	(74,003)	(87,602)
Deferred tax		
Origination of temporary differences - net	**24,488**	(65,312)
Change in tax rates	**184**	11,419
	24,672	(53,893)
	(49,331)	(141,495)

Notes to the consolidated financial statements (continued)

32. TAX CHARGE - NET (continued)

32.1 Reconciliation of effective tax rate

		2016 AED '000		2015 AED '000
Profit for the year after tax		**2,783,698**		3,307,155
Income tax charge - net		**49,331**		141,495
Profit for the year before tax		**2,833,029**		3,448,650
Effect of tax rates in foreign jurisdictions	**-2.47%**	**(70,001)**	-2.09%	(71,994)
Non-deductible expenses	**-0.09%**	**(2,552)**	-0.09%	(3,030)
Deferred tax for temporary differences	**0.87%**	**24,689**	-1.89%	(65,312)
Change in tax rates	**0.01%**	**184**	0.33%	11,419
Tax losses	**-0.01%**	**(203)**	0.07%	2,287
Prior period adjustments	**-0.05%**	**(1,448)**	-0.43%	(14,865)
Total	**-1.74%**	**(49,331)**	-4.10%	(141,495)

33. FINANCIAL INSTRUMENTS

Financial assets of the Group include cash at bank, trade and other receivables, amounts due from related parties, positive fair value of derivative financial instruments held as cash flow hedges and accounted for as FVPL, short term loans, and long term loans, advances and receivables. Financial liabilities of the Group include amounts due to related parties, negative fair value of derivative financial instruments held as cash flow hedges and accounted for as FVPL, short term loans, bank overdraft, long term loans and trade and other payables.

33.1 Financial risk management objectives and policies

The Board of Directors of Majid Al Futtaim Holding LLC has the overall responsibility for the management of risk throughout its Group companies. The Board establishes and regularly reviews the Group's risk management strategy, policies and procedures to ensure that they are in line with the Group strategies and objectives. The Group has constituted Audit Committees within the board of directors of Majid Al Futtaim Holding's main operating subsidiaries who are required to review and assess the risk management process. It ensures that the internal risk management framework is effective, that a sound system of risk management is in place, and is maintained to safeguard shareholders' interests. All Group companies are required to report on risk management on a regular basis including self-certification indicating that they have reviewed the risks identified within their area, and they are satisfied that the controls are operating effectively.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk, including foreign currency risk, interest rate risk and equity risk. The management establishes and reviews policies for managing each of these risks.

33.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables.

The operating subsidiaries have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Majority of the Group's income is by way of cash and advance receipts and are supported by a deposit equivalent to one month's advance rental. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2016 and 31 December 2015. Cash is placed with a diversified portfolio of reputable banks and the risk of default is considered remote. Management has assessed the recoverability of its trade receivables as at the reporting date and considers them to be recoverable. Amounts due from related parties are considered by management to be fully recoverable. All non-current receivables are due within five years of the reporting date and the fair values of trade and other receivables approximate to the carrying value.

Notes to the consolidated financial statements (continued)

33 FINANCIAL INSTRUMENTS (continued)

33.2 Credit risk (continued)

The carrying amount of Group's financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	2016 AED '000	2015 AED '000
Investments held as FVPL	**3,233**	7,524
Long term loan, advances and receivables	**373,511**	282,682
Trade receivables (note 14)	**1,112,253**	855,033
Other current receivables	**573,843**	592,740
Due from related parties	**114,355**	59,578
Cash at bank	**1,060,075**	1,264,130
	3,237,270	3,061,687

33.2.1 The movement in the provision for doubtful receivables during the year was as follows:

	2016 AED '000	2015 AED '000
At 1 January	**(95,912)**	(66,694)
Bad debt expense for the year (note 28)	**(128,063)**	(64,261)
Amounts written off/reversals	**84,930**	34,894
Foreign exchange differences	**983**	149
	(138,062)	(95,912)

The other classes within trade and other receivables do not contain impaired assets.

33.2.2 At 31 December 2016, the ageing of trade and other receivables is as follows:

	2016 AED '000	2015 AED '000
Current balance	**821,357**	684,535
Past due 1 - 30 days	**34,967**	21,079
Past due 31 - 90 days	**102,972**	60,637
Past due 91 - 180 days	**85,536**	34,120
Past due over 180 days	**67,421**	54,662
	1,112,253	855,033
Less: provision for doubtful debts	**(138,062)**	(95,912)
	974,191	759,121

33.3 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 Group manages liquidity risk through the use of related party loans, bank overdrafts, bank loans, and credit facilities.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.3 Liquidity risk (continued)

	Carrying amount AED '000	Contractual cash flows Less than one year AED '000	Between one to two years AED '000	Between two to five years AED '000	More than five years AED '000
As at 31 December 2016					
Bank loans	10,273,728	3,056,476	558,235	3,334,823	6,068,516
Bank overdraft	539,443	539,443	-	-	-
Loans from related parties	34,880	3,783	1,667	5,534	42,592
Trade and other payables	5,973,774	5,750,720	99,796	116,904	189,404
Due to related parties	37,993	37,993	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	56,735	13,357	10,458	24,826	14,832
- Derivative instruments accounted as FVPL	74,520	12,936	10,382	24,068	35,952
	16,991,073	9,414,708	680,538	3,506,155	6,351,296
As at 31 December 2015					
Bank loans	10,586,000	2,658,643	2,044,416	3,496,410	5,388,529
Loan from related parties	53,126	53,921	-	-	-
Trade and other payables	5,584,713	5,740,821	94,185	2,631	128,921
Due to related parties	37,392	37,332	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	108,378	37,803	25,245	31,248	18,087
- Derivative instruments accounted as FVPL	27,600	9,262	923	10,462	27,965
	16,397,209	8,537,782	2,164,769	3,540,751	5,563,502

Funding and liquidity

At 31 December 2016, the Group has net current liabilities of AED 5,453 million (2015: AED 4,837 million) which includes debt maturing in the short-term of AED 3,128 million (2015: AED 2,185 million). Further, at 31 December 2016 debt maturing in the long term is AED 7,821 million (2015: AED 8,546 million).

At 31 December 2016, the Group has undrawn facilities of AED 11,582 million (2015: AED 8,642 million) and cash in hand and at bank of AED 1,262 million (2015: AED 1,394 million) to cover its liquidity needs for at least the next 18 months.

33.4 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The Group seeks to apply hedge accounting to manage volatility in its profit or loss in relation to its exposure to interest rate risk.

33.4.1 Foreign currency risk

The Group is exposed to foreign currency risk on its net investments in foreign subsidiaries and operations. The Group is also exposed to foreign currency risk on purchases denominated in foreign currencies.

The Group hedges the risk by obtaining foreign exchange forward contracts on all material foreign currency purchases. All of the forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, forward exchange contracts are rolled over at maturity.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis

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

33.4.2 Interest rate risk

The Group's interest rate risk principally arises from long-term loans on floating rate. Loans issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate risk is managed with in the frame work of the interest rate risk management policy. The Group adopts a policy of maintaining target duration on its liability portfolio of about half year to three years. This is achieved through cash and / or by using derivative financial instruments which are eligible for hedge accounting.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2016 AED '000	2015 AED '000
Fixed rate instruments		
Financial assets	**215,090**	185,331
Financial liabilities	**(8,113,679)**	(7,027,851)
	(7,898,589)	(6,842,520)
Floating rate instruments		
Financial assets	**109,355**	121,341
Financial liabilities*	**(2,976,097)**	(3,839,694)
	(2,866,742)	(3,718,353)

* Floating rate financial liabilities include loans of AED 1,007 million (2015: AED 1,856 million) for which interest rate risk is hedged by way of interest rate derivatives.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in the interest rate at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

		Effect on profit or loss increase / (decrease)		**Effect on other comprehensive income increase / (decrease)**	
	Increase / (decrease) in basis points	**2016 AED '000**	2015 AED '000	**2016 AED '000**	2015 AED '000
Floating rate instrument	+ 100	(28,258)	(36,862)	-	-
Interest rate swaps designated as cash flow hedges	+ 100	59,147	73,019	(59,147)	(73,019)
Interest rate swaps designated as FVPL	+ 100	(210,752)	(236,197)	-	-
Cash flow sensitivity (net)		**(179,863)**	**(200,040)**	**(59,147)**	**(73,019)**
Floating rate instrument	- 100	28,258	36,862	-	-
Interest rate swaps designated as cash flow hedges	- 100	(64,410)	(80,329)	64,410	80,329
Interest rate swaps designated as FVPL	- 100	227,569	255,260	-	-
Cash flow sensitivity (net)		**191,417**	**211,793**	**64,410**	**80,329**

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support future development of the business and maximize shareholder value.

The Group uses net debt to equity ratio to monitor its capital among other metrics. Capital includes equity attributable to the equity holders including retained earnings, revaluation and other reserves. The Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratio.

	2016 AED '000	2015 AED '000
Interest bearing loans and borrowings	**10,948,752**	10,731,567
Less: cash and bank balances	**(1,262,466)**	(1,394,332)
Net debt	**9,686,286**	9,337,235
Total equity	**33,105,862**	31,731,262
Net debt to equity ratio	**29%**	29%

Regulatory capital

In respect of subsidiary of the Group involved in card operations the primary regulator, UAE Central Bank sets and monitors capital requirements for the subsidiary.

Majid Al Futtaim Finance LLC	**2016 AED '000**	2015 AED '000
Paid up capital	**150,000**	150,000
Reserves	**68,304**	29,697
Total equity	**218,304**	179,697
Total borrowings	**413,006**	322,886
Total funds available	**631,310**	502,583
Capital ratio	**35%**	36%

34. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an asset/liability. An asset/liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets/liabilities valued using: quoted market prices in active or the most advantageous market for similar assets/liabilities; quoted prices for identical or similar assets/liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes to the consolidated financial statements (continued)

34. FAIR VALUE MEASUREMENT (continued)

34.1 Financial assets and liabilities

The following table shows the carrying amount and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy.

At 31 December 2016

In thousands of AED	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	90,294	-	90,294	-
Equities held at fair value through profit and loss	3,233	-	3,233	-
	93,527	-	93,527	-
Financial liabilities				
Interest rate derivatives	131,255	-	131,255	-
Sukuk and Note liabilities	8,113,679	-	8,342,802	-
	8,244,934	-	8,474,057	-

At 31 December 2015

In thousands of AED	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	103,815	-	103,815	-
Equities held at fair value through profit and loss	7,524	-	7,524	-
	111,339	-	111,339	-
Financial liabilities				
Interest rate derivatives	135,978	-	135,978	-
Sukuk and Note liabilities	7,027,851	-	7,122,554	-
	7,163,829		7,258,532	

The management believes that the fair value of the remaining financial assets and liabilities at the reporting date are not materially different from their carrying amounts.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instrument that are substantially the same, net present value techniques and discounted cash flow methods. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The fair value of derivatives that are not exchange traded is estimated at the present value of the amount that the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparty.

The interest rates used to discount estimated cash flows, where applicable, are based on the spot rates derived from the interpolated per annum yield curve in respect of borrowings/derivatives which is 1.00% - 2.47% (2015: 0.61% - 2.40%) at the reporting date.

Notes to the consolidated financial statements (continued)

34. FAIR VALUE MEASUREMENT (continued)

34.2 Non-Financial assets and liabilities

34.2.1 *Investment properties and property, plant and equipment*

The fair value of the investment properties and land and building included within property, plant and equipment is determined twice a year at the reporting date (i.e. 31 December and 30 June) by independent external RICS Chartered Surveyors and Valuers having sufficient current local and national knowledge of the respective property markets. The valuation has been prepared in accordance with the RICS Valuation - Professional Standards (2014) (the "Red Book"). Internal valuations are carried out quarterly, based on the methods and assumptions used by the external valuer, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Fair value is determined using the present value of the estimated future net cash flows for each property adopting an asset specific discount rate. An exit yield that reflects the specific risks inherent in the asset is then applied to the final cash flow to arrive at the property valuation. Investment property under construction is valued by estimating the fair value of the completed investment property and deducting the estimated costs to complete the construction. When the estimate is not reliably determinable, the investment property is carried at cost plus work in progress until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Properties held for future development (land bank) are valued using comparable methodology which involves analyzing other relevant market transactions. Comparable methodology can involve parecelisation approach where it is assumed a larger plot is subdivided and sold in smaller lots sizes over a period of time.

The fair valuation of properties constructed on gifted land reflects the External Valuers interpretation of the relevant decree and assumes that the titles are transferable to the Group within a reasonable time scale.

35. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

	2016 AED '000	2015 AED '000
Capital commitments	**2,983,450**	3,302,169
Group's share of capital commitments in relation to its equity accounted investees	**728,873**	731,454
Letter of credits outstanding	**1,302**	263
Bank guarantees outstanding	**191,982**	97,229

35.1 As at the year end, there are no significant claims or litigations outstanding which may have a material impact on these consolidated financial statements.

36. OPERATING LEASE COMMITMENTS

36.1 Leases as a lessor

The Group leases out its property under operating leases as lessor. Non-cancellable operating lease rentals are receivable as follows:

	2016 AED '000	2015 AED '000
Less than one year	**3,614,738**	2,414,561
Between one and five years	**8,748,701**	5,551,557
More than five years	**77,409**	222,435
	12,440,848	8,188,553

Notes to the consolidated financial statements (continued)

36. OPERATING LEASE COMMITMENTS (continued)

36.2 Leases as a lessee

The Group leases some properties under operating leases as lessee. Non-cancellable operating lease rentals are payable as follows:

	2016 AED '000	2015 AED '000
Less than one year	**604,590**	465,265
Between one and five years	**2,016,418**	2,015,883
More than five years	**2,933,623**	2,809,295
	5,554,631	5,290,443

37. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

37.1 Principal subsidiaries

The Group had the following principal subsidiaries at 31 December 2016:

Name of subsidiary	Country of incorporation	Nature of business	Effective ownership 2016	Effective ownership 2015
Majid Al Futtaim Properties LLC*	United Arab Emirates	Operating and managing commercial projects including shopping malls, hotels, restaurants, leisure, entertainment and investing in joint ventures and associates	100%	100%
Majid Al Futtaim Retail LLC	United Arab Emirates	Establishment and management of hypermarkets and other retail format stores	100%	100%
Majid Al Futtaim Ventures LLC*	United Arab Emirates	Establishment and management of retail fashion stores, leisure activities entertainment, credit cards, food and beverage and healthcare services	100%	100%
MAF Global Securities Limited	Cayman Islands	Structured entity established for issuance of bonds	100%	100%

* These subsidiaries have certain interest in entities which are consolidated by the Group and the portion of non-controlling interest in these entities for the year ended 31 December 2016 amounts to AED 441 million (2015: 378 million).

37.2 Investment in associates, joint ventures and joint operation

37.2.1

Name of associate	Country of incorporation	Nature of business	Effective ownership 2016	Effective ownership 2015
Enova Facilities Management Services LLC ('Enova')	United Arab Emirates	Facilities management services	51%	51%
Hollister Fashion LLC	United Arab Emirates	Fashion retailer	51%	51%
Beam Global Limited	Bermuda	Mobile technology	30%	30%
Beam Portal LLC	United Arab Emirates	Mobile technology	79%	68.5%
Enshaa PJSC	United Arab Emirates	Contracting and developer	28.44%	28.44%

Notes to the consolidated financial statements (continued)

37 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

37.2 Investment in associates, joint ventures and joint operation (continued)

37.2.2

Name of joint venture	Country of incorporation	Nature of business	Effective ownership 2016	Effective ownership 2015
Sharjah Holding Co. PJSC	United Arab Emirates	Property developer	50%	50%
Waterfront City SARL	Lebanon	Property developer	50%	50%
Al Mouj Muscat S.A.O.C	Oman	Property developer	50%	50%
The Egypt Emirates Mall Group	Egypt	Property developer	50%	50%
Gourmet Gulf Co. LLC	United Arab Emirates	Food and Beverage	50.66%	50.66%
Al Mamzar Island Development	United Arab Emirates	Property developer	50%	50%

37.2.3

Name of joint operation	Country of incorporation	Nature of business	Effective ownership 2016	Effective ownership 2015
ANF Fashion Kuwait	Kuwait	Fashion retailer	50%	50%

38. SUBSEQUENT EVENTS

There have been no significant events up to the date of authorization, which would have a material effect on these consolidated financial statements.

39. COMPARATIVES

Certain comparative figures in the consolidated financial statements have been reclassified or rearranged for the better presentation in accordance with the requirements of International Financial Reporting Standards.

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Independent Auditors' Report

The Shareholders
Majid Al Futtaim Holding LLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Majid Al Futtaim Holding LLC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 2 of 2015, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

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;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) as disclosed in note 9 and 24 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2015;

vi) note 17 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 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 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 2015

KPMG Lower Gulf Limited

Date: 20 MAR 2016

Consolidated statement of financial position
At 31 December

	Note	2015 AED '000	2014 AED '000
Non-current assets			
Property, plant and equipment	6	**11,409,630**	23,525,929
Investment properties	7	**32,470,704**	14,280,456
		43,880,334	37,806,385
Investments	9	**1,209,236**	1,248,117
Long term receivable from related parties	17.1	**121,166**	79,779
Intangible assets	10	**188,016**	103,997
Deferred tax assets	11	**43,111**	32,317
Other non-current assets	12	**414,041**	478,367
		1,975,570	1,942,577
Total non-current assets		**45,855,904**	39,748,962
Current assets			
Development properties	8	**-**	797,771
Inventories	13	**1,712,071**	1,503,026
Trade and other receivables	14	**1,861,041**	1,383,844
Due from related parties	17.3	**59,578**	140,576
Cash in hand and at bank	15	**1,394,332**	1,049,887
		5,027,022	4,875,104
Current liabilities			
Trade payables, other liabilities and provisions	16	**7,671,455**	6,952,602
Short term loan from a related party	17.2	**53,126**	1,390
Due to related parties	17.4	**37,392**	37,332
Bank overdraft	18	**-**	34,980
Current maturity of long term loans	19	**2,102,082**	2,681,205
		9,864,055	9,707,509
Net current liabilities		**(4,837,033)**	(4,832,405)
Non-current liabilities			
Long term loans	19	**8,483,918**	6,333,458
Long term loan from a related party		**-**	6,855
Deferred tax liabilities	20	**196,104**	97,397
Other long term liabilities and provisions	21	**607,587**	555,542
Total non-current liabilities		**9,287,609**	6,993,252
Net assets		**31,731,262**	27,923,305
Equity			
Share capital	22	**2,486,729**	2,486,729
Statutory reserve		**2,045,940**	1,729,271
Revaluation reserve		**17,899,475**	16,762,720
Other reserves		**7,105,399**	4,809,712
Total equity attributable to the owners of the Company		**29,537,543**	25,788,432
Hybrid equity instrument	23	**1,825,935**	1,825,935
Non-controlling interests		**367,784**	308,938
Total equity		**31,731,262**	27,923,305

By order of the Board on 20 March 2016:

Majid Al Futtaim Holding LLC
Chief Executive Officer

Majid Al Futtaim Holding LLC
Chief Financial Officer

The notes on pages 11 to 55 are an integral part of these consolidated financial statements.
The report of the independent auditors' is set out on pages 3 and 4.

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

	Note	2015 AED '000	2014 AED '000
Revenue	25	**27,343,343**	25,261,107
Cost of sales	26	**(18,433,670)**	(17,170,248)
Operating expenses	27	**(6,230,713)**	(5,503,088)
Finance costs	28	**(439,686)**	(596,607)
Finance income	29	**154,054**	182,605
Other expenses - net	30	**(51,669)**	(130,409)
Impairment reversals/(charge) - net	31	**13,808**	(200,884)
Share of (loss)/profit in joint ventures and associates - net	9	**(27,430)**	58,662
Profit before valuation gain on land and buildings		**2,328,037**	1,901,138
Valuation gain on land and buildings - net	7.1	**1,120,613**	767,167
Profit before tax		**3,448,650**	2,668,305
Tax charge - net	32	**(141,495)**	(100,881)
Profit for the year		**3,307,155**	2,567,424
Profit for the year attributable to:			
- Owners of the Company		**3,279,177**	2,548,754
- Non-controlling interests		**27,978**	18,670
Profit for the year		**3,307,155**	2,567,424
Comprehensive income:			
Profit for the year		**3,307,155**	2,567,424
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Valuation gain on land and buildings - net	6.1	**1,177,849**	1,308,147
Deferred tax liability charged on revaluation of land and buildings		**(41,094)**	(3,527)
		1,136,755	1,304,620
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		**(167,697)**	(29,458)
Net change in fair value of cash flow hedges	28.2	**44,989**	47,399
		(122,708)	17,941
Total other comprehensive income for the year		**1,014,047**	1,322,561
Total comprehensive income for the year		**4,321,202**	3,889,985
Total comprehensive income for the year attributable to:			
- Owners of the Company		**4,293,086**	3,870,608
- Non-controlling interests		**28,116**	19,377
Total comprehensive income for the year		**4,321,202**	3,889,985

The notes on pages 11 to 55 are an integral part of these consolidated financial statements.

The report of the independent auditors' is set out on pages 3 and 4.

Consolidated statement of cash flows
For the year ended 31 December

	Note	2015 AED '000	2014 AED '000
Cash flows from operating activities			
Profit for the year after tax		**3,307,155**	2,567,424
Adjustments:			
Finance income	29	**(154,054)**	(182,605)
Net valuation gain on land and buildings	7.1	**(1,120,613)**	(767,167)
Finance costs	28	**439,686**	596,607
Depreciation	6	**1,086,191**	1,056,406
Tax charge - net	32	**141,495**	100,881
Amortisation	27	**29,412**	25,904
Share of loss/(gain) in joint ventures and associates	9.1, 9.2	**27,430**	(58,662)
Gain on acquiring control of jointly controlled entities	24.3	**(43,171)**	-
Impairment (reversal)/charge - net	31	**(13,808)**	200,884
Provision for bad debts	27	**64,261**	33,330
Provision for staff terminal benefits	27.1	**101,438**	89,356
		3,865,422	3,662,358
Changes to working capital			
Inventories		**(193,482)**	(241,190)
Trade and other receivables		**(300,640)**	(232,983)
Trade and other payables		**631,620**	735,993
Due from/to related parties - net		**7,669**	(54,562)
Tax paid		**(87,189)**	(74,038)
Payment of staff terminal benefits		**(37,996)**	(34,207)
		19,982	99,013
Net cash generated from operating activities		**3,885,404**	3,761,371
Cash flow from investing activities			
Acquisition of property, plant and equipment, investment property and development property		**(4,210,468)**	(3,819,274)
Acquisition of a subsidiary	24.1	**(76,088)**	-
Acquisition of non-controlling interest	24.2	**(8,280)**	-
Proceeds from sale of property, plant and equipment and investment properties		**26,520**	35,167
Recovery of advances made to a joint venture	31.4	**107,053**	-
Lease premium paid during the year		**(70,844)**	-
Investment in joint ventures and associates		**(9,877)**	(29,212)
Encashment in fixed deposits		**1,100**	78,405
Payments against intangible assets		**(21,260)**	(2,016)
Dividend received		**16,723**	28,568
Finance income received		**46,644**	64,451
Net cash used in investing activities		**(4,198,777)**	(3,643,911)

Consolidated statement of cash flows (continued)
For the year ended 31 December

	Note	2015 AED '000	2014 AED '000
Cash flow from financing activities			
Short term loan granted by a related party		**212,437**	437,000
Short term loan repaid to a related party		**(575,701)**	(769,110)
Long term loan repaid to a related party		**(6,855)**	-
Long term loans received		**6,757,062**	7,344,040
Long term loans repaid		**(5,151,724)**	(6,620,680)
Capital contribution in a subsidiary by a non-controlling interest		**27,560**	-
Finance cost paid		**(427,945)**	(551,974)
Coupon paid on hybrid equity instrument		**(130,851)**	(130,851)
Dividend paid to non-controlling interest		**(10,085)**	-
Net cash from/(used) in financing activities		**693,898**	(291,575)
Net increase/(decrease) in cash and cash equivalents		**380,525**	(174,115)
Cash and cash equivalents at the beginning of the year		**1,005,507**	1,179,622
Cash and cash equivalents at the end of the year		**1,386,032**	1,005,507
Cash and cash equivalents comprise:			
Cash in hand and at bank	15	**1,386,032**	1,040,487
Bank overdraft	18	**-**	(34,980)
		1,386,032	1,005,507

The notes on pages 11 to 55 are an integral part of these consolidated financial statements.

The report of the independent auditors' is set out on pages 3 and 4.

Consolidated statement of changes in equity
For the year ended 31 December
In thousands of AED

	Total equity attributable to equity share holders of the Company										
					Other reserves						
	Share capital	Revaluation reserve	Statutory reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total other reserves	Total	Hybrid equity instrument	Non-controlling interests	Total equity
At 1 January 2014	**2,486,729**	**15,458,100**	**1,521,682**	**3,248,031**	**(187,944)**	**(262,923)**	**2,797,164**	**22,263,675**	**1,825,935**	**74,051**	**24,163,661**
Total comprehensive income for the year											
Net profit for the year	-	-	-	2,548,754	-	-	2,548,754	2,548,754	-	18,670	2,567,424
Other comprehensive income											
Net gain on valuation of land and buildings (note 6.1)	-	1,308,147	-	-	-	-	-	1,308,147	-	-	1,308,147
Deferred tax liability reversed on revaluation of land and buildings (note 20)	-	(3,527)	-	-	-	-	-	(3,527)	-	-	(3,527)
Net change in fair value of cash flow hedges (note 28.2)	-	-	-	-	47,399	-	47,399	47,399	-	-	47,399
Currency translation differences in foreign operations	-	-	-	-	-	(30,165)	(30,165)	(30,165)	-	707	(29,458)
Total comprehensive income for the year	**-**	**1,304,620**	**-**	**2,548,754**	**47,399**	**(30,165)**	**2,565,988**	**3,870,608**	**-**	**19,377**	**3,889,985**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Dividends declared and settled	-	-	-	(215,000)	-	-	(215,000)	(215,000)	-	-	(215,000)
Increase in non-controlling interest by way of land contribution	-	-	-	-	-	-	-	-	-	215,510	215,510
Transfer to statutory reserve (note 22.2)	-	-	207,589	(207,589)	-	-	(207,589)	-	-	-	-
Total contribution by and distribution to owners	**-**	**-**	**207,589**	**(422,589)**	**-**	**-**	**(422,589)**	**(215,000)**	**-**	**215,510**	**510**
Coupon paid on hybrid equity instrument (note 23)	-	-	-	(130,851)	-	-	(130,851)	(130,851)	-	-	(130,851)
At 31 December 2014	**2,486,729**	**16,762,720**	**1,729,271**	**5,243,345**	**(140,545)**	**(293,088)**	**4,809,712**	**25,788,432**	**1,825,935**	**308,938**	**27,923,305**

The notes on pages 11 to 55 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)
For the year ended 31 December
In thousands of AED

	Total equity attributable to equity share holders of the Company										
					Other reserves						
	Share capital	Revaluation reserve	Statutory reserve	Retained earnings	Hedging reserve	Currency translation reserve	Total other reserves	Total	Hybrid equity instrument	Non-controlling interests	Total equity
At 1 January 2015	**2,486,729**	**16,762,720**	**1,729,271**	**5,243,345**	**(140,545)**	**(293,088)**	**4,809,712**	**25,788,432**	**1,825,935**	**308,938**	**27,923,305**
Total comprehensive income for the year											
Net profit for the year	-	-	-	3,279,177	-	-	3,279,177	3,279,177	-	27,978	3,307,155
Other comprehensive income											
Net gain on valuation of land and buildings (note 6.1)	-	1,177,849	-	-	-	-	-	1,177,849	-	-	1,177,849
Deferred tax liability arising on revaluation of land and buildings (note 20)	-	(41,094)	-	-	-	-	-	(41,094)	-	-	(41,094)
Net change in fair value of cash flow hedges (note 28.2)	-	-	-	-	44,989	-	44,989	44,989	-	-	44,989
Currency translation differences in foreign operations	-	-	-	-	-	(167,835)	(167,835)	(167,835)	-	138	(167,697)
Total comprehensive income for the year	**-**	**1,136,755**	**-**	**3,279,177**	**44,989**	**(167,835)**	**3,156,331**	**4,293,086**	**-**	**28,116**	**4,321,202**
Transactions with owners recorded directly in equity											
Contribution by and distributions to owners and other movement in equity											
Acquisition of non-controlling interest without a change in control (note 24.2)	-	-	-	(8,280)	-	-	(8,280)	(8,280)	-	-	(8,280)
Acquisition of non-controlling interest on accounting for change in control (note 24.3)	-	-	-	-	-	-	-	-	-	23,411	23,411
Capital contribution in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	27,560	27,560
Reclassifications during the year	-	-	-	10,156	-	-	10,156	10,156	-	(10,156)	-
Dividends declared and settled	-	-	-	(415,000)	-	-	(415,000)	(415,000)	-	(10,085)	(425,085)
Transfer to statutory reserve (note 22.2)	-	-	316,669	(316,669)	-	-	(316,669)	-	-	-	-
Total contribution by and distribution to owners	**-**	**-**	**316,669**	**(729,793)**	**-**	**-**	**(729,793)**	**(413,124)**	**-**	**30,730**	**(382,394)**
Coupon paid on hybrid equity instrument (note 23)	-	-	-	(130,851)	-	-	(130,851)	(130,851)	-	-	(130,851)
At 31 December 2015	**2,486,729**	**17,899,475**	**2,045,940**	**7,661,878**	**(95,556)**	**(460,923)**	**7,105,399**	**29,537,543**	**1,825,935**	**367,784**	**31,731,262**

The notes on pages 11 to 55 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. LEGAL STATUS AND PRINCIPAL ACTIVITES

Majid Al Futtaim Holding LLC ("the Company") is registered as a limited liability company in the Emirate of Dubai under the UAE Federal Law No. 2 of 2015 as applicable to commercial companies.

The principal activity of the Company is to invest in subsidiaries that are involved in establishing, investing in and managing commercial projects. The activities of its subsidiaries are the establishment and management of shopping malls, hotels, residential projects, hypermarkets, supermarkets, fashion retailing, leisure and entertainment, credit cards operations, leasing, food and beverages, healthcare and investment activities. The Company and its subsidiaries are collectively referred to as "the Group". The Company is wholly owned by Majid Al Futtaim Capital LLC ("the Parent Company").

The registered address of the Group and its Parent Company is P.O. Box 91100, Dubai, United Arab Emirates.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements, which includes the financial position and performance of the Company, it's subsidiaries, associates and joint ventures, have been prepared in accordance with International Financial Reporting Standards ("IFRS(s)") and the requirements of the UAE Federal Law No. 2 of 2015, and the relevant laws applicable to the various entities comprising the Group.

UAE Federal Law No 2 of 2015, being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on 1 April 2015 and has come into force on 1 July 2015. As companies are allowed until 30 June 2016 to ensure compliance with the new UAE Companies Law of 2015, per the transitional provisions contained therein, the Company and its UAE registered entities are deemed to be in compliance as at the reporting date.

These consolidated financial statements were authorized for issue by the Board of Directors on 20 March 2016.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured at fair value:

- Investment properties
- Certain classes of property, plant and equipment
- Certain non-derivative financial instruments at fair value through profit or loss
- Derivative financial instruments

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency, and are rounded to the nearest thousand except wherever stated otherwise.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have most significant effect on the amounts recognized in these consolidated financial statements are set out in the respective notes and are summarized in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except to the extent of the adoption of new standards and amendments described below. The Group has adopted the following new standards and amendments to the standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015:

- Annual improvements to IFRS - 2010-2012 Cycle and 2011-2013 Cycle
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been early adopted in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 9, ‘Financial instruments’, effective from 1 January 2018.
- IFRS 15, ‘Revenue from contracts with customers’, effective from 1 January 2018.
- IFRS 16, ‘Leases’, effective from 1 January 2019.

Management is currently assessing the impact of these new standards, amendments to standards and interpretations and amendments to published standards on its consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements present the results of operations and financial position of the Group for the year ended 31 December 2015.

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 statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is re-measured at fair value on the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

The accounting policies of subsidiaries have been changed, where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Interests in equity-accounted investees: Associates and Joint ventures

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

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. 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.

Interest in associates and joint venture 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 other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The financial statements of the Group’s associates or joint ventures are prepared using consistent accounting policies. Wherever necessary, adjustments are made to bring accounting policies in line with those of the Group.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

Interests in joint arrangements

The Group classifies its interest in joint arrangement as either joint ventures or joint operations depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form, the contractual terms and other facts and circumstances. Joint arrangements are arrangements in which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' return. Other joint ventures and joint operations is classified and accounted for as follows;

When the Group has right to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation. The Group accounts for investments in joint operation using proportionate consolidation method.

Interests in other entities

The Group does not hold any direct ownership interest in MAF Sukuk Ltd. (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 the entity's activities that most significantly affect these returns.

Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had 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 are recognized at the carrying amounts recognized previously in the Parent Company's consolidated financial statements. The components of other comprehensive income of the acquired entities are added to the same components within Group's other comprehensive income. Any gain/loss arising is recognized directly in equity.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-resale, if earlier.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative year.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in full in preparing these consolidated financial statements. Unrealized gains arising from transactions with jointly controlled entities and associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the respective functional currencies of the Group's entities at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into functional currency at the exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

Foreign currency transactions *(continued)*

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to functional currency at the exchange rates ruling at the dates when the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies, which are measured in terms of historical cost, are translated into functional currency at the exchange rates ruling at the date of the transaction.

Foreign exchange differences arising on the translation of non-monetary assets and liabilities carried at fair value are recognized in profit or loss. Foreign exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income are recognized directly in other consolidated statement of comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the foreign exchange rates at the reporting date. Share capital is translated at historical rate. The income and expenses of foreign operations are translated at average rates of exchange for the year. Foreign exchange differences arising on retranslation are recognized directly in other comprehensive income, and are presented in currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed-off partially or in its entirety 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. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the currency translation reserve in equity.

(c) Property, plant and equipment

Recognition and measurement

Developed properties, (land and buildings) mainly comprising hotels, shopping malls and offices are initially recognized at cost. Subsequent to initial recognition, these are stated at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and any impairment losses. 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 is held at its carrying value and development expenditure is carried at cost less any impairment losses. Upon completion of construction, the entire property (land and building) is carried at revalued amount.

All other items of property, plant and equipment, mainly comprising administrative assets, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

Depreciation

Items of property, plant and equipment are depreciated from the date they are put to use. Depreciation is charged to profit or loss so as to write off the cost/revalued amounts in equal installments over their estimated useful lives, except land which is not depreciated. The estimated useful lives of property, plant and equipment are as follows:

Category of assets	*Estimated useful life*
Buildings	4 - 50 years
Motor vehicles	4 years
Furniture, fixtures and equipment	3 - 15 years

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

Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful life of the respective building structure which ranges from 35 to 50 years.

Revaluation reserve

Any increase in value arising on the revaluation of developed properties is credited to revaluation reserve 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 charged.

A decrease in carrying amount arising on the revaluation of properties is charged to profit or loss except to the extent that it reverses a previously recognized revaluation gain on the property in which case it is debited to revaluation reserve in equity.

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

On subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in revaluation reserve is transferred directly to retained earnings.

(d) Capital work in progress

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Borrowing costs and other overheads directly attributable to the projects are included as costs until completion thereof. Where development work is carried out on land owned by the Group, the carrying value of the land is included under capital work in progress.

Capital work in progress for properties that are being constructed with an intention of building an investment property is carried at fair value.

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 the property is fully developed.

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 capital work in progress.

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 Gateway 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.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment property

Investment properties are properties held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, shopping malls and properties being constructed for future use as investment property, is stated at fair value at the reporting date.

Where the fair value of an investment property under development is not reliably determinable, such property is carried at the book value of the land and any development cost incurred to date, less any impairment losses, until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Reclassification

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as an investment property. Any gain arising on re-measurement at transfer date is recognized in equity. Any loss is recognized immediately in profit or loss except to the extent that it reverses a previously recognized revaluation gain on the same property in which case it is debited to equity. The amount recognized in equity on such property remains within equity until the property is disposed-off or withdrawn from use at which point the amount remaining in equity is transferred directly to retained earnings.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost. Change in fair value up to the date of reclassification is recognized directly in profit or loss.

De-recognition

An investment property is derecognized when it is either disposed off or permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period in which the property is derecognized. When investment property which was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(f) Development property

Properties in the process of construction or development for the purpose of sale on completion are classified as development properties. These are measured at lower of cost and net realisable value. Net realisable 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 costs capitalized.

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.

(g) Borrowing costs

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. A qualifying asset is one that takes a substantial period of time to get ready for its intended use or sale. 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 ready for the intended use. The capitalization rate is arrived at by reference to either the actual rate payable on specific borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, the overall effective borrowing rate for the Group. Borrowing costs that do not meet the criteria of capitalization are recognized as expenses in the period in which they are incurred.

(h) Financial instruments

Non-derivative financial assets

Classification

A financial instrument is any contract that gives rise to both a financial asset of the Group and a financial liability or equity instrument for another party. The Group principally classifies its financial assets at initial recognition in the following categories:

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Non-derivative financial assets (continued)

Classification *(continued)*

Financial assets at fair value through profit or loss: This category has the following two sub-categories; financial assets held for trading or designated to be fair valued through profit or loss at inception. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These arise when the Group provides money directly to the counterparty with no intention of trading the receivable.

Initial recognition
Purchases and sales of investment securities are recognized on the trade date which is the date on which the Group commits to purchase or sell the securities. Loans and advances are recognized when cash is advanced to the counter party. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method, less impairment allowances, if any. Gains and losses arising from changes in the fair value of the investments in the fair value through profit or loss category are included in profit or loss in the period in which they arise.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all the risks and rewards of ownership.

Non-derivative financial liabilities

Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that Group becomes a party to the contractual provisions of the instrument. Group derecognizes a financial liability when the contractual obligations are discharged, cancelled or expire.

Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables, accruals, retention payables, long-term loans, income tax payable, bank borrowings and related party balances.

(i) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

Financial assets *(continued)*

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For the financial assets measured at amortized cost the reversal is recognized in the profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets except investment properties, deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(j) Derivative financial instruments

Classification

The Group uses derivative instruments for risk management purposes to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVPL – financial assets held for trading" financial instruments.

Initial and subsequent measurement

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.

The positive mark to market values (unrealised gains) of derivative financial instruments is included in assets. While, the negative mark to market values (unrealised losses) of derivative financial instruments is included in liabilities.

Gains and losses on subsequent measurement

The gains or losses from derivative financial instruments classified as held for trading are taken to profit or loss.

Hedging instruments

When derivatives are designated as hedges, the Group classifies them as either:
- fair value hedges which hedge the change in the fair value of recognized assets or liabilities; or
- cash flow hedges which hedge the exposure to variability in highly probable future cash flows attributable to a recognized asset or liability or a forecast transaction.

Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow hedge provided certain criteria are met.

Hedge documentation

At the inception of the hedge, formal documentation of the hedge relationship must be established. The hedge documentation prepared at the inception of the hedge must include a description of the following:
- The Group's risk management objective and strategy for undertaking the hedge;
- The nature of risk being hedged;
- Clear identification of the hedged item and the hedging instrument; and
- The method the Group will adopt to assess the effectiveness of the hedging relationship on an ongoing basis.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative financial instruments (continued)

Hedge effectiveness testing

The hedge is regarded as highly effective if both of the following conditions are met:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows of the hedging instruments with corresponding changes in the hedged risk and should be reliably measurable; and
- The actual results of the hedge are within a range of 80 to 125 percent.

In case of a cash flow hedge, prospective hedge effectiveness is assessed by matching the critical terms of hedging instruments and hedged items.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in profit or loss, along with changes in the fair value of the assets, liabilities or group thereof that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in hedge reserve. Any change in fair value relating to an ineffective portion is recognized immediately in profit or loss.

Discontinuance of hedge accounting

The hedge accounting is discontinued when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. At that point of time, any cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income remains in other comprehensive income until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

Hedges that do not qualify for hedge accounting

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to profit or loss.

(k) Intangible assets

Goodwill

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 profit or loss.

Acquisitions of non-controlling interests are accounted for as transactions with other equity holders in their capacity as equity holders and therefore, goodwill is not recognized as a result of such transactions.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and is not tested for impairment separately.

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 profit or loss on disposal.

Other intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash outflows over the payment term. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets (continued)

Amortization

Amortization is calculated on the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Category of assets	*Estimated useful life*
Metro naming rights	10 years
Others	3 - 4 years

(l) Assets classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are measured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss previously recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated and any equity accounted investee is no longer equity accounted.

(m) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is stated net of rebates according to the agreements with suppliers. The cost of inventories is based on the first-in first-out principle (FIFO) for certain inventory items (retail, consumables, stores and F&B) and weighted average cost for others (fashion goods), and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is any future salability of the product and the net realizable value for such product. Accordingly, provision is made where the net realizable value of inventories is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the ageing and past movement of the inventory.

(n) Provisions

A provision is recognized in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

(o) Staff terminal and retirement benefits

Provision for staff terminal benefits is calculated in accordance with the labor laws of the respective country in which they are employed. The Group's net obligation in respect of staff terminal benefits 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 average yield on high investment grade bonds that have maturity dates approximating the terms of the Group's obligation.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Staff terminal and retirement benefits (continued)

Under the UAE Federal Law No.7 of 1999 for Pension and Social Security, 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.

The principal assumptions for the calculation of the provision for staff terminal benefits at the reporting date are as follows:

	2015	2014
Discount rate	2.98% - 6.00%	3.00% - 5.50%
Future salary increase	5%	5%

(p) Long term employee benefits

The Group offers a retention plan to certain senior management personnel under a special incentive scheme. A provision for the Group's obligation under the scheme is accrued by estimating the present obligation and present value of the estimated future payments as at the reporting date in respect of all applicable employees for their services rendered during the year. The principal assumptions underlying the estimates are as follows:

	2015	2014
Rate used for discounting the future benefits	2.98% - 6.00%	3.02% - 3.50%
Annual rate of employees expected to leave scheme	0% - 25%	5.00%

(q) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be measured reliably.

(r) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. Where at inception or on reassessment of an arrangement that contains a lease, the asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

Lease payments

Lease payments incurred as lessee under operating leases are recognized as an expense in the profit or loss on a straight line basis over the lease term. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease. Increases in rentals which are considered to be due to inflation are regarded as contingent rent and are recognized in the year in which that they occur.

Differences between rentals on the straight-line basis and contracted rentals are recognized as 'accrued lease rentals', as an asset or a liability, as the case may be. Lease rentals which are considered contingent at the inception of the lease but are confirmed at a subsequent date during the period of the lease are accounted for in the period in which they are incurred.

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Leases (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance the liability.

(s) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(t) Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash balances, call deposits and term deposits with an original maturity less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(u) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or of gains and losses arising from a group of similar transactions.

(v) Revenue recognition

Revenue includes amounts derived from the provision of goods and services falling within the Group’s ordinary activities and includes revenue from the following sources:

Goods sold

Revenue from the sale of goods at hypermarket is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Group and are recognized at the time of check-out when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Discounts are recognized as a reduction of revenue as the sales are recognized.

Rebates and other supplier benefits

Income from rebates and other supplier benefits is recognized on an accrual basis, according to the agreements with suppliers. For the purpose of presentation, income from rebates is netted off from cost of sales. Income from other supplier benefits is included as part of revenue.

Listing and gondola fees

Listing and gondola fees are recognized as income on an accrual basis, when the obligations to display inventories are met.

Opening fees

Opening fees, based on agreements with suppliers, are recognized at the time of opening of the store.

Commission

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

Notes to the consolidated financial statements (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

Loyalty programmes

The Group has a customer loyalty programme whereby customers are awarded credits known as "tickets/ loyalty points". The fair value of the consideration received or receivable in respect of the initial sale is allocated between the reward credit and the other components of the sale.

The amount allocated to the tickets/ loyalty points is considered to be the fair value for which they could be redeemed. Such amount is deferred and revenue is recognized only when the tickets/ loyalty points is redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognized in those circumstances is based on the number of tickets/loyalty points that have been redeemed in exchange for products, relative to the total number of tickets/loyalty points that are expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the tickets/ loyalty points will be redeemed.

Rental income

Rental income received as lessor from properties under operating leases is recognized on a straight-line basis over the term of the lease. Contingent rents are recorded as income in the period in which they are earned. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Services

Revenue from hospitality and leisure and entertainment activities is recognized on rendering the services. Revenue from services is recognized when customers have a right to use the facilities on payment for these services.

(w) Finance income and expenses

Interest income and expense for all interest bearing financial instruments except for those designated at fair value through profit or loss, are recognized in 'interest income' and 'interest expense' in profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

(x) 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.

(y) Tax

Income tax expense comprises current and deferred tax calculated in accordance with the income tax laws applicable to certain overseas subsidiaries. Income tax expense is recognized in profit or loss except to the extent it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of 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:

Notes to the consolidated financial statements (continued)

(y) Tax (continued)

Deferred tax *(continued)*

- 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 assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which can be used. 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; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(z) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of all operating segments are reviewed regularly by senior management and the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Group has four segments, consistent with internal reporting and are considered Group's strategic business units. The strategic businesses units offer different services and are managed separately because they have different strategic requirements. Inter-segment pricing is determined on an arm's length basis.

The following summary describes the operations in each of the Group's reportable segments:

Properties: The principal activities includes investing in and operating and managing commercial projects including shopping malls, hotels, residential projects, leisure and entertainment, acting as a holding company to various subsidiaries and investing in joint ventures and associates.

Retail: The principal activities include establishment and management of hypermarkets, and supermarket in accordance with the franchise agreement with Carrefour Partenariat International, a Carrefour SA affiliate.

Ventures: The principal activities include establishing, investing in and management of commercial projects. It also includes, through subsidiaries, the establishment and management of retail fashion stores, leisure activities entertainment, credit cards, food and beverage and healthcare services.

Head Office: The principal activities acting as the holding company of the Group's subsidiaries, arranging the Group's financing requirements and providing certain support services to the subsidiaries.

EBITDA

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.

Notes to the consolidated financial statements (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical judgments

4.1.1 *Investment property - accounting for dual-use properties*

Investment property is property held to either earn rental income or capital appreciation or for both. 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 split between property, plant and equipment and investment properties based on leasable value, subject to the conditions described below.

4.1.2 *Properties where the let-out portions can be sold or finance leased separately*

In the UAE, Law No. 27 of 2007 regulating the Ownership of Jointly Owned Properties in the Emirate of Dubai ("the Strata Law") came into effect from 1 April 2008. Based on the terms of the Strata Law and clarification obtained by the Group from independent legal advisors, management is of the view that:

- It is possible to divide developed property, such as a shopping mall, into separate units;
- That conceptually, strata title can validly be created within the shopping malls and individual units or parts may be sold or subject to long leases; and
- The Dubai Land Department and the Strata Law both support the above concept.

In countries other than UAE, wherever similar laws exist, the Company splits dual use properties based on leasable value of each portion.

4.1.3 *Properties where the let-out portions cannot be sold or finance leased separately*

Due to legal restrictions in Oman, and in the UAE in respect of properties which are built on land gifted by the Ruler, these properties cannot currently be sold or finance leased separately (in case of UAE, without the prior consent of the Ruler). Consequently, the entire property is classified as investment property only if an insignificant portion is held for own use.

In 2015, the title for the properties in the UAE that had been developed on land gifted by the Ruler of Dubai to the majority shareholder of the Parent Company, has been registered with the Dubai Land Department in return for a fee paid by the Group, thereby, granting the Group freehold title to these plots. Accordingly, management is of the view that these properties can now be treated as those where portions can be sold or finance-leased separately.

4.2 Key estimates

4.2.1 *Apportionment of fair values between land and buildings*

Where the valuation of a property comprises the aggregate value of land and building, the valuation is apportioned between land and building based on the reinstatement cost as computed by an external appraiser of the building, unless another appropriate basis is available for allocation.

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 valuer or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the buildings and depreciated over the remaining useful lives of the respective buildings.

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING

5.1 By business

The segment information provided to the Board of Directors for reportable segments for the year ended 31 December 2015 are as follows:

	Properties AED '000	Retail AED '000	Ventures AED '000	Head office AED '000	Total AED '000
2015:					
Revenue					
Gross revenue	4,090,866	22,076,256	1,438,506	632,250	28,237,878
Inter segment revenue	(262,285)	-	-	(632,250)	(894,535)
Revenue from external customers	3,828,581	22,076,256	1,438,506	-	27,343,343
EBITDA	2,606,585	1,178,098	186,437	495,693	4,466,813
Eliminations and adjustments					(632,250)
					3,834,563
Depreciation expense	(344,230)	(321,936)	(145,461)	(1,939)	(813,566)
Eliminations and adjustments					(272,625)
					(1,086,191)
Valuation gain on land and buildings - net	1,743,366	-	-	-	1,743,366
Eliminations and adjustments					(622,753)
					1,120,613
Net finance (cost)/income	(267,259)	62,524	(29,129)	445,729	211,865
Eliminations and adjustments					(497,497)
					(285,632)
Net profit after tax	3,526,846	809,760	40,511	904,581	5,281,698
Eliminations and adjustments					(1,974,543)
					3,307,155
Total assets	43,997,193	5,756,668	2,421,540	19,318,194	71,493,595
Eliminations and adjustments					(20,610,669)
					50,882,926
Capital expenditure (note 6, 7)	(3,440,789)	(503,803)	(462,191)	(1,720)	(4,408,503)

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING (continued)

5.1 By business (continued)

	Properties AED '000	Retail AED '000	Ventures AED '000	Head office AED '000	Total AED '000
2014:					
Revenue					
Gross revenue	3,856,181	20,577,817	1,074,456	574,261	26,082,715
Inter segment revenue	(247,347)	-	-	(574,261)	(821,608)
Revenue from external customers	3,608,834	20,577,817	1,074,456	-	25,261,107
EBITDA	2,369,183	1,147,566	152,060	476,637	4,145,446
Eliminations and adjustments					(559,000)
					3,586,446
Depreciation expense	(325,934)	(305,985)	(112,399)	(1,418)	(745,736)
Eliminations and adjustments					(310,670)
					(1,056,406)
Valuation gain on land and buildings - net	1,229,000	-	-	-	1,229,000
Eliminations and adjustments					(461,833)
					767,167
Net finance (cost)/income	(322,719)	51,073	(18,031)	386,884	97,207
Eliminations and adjustments					(511,209)
					(414,002)
Net profit after tax	2,775,014	755,696	27,485	1,025,929	4,584,124
Eliminations and adjustments					(2,016,700)
					2,567,424
Total assets	39,166,333	5,356,325	1,543,827	19,993,247	66,059,732
Eliminations and adjustments					(21,435,666)
					44,624,066
Capital expenditure (note 6, 7)	(3,557,765)	(337,199)	(242,484)	(2,119)	(4,139,567)

Notes to the consolidated financial statements (continued)

5. SEGMENT REPORTING (continued)

5.2 By geography

5.2.1 Revenue by geographical market

	2015 AED '000	2014 AED '000
UAE (country of domicile)	**14,556,837**	13,459,445
Egypt	**3,033,994**	2,815,993
Qatar	**2,192,651**	2,107,755
Saudi Arabia	**2,335,014**	2,059,091
Oman	**1,452,734**	1,399,162
Jordan	**1,061,710**	956,854
Bahrain	**760,827**	727,072
Kuwait	**540,689**	467,250
Pakistan	**424,441**	427,544
Lebanon	**416,520**	393,576
Georgia	**274,709**	274,894
Iraq	**262,896**	172,298
Armenia	**30,321**	173
	27,343,343	25,261,107

5.2.1 Total assets by geographical region

	2015 AED '000	2014 AED '000
UAE (country of domicile)	**35,189,925**	30,650,625
Egypt	**4,109,815**	3,402,193
Bahrain	**3,469,086**	3,300,378
Saudi Arabia	**2,412,326**	2,262,283
Lebanon	**1,922,638**	2,116,598
Oman	**2,408,616**	1,889,658
Qatar	**313,143**	325,981
Jordan	**376,154**	244,816
Others*	**681,223**	431,534
	50,882,926	44,624,066

* Others include Kuwait, Georgia, Pakistan, Hong Kong, Iraq, Kazakhstan,Armenia and Kenya.

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED '000	Motor vehicles AED '000	Furniture fixtures and equipment AED '000	Capital work in progress AED '000	Total AED '000
Cost/valuation					
At 1 January 2014	19,271,689	11,248	4,676,083	354,931	24,313,951
Additions	873,215	1,152	211,380	629,026	1,714,773
Disposals/write offs/adjustments	(18,189)	(1,000)	(112,791)	-	(131,980)
Transfer to intangible assets	-	-	(4,324)	(4,450)	(8,774)
Transfer (to)/from investment properties - net	(20,324)	-	-	13,348	(6,976)
Assets placed in service	76,892	257	340,248	(417,397)	-
Reclassification of assets	14,922	-	-	(14,922)	-
Net gain on valuation of properties (note 6.1)	1,426,419	-	-	-	1,426,419
Accumulated depreciation eliminated on valuation	(568,881)	-	-	-	(568,881)
Effect of foreign exchange movements	(4,955)	(7)	(14,188)	(5,771)	(24,921)
At 1 January 2015	**21,050,788**	**11,650**	**5,096,408**	**554,765**	**26,713,611**
Additions	**1,425,411**	**2,760**	**377,996**	**1,020,031**	**2,826,198**
Acquired in business combination	**-**	**-**	**97,707**	**70**	**97,777**
Disposals/write offs/adjustments	**(1,613)**	**(950)**	**(113,043)**	**-**	**(115,606)**
Transfer to investment properties - net (note 6.5)	**(14,922,897)**	**-**	**-**	**-**	**(14,922,897)**
Assets placed in service	**378,161**	**160**	**630,285**	**(1,008,606)**	**-**
Net gain on valuation of properties (note 6.1)	**1,204,433**	**-**	**-**	**-**	**1,204,433**
Accumulated depreciation and impairment eliminated on valuation	**(553,437)**	**-**	**(15,454)**	**(15,882)**	**(584,773)**
Effect of foreign exchange movements	**(16,398)**	**(119)**	**(59,104)**	**(20,728)**	**(96,349)**
At 31 December 2015	**8,564,448**	**13,501**	**6,014,795**	**529,650**	**15,122,394**
Accumulated depreciation/impairment					
At 1 January 2014	(23,258)	(5,262)	(2,686,768)	2,357	(2,712,931)
Charged during the year	(573,158)	(1,234)	(482,014)	-	(1,056,406)
Impairment loss (note 31)	(15,640)	-	(79,564)	(17,014)	(112,218)
Reversal of impairment (note 31)	-	-	15,405	-	15,405
Accumulated depreciation eliminated on valuation	568,881	-	-	-	568,881
Transfer to intangible assets	-	-	1,529	-	1,529
On disposals/write offs	-	970	100,467	-	101,437
Effect of foreign exchange movements	(59)	(69)	6,749	-	6,621
At 1 January 2015	**(43,234)**	**(5,595)**	**(3,124,196)**	**(14,657)**	**(3,187,682)**
Charged during the year	**(542,024)**	**(1,655)**	**(541,143)**	**(1,369)**	**(1,086,191)**
Impairment loss (note 31)	**(442)**	**-**	**(56,468)**	**(13,894)**	**(70,804)**
Reversal of impairment (note 31)	**-**	**-**	**15,122**	**-**	**15,122**
On assets acquired in business combination	**-**	**-**	**(49,417)**	**-**	**(49,417)**
Accumulated depreciation and impairment eliminated on valuation	**537,797**	**-**	**13,970**	**-**	**551,767**
On disposals/write offs	**-**	**828**	**86,892**	**-**	**87,720**
Effect of foreign exchange movements	**-**	**69**	**26,652**	**-**	**26,721**
At 31 December 2015	**(47,903)**	**(6,353)**	**(3,628,588)**	**(29,920)**	**(3,712,764)**
Carrying amounts					
At 31 December 2014	21,007,554	6,055	1,972,212	540,108	23,525,929
At 31 December 2015	**8,516,545**	**7,148**	**2,386,207**	**499,730**	**11,409,630**

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.1 The details of revaluation gain on property, plant and equipment are as follows:

	2015 AED '000	2014 AED '000
Gain transferred to revaluation reserve	**1,177,849**	1,308,147
Reversal of prior year valuation losses credited to profit or loss	**26,584**	118,272
	1,204,433	1,426,419

6.2 Accrued income relating to the accounting for lease rentals on a straight line basis as per IAS 17 have been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2015 AED '000	2014 AED '000
Fair value of land and buildings	**8,545,428**	21,087,328
Less: adjustment for accrued operating lease income	**(28,883)**	(79,774)
Net adjusted fair value	**8,516,545**	21,007,554

6.3 If the properties had been stated under the historical cost basis, the carrying amounts would have been as follows:

	2015		2014	
	Land AED '000	**Buildings AED '000**	Land AED '000	Buildings AED '000
Cost	**626,198**	**6,168,550**	621,721	8,234,174
Accumulated depreciation	**-**	**(2,140,473)**	-	(3,490,241)
Net carrying amount	**626,198**	**4,028,077**	621,721	4,743,933

6.4 Certain lands are held in the personal name of the majority shareholder of the Parent Company for the beneficial interest of the Group. Subsequent to the year end, the title to properties amounting to AED 2,928 million have been transferred to the Group.

6.5 During the year, the title for the lands gifted by Ruler of Dubai were purchased by the majority shareholder of the Parent Company, granting the Group freehold title to these lands. Accordingly, the properties have now been split between property, plant and equipment and investment properties (refer note 4.1.3).

6.6 Measurement of fair value

6.6.1 The fair value measurement of property, plant and equipment of AED 8,517 million (2014: AED 21,008 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

6.6.2 The following table shows the significant unobservable inputs used:

	2015			**2014**		
Significant unobservable inputs for:	**Shopping malls**	**Offices**	**Hotels**	**Shopping malls**	**Offices**	**Hotels**
Discount rate	11%-19%	-	11.25%-12.75%	11%-19%	-	11.25%-12.75%
Net initial yield	-	7%-7.5%	-	-	8.5%	-
Income return	8%-12%	8%-10.5%	5%-13%	6%-15%	4%-8%	7.5%-13%
Average occupancy	98%	97%-100%	75%*	98%	100%	75%*

* This excludes the occupancy of hotels in UAE which were under renovation during 2014 and 2015.

Notes to the consolidated financial statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.6.3 *Inter-relationship between key unobservable inputs and fair value measurement.*

The estimated fair value would increase/ (decrease) if:
- The occupancy rates were higher/(lower);
- The discount rates were lower/(higher); or
- The income returns were higher/(lower).

7. INVESTMENT PROPERTIES

	Land-Undeveloped AED '000	Land and buildings AED '000	Capital work in progress AED '000	Total AED '000
Cost/valuation				
At 1 January 2014	583,818	9,867,797	1,646,748	12,098,363
Additions	-	70,364	1,632,764	1,703,128
Net valuation gain taken to profit or loss (note 7.1)	139,866	509,029	-	648,895
Assets placed in service	-	85,122	(85,122)	-
Transfer to property, plant and equipment - net	-	-	6,976	6,976
Reclassification of assets	158,844	-	(158,844)	-
Disposals / write offs	-	(43,354)	(851)	(44,205)
Project cost impaired (note 31)	-	-	(96,017)	(96,017)
Effect of foreign exchange movements	2,906	(13,866)	(25,724)	(36,684)
At 1 January 2015	**885,434**	**10,475,092**	**2,919,930**	**14,280,456**
Additions	**-**	**627,514**	**954,791**	**1,582,305**
Net valuation gain taken to profit or loss (note 7.1)	**-**	**1,094,029**	**-**	**1,094,029**
Assets placed in service	**-**	**425,052**	**(425,052)**	**-**
Transfer (to)/from property, plant and equipment - net	**(9,688)**	**14,932,585**	**-**	**14,922,897**
Transfer from development properties (note 7.3)	**61,351**	**-**	**716,700**	**778,051**
Disposals / write offs	**-**	**(4,187)**	**(48)**	**(4,235)**
Effect of foreign exchange movements	**(1,602)**	**(73,450)**	**(107,747)**	**(182,799)**
At 31 December 2015	**935,495**	**27,476,635**	**4,058,574**	**32,470,704**

7.1 The net valuation gain included in profit or loss is as follows:

	2015 AED '000	2014 AED '000
Reversal of prior year valuation losses credited to profit or loss on property, plant and equipment (note 6.1)	**26,584**	118,272
Gain on valuation of investment properties	**1,094,029**	648,895
	1,120,613	767,167

7.2 Rental income derived from investment properties during the current year is AED 1,773 million (2014: AED 1,222 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 441 million (2014: AED 386 million).

7.3 Due to change in the business plans during the year, portion of the land (out of the total Land purchase of AED 1,433.4 million in 2014) has been reclassified from Development Properties (note 8) at its fair value of AED 716.7 million (2014: AED 716.7 million), as at 31 December 2015. Further, as a result of discontinuance of the project during the year, an impairment provision of AED 19.7 (note 31) million has been recognized and the property, carried at AED 61.4 million, has been transferred from Development Properties (note 8) as at 31 December 2015.

Notes to the consolidated financial statements (continued)

7. INVESTMENT PROPERTIES (continued)

7.4 In the 2014, a subsidiary of the Group entered into an usufruct contract with the Government of Sultanate of Oman which had provided the subsidiary usufruct rights over two plots of land in Oman for a period of fifty years. The leasehold interest has been accounted for the lease as a finance lease by the Group. The land is restricted to be used for commercial purposes in relation to certain Group businesses and the right to renew the land is reserved with the Government of Sultanate of Oman only. If the lease is not renewed, the land and building will be transferred to the Government of Sultanate of Oman at the end of the lease term. The imputed finance cost on the corresponding finance lease liability (note 21) was determined based on Group's subsidiaries incremental borrowing rate of 6.5%.

7.5 Accrued income relating to the accounting for lease rentals on a straight line basis as per IAS 17 has been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2015	2014
	AED '000	AED '000
Fair value of land and buildings	**27,623,893**	10,558,237
Less: adjustment for accrued operating lease income	**(147,258)**	(83,145)
Net adjusted fair value	**27,476,635**	10,475,092

7.6 Certain lands are held in the personal name of the majority shareholder of the Parent Company for the beneficial interest of the Group. Subsequent to the year end, the title to properties property amounting to AED 12,079 million has been transferred to the Group.

7.7 The carrying value of properties (including property, plant and equipment) mortgaged against bank loans aggregates to AED 1,303 million (2014: AED 1,288 million).

7.8 Measurement of fair value

7.8.1 The fair value measurement of investment properties of AED 32,471 million (2014: AED 14,280 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

7.8.2 The following table shows the significant unobservable inputs used:

	2015		**2014**	
Significant unobservable inputs for:	**Shopping malls**	**Offices**	**Shopping malls**	**Offices**
Discount rate	11%-19%	-	11%-19%	-
Net initial yield	-	7%-7.5%	-	8%-9.5%
Income return	8%-12%	8%-10.5%	6%-15%	8%-10.5%
Average occupancy	98%	97%-100%	98%	100%

7.8.3 ***Inter-relationship between key unobservable inputs and fair value measurement.***

The estimated fair value would increase/ (decrease) if:

- The occupancy rates were higher/(lower);
- The discount rates were lower/(higher); or
- The income returns were higher/(lower).

Notes to the consolidated financial statements (continued)

8. DEVELOPMENT PROPERTIES

	2015 AED '000	2014 AED '000
At 1 January	**797,771**	76,105
Additions during the year	**-**	721,666
Provision for impairment (note 7.3)	**(19,720)**	-
Transferred to investment properties (note 7.3)	**(778,051)**	-
	-	797,771

9. INVESTMENTS

	2015 AED '000	2014 AED '000
Investments held at fair value through profit or loss (FVPL):		
- Unlisted equities	**7,524**	5,000
Investment in associates (note 9.1)	**147,248**	219,136
Investment in joint ventures (note 9.2)	**1,054,464**	1,023,981
	1,209,236	1,248,117

9.1 Investment in associates

	2015 AED '000	2014 AED '000
At 1 January	**219,136**	200,470
Additions/transfers during the year	**9,877**	29,212
Share of (loss)/profit accounted through profit or loss	**(62,735)**	745
Dividend income received	**(16,723)**	(10,530)
Impairment charge (note 31)	**(2,307)**	(261)
Foreign currency translation differences from foreign operations	**-**	(500)
	147,248	219,136

9.1.1 Summarized financial information in respect of the Group's interest in the associates in UAE is set out below:

	2015 AED '000	2014 AED '000
Total assets	**2,758,104**	4,212,891
Total liabilities	**(2,387,680)**	(3,575,246)
Net assets	**370,424**	637,645
Carrying amount of interest in the investee at the year end*	**147,248**	219,136
Revenue	**2,717,189**	718,046
Loss for the year	**(269,688)**	(27,204)
Share of profit/(loss) for the year	**(62,735)**	745

Notes to the consolidated financial statements (continued)

9. INVESTMENTS (continued)

9.2 Investment in joint ventures

	2015 AED '000	2014 AED '000
At 1 January	**1,023,981**	986,708
Additions during the year	**24,504**	-
Share of profit accounted through profit or loss	**35,305**	57,917
De-recognition of investment on account of change in control during the year	**(14,619)**	-
Provision for impairment (note 31)	**(16,000)**	-
Dividend income received	**-**	(18,038)
Foreign currency translation differences from foreign operations	**1,293**	(2,606)
	1,054,464	1,023,981

9.2.1 Investment amounts in various entities include capital contributions made by the Group in its capacity as a shareholder. These balances are unsecured and interest free in nature and will not be called for repayment, except at the sole discretion of the joint venture entities.

9.2.2 Summarized financial information in respect of the Group's interest in joint ventures aggregated by geographical concentration between UAE, Gulf Cooperation Council (GCC) excluding UAE and others is set out below:

At 31 December 2015

	UAE AED '000	Other GCC AED '000	Others AED '000	Total AED '000
Non-current assets	**342,512**	**297,728**	**27,233**	**667,473**
Current assets	**2,509,343**	**2,039,585**	**1,876,014**	**6,424,942**
Current liabilities	**(2,130,873)**	**(938,160)**	**(74,908)**	**(3,143,941)**
Non-current liabilities	**(72,944)**	**(892,587)**	**(1,098,236)**	**(2,063,767)**
Net assets	**648,038**	**506,566**	**730,103**	**1,884,707**
Carrying amount of interest in the investee at the year end*	**319,980**	**338,832**	**395,652**	**1,054,464**
Revenue	**168,904**	**507,491**	**-**	**676,395**
(Loss)/profit for the year	**(1,070)**	**77,792**	**(7,058)**	**69,664**
Share of (loss)/profit for the year	**92**	**38,896**	**(3,683)**	**35,305**

At 31 December 2014

	UAE AED '000	Other GCC AED '000	Others AED '000	Total AED '000
Non-current assets	319,203	244,987	46,813	611,003
Current assets	1,779,167	2,073,265	1,450,866	5,303,298
Current liabilities	(1,394,039)	(849,833)	(112,003)	(2,355,875)
Non-current liabilities	(135,690)	(1,008,336)	(698,960)	(1,842,986)
Net assets	568,641	460,083	686,716	1,715,440
Carrying amount of interest in the investee at the year end*	335,887	316,422	371,672	1,023,981
Revenue	266,670	601,629	6,803	875,102
Profit for the year	(11,628)	139,043	(19,606)	107,809
Share of profit for the year	(2,421)	69,521	(9,183)	57,917

* Share of net assets disclosed above in associates and joint ventures is net of impairment.

Notes to the consolidated financial statements (continued)

10. INTANGIBLE ASSETS

	2015 AED '000	2014 AED '000
Cost		
At 1 January	**217,630**	206,840
Additions during the year	**26,216**	2,016
Goodwill arising on business combination (note 24.1 and 24.3)	**84,989**	-
Transfer from property, plant and equipment	**-**	8,774
	328,835	217,630
Amortisation		
At 1 January	**(113,633)**	(88,171)
Charge for the year	**(27,186)**	(23,933)
Transfer from property, plant and equipment	**-**	(1,529)
	(140,819)	(113,633)
Carrying amount - net	**188,016**	103,997

10.1 Above includes intangible assets in respect of naming rights. In 2008, the Group entered into an agreement with a Government entity in the UAE to acquire naming rights for two stations of Dubai Metro for a period of 10 years commencing from 2009, when the Metro became operational. Based on the present value of the future payments to be made, an intangible asset has been recorded which is being amortized over the contract period using the incremental borrowing cost of the Group at that time of 4.5% p.a and a corresponding long term liability has been recorded (note 21.3).

11. DEFERRED TAX ASSETS

	2015 AED '000	2014 AED '000
At 1 January	**32,317**	25,842
Recognized in profit or loss	**298**	7,227
Reclassified during the year (note 20)	**12,969**	-
Foreign currency translation difference from foreign operations	**(2,473)**	(752)
At 31 December	**43,111**	32,317

12. OTHER NON-CURRENT ASSETS

	2015 AED '000	2014 AED '000
Long term portion of:		
- Advances and deposits (note 14)	**161,516**	308,040
- Accrued income on operating leases (note 14)	**172,428**	148,105
- Prepaid rentals	**10,252**	13,451
Long term prepaid lease premium (note 12.1)	**69,845**	8,771
	414,041	478,367

12.1 This mainly represents the unamortized value of the payments made to the previous tenants of a hypermarket and a supermarket in respect of the right to enter as a lessee and also includes the payments made to the landlord of a hypermarket towards the cost of construction of the building in which the hypermarket is situated. These payments are in the nature of lease premiums and are amortised over the period of the respective leases which range from 2 to 20 years.

Notes to the consolidated financial statements (continued)

13. INVENTORIES

	2015 AED '000	2014 AED '000
Inventory held for sale (net of provisions)	**1,651,555**	1,454,199
Goods in transit	**22,554**	17,256
Spares and consumables	**37,962**	31,571
	1,712,071	1,503,026

14. TRADE AND OTHER RECEIVABLES

	2015 AED '000	2014 AED '000
Trade receivables	**855,033**	626,564
Advances and deposits	**690,588**	651,532
Prepayments	**409,555**	346,998
Accrued income on operating leases	**176,141**	162,881
Positive fair value of derivatives	**103,815**	82,378
Other receivables	**55,765**	36,330
	2,290,897	1,906,683
Provision for doubtful receivables	**(95,912)**	(66,694)
	2,194,985	1,839,989
Less: long term portion (note 12)	**(333,944)**	(456,145)
	1,861,041	1,383,844

15. CASH IN HAND AND AT BANK

	2015 AED '000	2014 AED '000
Cash in hand	**130,202**	110,349
Fixed deposits	**177,031**	205,256
Cash at bank	**1,078,799**	724,882
Cash and cash equivalents	**1,386,032**	1,040,487
Fixed deposits with an original maturity of more than three months	**8,300**	9,400
	1,394,332	1,049,887

15.1 Cash in hand mainly represents daily sales takings at stores not deposited, the cash in operation at the central cashier office and petty cash.

Notes to the consolidated financial statements (continued)

16. TRADE PAYABLES, OTHER LIABILITIES AND PROVISIONS

	2015 AED '000	2014 AED '000
Trade payables	**3,690,942**	3,448,933
Accruals	**1,435,900**	1,141,665
Advance receipts	**875,139**	737,265
Unearned rental income	**683,323**	655,505
Negative fair value of derivatives	**135,978**	180,503
Current portion of provision for bonus (note 21.2)	**171,154**	172,551
Accrued lease rentals	**178,894**	156,964
Provisions (note 16.1)	**100,870**	119,944
Tax payable	**118,719**	108,539
Current portion of deferred liability (note 21.3)	**11,428**	26,024
Current portion of finance lease liability (note 21.4)	**30,214**	-
Other payables	**238,894**	204,709
	7,671,455	6,952,602

16.1 Movement during the year:

	2015 AED '000	2014 AED '000
At 1 January	**119,944**	112,470
Charge during the year	**29,187**	53,565
Payments/adjustments made during the year	**(47,842)**	(45,596)
Currency translation adjustments	**(419)**	(495)
At 31 December	**100,870**	119,944

17. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the Parent Company and its shareholders, fellow subsidiaries, associates, joint ventures, key management personnel and/or their close family members. Transactions with related parties are carried out at agreed terms.

17.1 Long term receivable from related parties

	2015 AED '000	2014 AED '000
Receivable from a joint venture (note 17.1.1)	**111,000**	82,162
Less: discounting of receivable	**(11,785)**	(18,575)
	99,215	63,587
Receivable from a minority shareholder (note 17.1.2)	**17,526**	16,192
Receivable from a joint operator	**4,425**	-
	121,166	79,779

17.1.1 As at 31 December 2015, portion of the long-term receivable is measured at fair value, being the present value of the expected future cash flows, by using a discount rate of 10%. The differential between the carrying amount and the fair value is recognized within profit or loss.

Notes to the consolidated financial statements (continued)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

17.1 Long term receivable from related parties (continued)

17.1.2 A subsidiary of the Group, and its minority shareholder ('the minority shareholder") entered into a loan agreement on 25 November 2010. According to the loan agreement, the minority shareholder, shall repay to the subsidiary, the aggregate principal amount together with all accrued interest therein on the final maturity date of 31 December 2020. Accordingly, the balance is classified as long term in these consolidated financial statements. Interest has been accrued at the rate of 6 months EIBOR plus a margin of 7% p.a. compounded on a monthly basis.

17.2 Short term loan from a related party

	2015 AED '000	2014 AED '000
At 1 January	**1,390**	118,500
Borrowed during the year	**212,437**	437,000
Repaid during the year	**(575,701)**	(769,110)
Adjusted for dividend settlement	**415,000**	215,000
At 31 December	**53,126**	1,390

17.2.1 The above loan is obtained from the Parent Company, against a loan facility of AED 500 million, at a margin of 0.4% per annum over three month fixed deposit rate, renewable every year with a final maturity in 2019.

17.3 Due from related parties

	2015 AED '000	2014 AED '000
Parent company	**15,215**	17,235
Fellow subsidiaries	**459**	926
Joint ventures	**61,373**	136,485
Associates	**2,315**	8,128
Others	**6,735**	4,301
	86,097	167,075
Provision for doubtful receivables	**(26,519)**	(26,499)
	59,578	140,576

17.4 Due to related parties

	2015 AED '000	2014 AED '000
Others	**37,392**	37,332

Notes to the consolidated financial statements (continued)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

17.5 Compensation to key management personnel

The aggregate compensation of key management personnel of the Group's entities, including non-executive directors is disclosed as follows:

	2015 AED '000	2014 AED '000
Directors' fees and expenses	**16,491**	15,875
Employee benefits (salaries and allowances including provision for bonus)	**89,668**	71,225
Post employment benefits (provision for end of service benefits)	**4,375**	2,817
	110,534	89,917

18. BANK OVERDRAFT

	2015 AED '000	2014 AED '000
Bank overdraft	-	34,980

In the ordinary course of business, companies within the Group use overdraft facilities from banks on market rate interest. The Group has bank overdraft facilities aggregating to AED 545 million (2014: AED 370 million). The facilities carry interest at 1.1% - 3% above the base lending equivalent and the drawn amounts are repayable on demand.

19. LONG TERM LOANS

	2015 AED '000	2014 AED '000
At 1 January	**9,014,663**	8,214,517
Borrowed during the year	**6,757,062**	7,344,040
Fair value movement (note 19.6 and 19.7)	**8,122**	77,801
Repaid during the year	**(5,151,724)**	(6,620,680)
Currency translation adjustments	**(42,123)**	(1,015)
At 31 December	**10,586,000**	9,014,663
Less: Current maturity of long term loan	**(2,102,082)**	(2,681,205)
Non-current portion	**8,483,918**	6,333,458

19.1 The floating rate loans carry margins ranging from 1.20% to 3.50% (2014: 1.20% to 3.50%) per annum over the base lending rate, whilst fixed rate on loans ranges from 4.50% to 5.85% (2014: 4.75% to 5.85%). For loans obtained in the UAE, the base lending rate used is EIBOR/LIBOR while for loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

Notes to the consolidated financial statements (continued)

19. LONG TERM LOANS (continued)

19.2 The details of long term loans are mentioned below:

Loan facility '000	Repayment interval	Repayment commencing	Maturity date	Note	2015 AED '000
EGP 3,000,000	Unequal installments every year	26-Jul-17	28-Apr-26	19.3	772,510
AED 225,000	Semi-annual	29-Sep-13	29-Mar-21	19.4	177,975
USD 45,000	Semi-annual	5-Nov-15	5-May-22	19.5	124,882
USD 8,262	Annual	27-Sep-16	27-Sep-18	19.5	30,346
LBP 170,633,264	Annual	20-Mar-16	20-Sep-22	19.5	415,663
USD 400,000	Bullet	NA	7-Feb-17	19.6	1,468,703
USD 500,000	Bullet	NA	3-Nov-25	19.6	1,822,059
USD 1,159,000	Revolver	NA	19-Sep-18		888,484
AED 1,609,000	Revolver	NA	19-Sep-18		335,834
USD 500,000	Bullet	NA	5-Jul-19	19.7	1,829,029
USD 500,000	Bullet	NA	7-May-24	19.7	1,908,060
USD 100,000	Revolver	NA	24-Jul-19		83,821
USD 800,000	Revolver	NA	16-Sep-20		728,634
					10,586,000

19.3 In 2013, a loan facility of EGP 3 billion was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall, which is secured by assignment of lease proceeds and insurance contracts.

19.4 The loan facility is secured by way of a first degree mortgage over land and building of a shopping mall in UAE, assignment of insurance policies of the property and lease rentals of the shopping mall.

19.5 These loan facilities were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which a shopping mall is constructed and the assignment of lease rentals of the shopping mall.

19.6 In February 2012 the Group had issued five year Sukuk certificates ("bonds") under its USD 1 billion Sukuk program (structured as a "Wakala"), raising USD 400 million (AED 1,469 million). The five year senior unsecured bonds issued in 2012 under this program are listed on the London Stock Exchange and on the NASDAQ Dubai, UAE. The terms of the arrangement include transfer of ownership of certain identified assets (the “Wakala assets”) of the Group to a Special Purpose Vehicle, MAF Sukuk Ltd. (the “Issuer”), formed for the issuance of bonds. In substance, the Wakala assets remain in control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 5.85% per annum on a semi-annual basis to be serviced from returns generated from the Wakala assets.

In 2015, the size of the Sukuk Trust Certificate Issuance Program was increased to USD 1.5 billion and the structure of the Program was amended to incorporate a Commodity Murabaha Investment option within the “Wakala” structure.

In November 2015, the Group issued ten year Sukuk certificates (“bonds”) under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,836.5 million). The ten year senior unsecured bonds issued in November under this program are listed on the NASDAQ Dubai, UAE and on the Irish Stock Exchange. The terms of the arrangement include payment to the Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the “Wakala Portfolio”.

In substance, the Wakala Portfolio remains in control of the Group and shall continue to be serviced by the Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 4.5% per annum on a semi-annual basis to be serviced from returns generated from the Wakala Portfolio.

The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the Sukuk Program, USD 600 million (2014: USD 400 million) is hedged by financial derivatives and accordingly, carried at fair value.

Notes to the consolidated financial statements (continued)

19. LONG TERM LOANS (continued)

19.7 In July 2012, under the USD 2 billion Global Medium Term Note (GMTN) Program, the Group had issued seven year fixed rate unsecured bonds of USD 500 million (AED 1,837 million) and ten year fixed rate unsecured bonds in May 2014 of USD 500 million (AED 1,837 million). The bonds carry coupon rates ranging from 4.75% to 5.25% per annum, payable every six months. The bonds issued in July 2012 are listed on London and NASDAQ Dubai, UAE Stock Exchanges and bonds issued in May 2014 are listed on NASDAQ Dubai, UAE and Irish Stock Exchanges. In addition the GMTN Program was originally listed on the London Stock Exchange in 2011. All subsequent updates of the Program have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE. Of the total amount raised under the GMTN Program, USD 700 million (2014: USD 700 million) is hedged by financial derivatives and accordingly, carried at fair value.

In 2015, the size of the GMTN Program was increased to USD 3 billion.

20. DEFERRED TAX LIABILITIES

	2015 AED '000	2014 AED '000
At 1 January	**97,397**	97,413
Charged to profit or loss	**54,191**	18,031
Charged to equity	**41,094**	3,527
Reclassified/(reversed) during the year (note 11)	**12,969**	(16,955)
Foreign currency translation difference from foreign operations	**(9,547)**	(4,619)
At 31 December	**196,104**	97,397

20.1 Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gain on properties in Egypt, Oman and Lebanon. The tax rates in these countries are 22.5% (2014: 30%), 12% (2014: 12%) and 10% (2014: 10%) respectively.

21. OTHER LONG TERM LIABILITIES AND PROVISIONS

	2015 AED '000	2014 AED '000
Provision for staff terminal benefits (note 21.1)	**481,362**	418,940
Provision for bonus (note 21.2)	**40,866**	10,936
Deferred liability (note 21.3)	**19,449**	31,266
Finance lease liabilities (note 7.4 and 21.4)	**62,227**	89,457
Other long term liabilities	**3,683**	4,943
	607,587	555,542

21.1 The movement in provision for staff terminal benefits is analysed as follows:

	2015 AED '000	2014 AED '000
At 1 January	**418,940**	364,714
Charge during the year	**101,438**	89,356
Payments made during the year	**(37,996)**	(34,207)
Currency translation adjustment	**(1,020)**	(923)
At 31 December	**481,362**	418,940

Notes to the consolidated financial statements (continued)

21. OTHER LONG TERM LIABILITIES AND PROVISIONS (continued)

21.2 The movement in provision for bonus incentive plan is as follows:

	2015 AED '000	2014 AED '000
At 1 January	**183,487**	193,718
Additions during the year	**198,936**	159,113
Payments/transfers made during the year	**(170,403)**	(169,344)
At 31 December	**212,020**	183,487
Less: Current portion (note 16)	**(171,154)**	(172,551)
Non-current portion	**40,866**	10,936

The provision for bonus includes AED 40.5 million (2014: 10.9 million) in respect of deferred bonus plan for the senior management staff of the Group, and is expected to be paid after one year from the reporting date.

21.3 The movement in the deferred liability is as follows:

	2015 AED '000	2014 AED '000
At 1 January	**57,290**	80,621
Interest accrued during the year	**2,151**	3,117
Payments made during the year	**(28,564)**	(26,448)
	30,877	57,290
Less: Current portion (note 16)	**(11,428)**	(26,024)
Non-current portion	**19,449**	31,266

21.4 Finance lease liabilities are as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
In thousands of AED	2015	2014	2015	2014	2015	2014
Less than one year	**36,073**	2,620	**5,859**	5,593	**30,214**	(2,973)
Between one and five years	**32,818**	66,242	**11,453**	14,651	**21,365**	51,591
More than five years	**128,921**	131,552	**88,059**	90,713	**40,862**	40,839
	197,812	200,414	**105,371**	110,957	**92,441**	89,457

22. SHARE CAPITAL AND RESERVES

22.1 Share capital

	2015 AED '000	2014 AED '000
Issued and fully paid 2,486,729 shares of AED 1,000 each	**2,486,729**	2,486,729

22.2 Statutory reserve

In accordance with the respective Articles of Association of the entities within the Group and relevant local laws, 10% of the net profit for the year of the individual entities to which 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 the individual entities. This reserve can be utilized only in the manner specified under the relevant laws and is not available for distribution.

Notes to the consolidated financial statements (continued)

22. SHARE CAPITAL AND RESERVES (continued)

22.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

22.4 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23. HYBRID EQUITY INSTRUMENT

In October 2013, the Group has issued Hybrid Perpetual Note Instruments ('the Notes') of AED 1,836 million (USD 500 million) which are listed on the Irish Stock Exchange. The Notes are deeply subordinated with no maturity date. The Notes carry interest at the rate of 7.125% payable semi-annually in arrears till the first call date on October 29, 2018 and will be reset thereafter every 5 years to a new fixed rate plus the margin. The Group may elect at its sole and absolute discretion not to pay interest on interest payment dates. Pursuant to the requirements of IAS 32 and the terms/conditions, the Notes are classified as equity net of transaction costs amounting to AED 10.5 million.

24. BUSINESS COMBINATIONS

24.1 Pursuant to the Shareholders Agreement entered on 18 March 2015, with Accessories (Island) limited, the Group incorporated Majid Al Futtaim Accessories LLC ("MAFA") to operate Monsoon, Accessorize & Monsoon Kids retail outlets in UAE, Qatar, Oman, Bahrain and Kuwait.

- The Group paid total consideration amounting to AED 76 million for 51% shareholding in MAFA. Goodwill amounting to AED 39.7 million has been recognized on acquisition of net assets amounting to AED 36.3 million.
- The valuation technique used for measuring the fair value of assets acquired was on the basis of depreciated replacement cost approach.
- The subsidiary has contributed revenue of AED 34.9 million and a loss of AED 8.8 million to the Group's results during the year.
- Capital contribution by non-controlling interest amounted to AED 27.6 million.

24.2 The Group has acquired the remaining 25% equity interest in Majid Al Futtaim Fashion KSA from the non-controlling interest for a consideration of AED 8.2 million on 6 October 2015. The Group had previously fully absorbed the initial losses, hence the balance of non-controlling interest was nil and accordingly the contribution paid has been charged to equity.

24.3 Effective 1 January 2015, the Group acquired controlling interest in two jointly controlled entities (namely, Attractions Management & Leisure Services Company W.L.L Kuwait and Kids Entertainment Perfect World PJSC Jordan). Up to 31 December 2014, these entities were accounted for as Joint Ventures under equity method of accounting. In the current year the shareholders of the jointly controlled entities signed an agreement whereby, control over the relevant activities of these two entities have been transferred to the Group with effect from 1 January 2015. Consequently, for the year ended 31 December 2015 the Group has consolidated the results of the two entities

- There is no additional purchase consideration for this transaction. The carrying value of investment amounting to AED 22.1 million at the date of change in control is considered as the purchase consideration.
- The Group has measured it's portion of the net assets acquired at fair value using discounted cash flow method over a period of ten years.
- The non-controlling interest has been measured at AED 23.4 million at the date of acquisition.
- The re-measurement of fair value of the Group's interest in these entities has resulted in a gain of AED 43.1 million, the fair value has been attributed to the net identifiable assets of AED 43.4 million and the excess is recognized as Goodwill (AED 45.3 million) to the extent of the controlling interest acquired.
- These entities have contributed revenue of AED 53.7 million and profit of AED 20.3 million to the Group's results during the year.

Notes to the consolidated financial statements (continued)

25. REVENUE

	2015 AED '000	2014 AED '000
Sale of goods	**20,625,926**	19,356,234
Listing fees, gondola fees and commissions	**1,627,128**	1,384,976
Rental income	**2,837,223**	2,601,078
Leisure and entertainment	**1,212,074**	931,415
Hospitality revenue	**682,133**	732,280
Others	**358,859**	255,124
	27,343,343	25,261,107

26. COST OF SALES

	2015 AED '000	2014 AED '000
Opening inventories	**(1,503,026)**	(1,261,836)
Purchases	**(20,104,447)**	(18,724,933)
Closing inventories	**1,712,071**	1,503,026
Supplier rebates and discounts	**1,461,732**	1,313,495
	(18,433,670)	(17,170,248)

27. OPERATING EXPENSES

	2015 AED '000	2014 AED '000
Staff costs (note 27.1)	**(2,595,115)**	(2,298,871)
Depreciation (note 6)	**(1,086,191)**	(1,056,406)
Utilities	**(340,976)**	(317,507)
Rent	**(493,025)**	(380,754)
Advertising, selling and marketing expenses	**(272,125)**	(201,627)
Legal and consultancy expenses	**(148,474)**	(155,886)
Bank charges	**(138,597)**	(119,830)
Repair and maintenance	**(213,553)**	(201,967)
Franchise and management fees	**(151,933)**	(156,679)
Security expenses	**(111,234)**	(103,806)
Amortisation	**(29,412)**	(25,904)
House keeping and cleaning	**(75,598)**	(70,803)
Bad debts expense	**(64,261)**	(33,330)
Other general and administrative expenses	**(510,219)**	(379,718)
	(6,230,713)	(5,503,088)

27.1 Staff cost (includes) / is net of the following:

	2015 AED '000	2014 AED '000
Gratuity cost	**(101,438)**	(89,356)
Pension cost	**(14,676)**	(15,643)
Staff cost capitalised	**68,600**	55,373

27.2 The number of employees at 31 December 2015 was 30,371 (2014: 26,663).

Notes to the consolidated financial statements (continued)

28. FINANCE COSTS

	2015 AED '000	2014 AED '000
Arrangement and participation fee	**(34,448)**	(69,599)
Interest charges on bank loans	**(448,715)**	(466,632)
Interest charges on related party loan	**(150)**	-
Less: capitalized interest on development expenditure	**129,435**	49,410
	(353,878)	(486,821)
Changes in the fair value/settlement of derivatives held as FVPL	**(14,343)**	(24,031)
Cash flow hedges reclassified from hedging reserve	**(63,679)**	(79,429)
Bond programme cost	**(7,786)**	(6,326)
	(439,686)	(596,607)

28.1 The capitalization rate used to determine the amount of borrowing cost eligible for capitalization varies from 3.79% to 12.25% (2014: 4.4% to 12.25%) depending on the effective interest rate over the tenure of the borrowing.

28.2 Net changes in fair value recognised directly in other comprehensive income:

	2015 AED '000	2014 AED '000
Effective portion of changes in fair value of cash flow hedges	**(17,161)**	(26,803)
Cash flow hedges reclassified to profit or loss - net	**62,150**	74,202
	44,989	47,399

29. FINANCE INCOME

	2015 AED '000	2014 AED '000
Interest income on bank balances	**66,384**	55,592
Realized gain on currency forward contracts	**-**	111
Cash flow hedges reclassified from equity - net	**1,529**	5,227
Changes in the fair value/settlement of derivatives held as FVPL	**86,141**	121,675
	154,054	182,605

30. OTHER EXPENSES - NET

	2015 AED '000	2014 AED '000
Foreign exchange loss - net	**(52,296)**	(34,889)
Fixed assets/project costs written off	**(9,721)**	(3,829)
Loss on disposal of non-current assets	**(5,601)**	(2,078)
Land transfer fee reversal/(provision)	**5,702**	(40,093)
Development expenses written off	**(28,743)**	(50,828)
Gain on acquiring control of jointly controlled entities (note 24.3)	**43,171**	-
Other (expense)/income	**(4,181)**	1,308
	(51,669)	(130,409)

Notes to the consolidated financial statements (continued)

31. IMPAIRMENT REVERSALS/(CHARGE) – NET

	2015 AED '000	2014 AED '000
Impairment of property, plant and equipment:		
- Furniture and fixtures (note 31.1)	**(56,468)**	(79,564)
- Land and building (note 31.2)	**(442)**	(15,640)
- Capital work in progress (note 31.2)	**(13,894)**	(17,014)
Impairment of investments:		
- Associate (note 31.2)	**(2,307)**	(261)
- Joint venture	**(16,000)**	-
Impairment of investment property (note 31.2)	**-**	(96,017)
Impairment of development properties (note 8)	**(19,720)**	-
Other impairment reversals/(charges)	**464**	(7,793)
Reversal of impairment of property, plant and equipment (note 31.3)	**15,122**	15,405
Reversal of impairment of advances provided to a joint venture (note 31.4)	**107,053**	-
	13,808	(200,884)

31.1 Represents impairment loss on the assets of certain operating units (retail and fashion stores) as the recoverable amount, which was estimated based on the value in use of the cash generating units, was lower than the carrying amount of the assets. A discount rate specific to the country of operation of the concerned business was used to derive the net present value of the future cash flows.

31.2 Based on management's assessment of fair value and revised business plan of the Group, the carrying value of these investments and assets has been eroded.

31.3 The reversal represents the balance after utilizing an impairment provision amounting to AED 3.8 million (2014: AED 4.7 million) during the year on the disposal/ write off of assets.

31.4 In previous years the Group had fully impaired it's advance of AED 389 million granted to a joint venture, as Group's contribution, upon reassessment of the project. During the current year, Group has recovered AED 107 million in cash and accordingly the impairment provision has been reversed to that extent.

32. TAX CHARGE - NET

	2015 AED '000	2014 AED '000
Current tax		
Current period	**(72,737)**	(82,995)
Adjustment for prior periods	**(14,865)**	(7,082)
	(87,602)	(90,077)
Deferred tax		
Origination of temporary differences - net	**(65,312)**	(7,114)
Change in tax rates	**11,419**	(3,690)
	(53,893)	(10,804)
	(141,495)	(100,881)

Notes to the consolidated financial statements (continued)

32. TAX CHARGE - NET (continued)

32.1 Reconciliation of effective tax rate

		2015 AED '000		2014 AED '000
Profit after tax for the year from continued operations		**3,307,155**		2,567,424
Income tax charge - net		**141,495**		100,881
Profit before tax for the year from continued operations		**3,448,650**		2,668,305
Effect of tax rates in foreign jurisdictions	**-2.09%**	**(71,994)**	-3.17%	(84,465)
Non-deductible expenses	**-0.09%**	**(3,030)**	0.11%	2,934
Deferred tax for temporary differences	**-1.89%**	**(65,312)**	-0.27%	(7,114)
Change in tax rates	**0.33%**	**11,419**	-0.19%	(5,154)
Tax losses	**0.07%**	**2,287**	0.00%	-
Prior period adjustments	**-0.43%**	**(14,865)**	-0.27%	(7,082)
Total	**-4.10%**	**(141,495)**	-3.78%	(100,881)

33. FINANCIAL INSTRUMENTS

Financial assets of the Group include investments in equity, cash at bank, trade and other receivables, amounts due from related parties, positive fair value of derivative financial instruments held as cash flow hedges and accounted for as FVPL, short term loans, and long term loans, advances and receivables. Financial liabilities of the Group include amounts due to related parties, negative fair value of derivative financial instruments held as cash flow hedges and accounted for as FVPL, short term loans, bank overdraft, long term loans and trade and other payables.

33.1 Financial risk management objectives and policies

The Board of Directors of Majid Al Futtaim Holding LLC has the overall responsibility for the management of risk throughout its Group companies. The Board establishes and regularly reviews the Group's risk management strategy, policies and procedures to ensure that they are in line with the Group strategies and objectives. The Group has constituted Audit Committees within the board of directors of Majid Al Futtaim Holding’s main operating subsidiaries who are required to review and assess the risk management process. It ensures that the internal risk management framework is effective, that a sound system of risk management is in place, and is maintained to safeguard shareholders’ interests. All Group companies are required to report on risk management on a regular basis including self-certification indicating that they have reviewed the risks identified within their area, and they are satisfied that the controls are operating effectively.

The main risks arising from the Group’s financial instruments are credit risk, liquidity risk, and market risk, including foreign currency risk, interest rate risk and equity risk. The management establishes and reviews policies for managing each of these risks.

33.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables and net investment in finance leases.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Majority of the Group's income is by way of cash and advance receipts and are supported by a deposit equivalent to one month's advance rental. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2015 and 31 December 2014. Cash is placed with a diversified portfolio of reputable banks and the risk of default is considered remote. Management has assessed the recoverability of its trade receivables as at the reporting date and considers them to be recoverable. Amounts due from related parties are considered by management to be fully recoverable. All non-current receivables are due within five years of the balance sheet date and the fair values of trade and other receivables approximate to the carrying value.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.2 Credit risk (continued)

The carrying amount of Group's financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	2015 AED '000	2014 AED '000
Investments held as FVPL	**7,524**	5,000
Long term loan, advances and receivables	**282,682**	387,819
Trade receivables	**855,033**	626,564
Other current receivables	**592,740**	395,506
Due from related parties	**59,578**	140,576
Cash at bank	**1,264,130**	939,538
	3,061,687	2,495,003

33.2.1 The movement in the provision for doubtful receivables during the year was as follows:

	2015 AED '000	2014 AED '000
At 1 January	**(66,694)**	(67,170)
Bad debt expense for the year	**(64,261)**	(33,330)
Amounts written off/reversals	**34,894**	33,747
Foreign exchange differences	**149**	59
	(95,912)	(66,694)

The other classes within trade and other receivables do not contain impaired assets.

33.2.2 At 31 December 2015, the ageing of trade and other receivables that were not impaired were as follows:

	2015 AED '000	2014 AED '000
Neither past due nor impaired	**684,535**	496,489
Past due 1 - 30 days	**51,650**	55,345
Past due 31 - 90 days	**30,066**	18,156
Past due 91 - 180 days	**34,120**	16,420
Past due over 180 days	**54,662**	40,154
	855,033	626,564
Less: provision for doubtful debts	**(95,912)**	(66,694)
	759,121	559,870

33.3 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 Group manages liquidity risk through the use of bank overdrafts, bank loans and credit facilities.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.3 Liquidity risk (continued)

	Carrying amount AED '000	Contractual cash flows Less than one year AED '000	Between one to two years AED '000	Between two to five years AED '000	More than five years AED '000
As at 31 December 2015					
Bank loans	10,586,000	2,658,643	2,044,416	3,496,410	5,388,529
Loan from a related party	53,126	53,921	-	-	-
Trade and other payables	5,894,132	5,740,821	94,185	2,631	128,921
Due to related parties	37,392	37,392	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	108,378	37,803	25,245	31,248	18,087
- Derivative instruments accounted as FVPL	27,600	9,262	923	10,462	27,965
	16,706,628	8,537,842	2,164,769	3,540,751	5,563,502
As at 31 December 2014					
Bank loans	9,014,663	3,112,466	430,020	4,676,603	2,992,045
Bank overdraft	34,980	34,980	-	-	-
Loan from related parties	8,245	1,390	6,855	-	-
Trade and other payables	5,358,967	5,222,365	80,579	28,658	131,555
Due to related parties	37,332	37,332	-	-	-
Derivative liability for risk management					
- Interest rate derivatives designated as cashflow hedge	146,624	57,741	33,552	35,895	23,232
- Derivative instruments accounted as FVPL	33,879	6,102	8,521	20,284	-
	14,634,690	8,472,376	559,527	4,761,440	3,146,832

Funding and liquidity

At 31 December 2015, the Group has net current liabilities of AED 4,837 million (2014: AED 4,832 million) which includes debt maturing in the short-term of AED 2,132 million (2014: AED 2,681 million). Further, at 31 December 2015 debt maturing in the long term is AED 8,546 million (2014: AED 6,423 million).

At 31 December 2015, the Group has undrawn facilities of AED 8,642 million (2014: AED 7,431 million) and cash in hand and at bank of AED 1,394 million (2014: AED 1,050 million) to cover its liquidity needs for at least the next 18 months.

33.4 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The Group seeks to apply hedge accounting to manage volatility in its profit or loss in relation to its exposure to interest rate risk.

33.4.1 Foreign currency risk

The Group is exposed to foreign currency risk on its net investments in foreign subsidiaries and operations. The Group is also exposed to foreign currency risk on purchases denominated in foreign currencies.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.4 Market risk (continued)

33.4.1 Foreign currency risk (continued)

The Group hedges the risk by obtaining foreign exchange forward contracts on all material foreign currency purchases. All of the forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, forward exchange contracts are rolled over at maturity.

Foreign currency sensitivity analysis

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

33.4.2 Interest rate risk

The Group's interest rate risk principally arises from long-term loans on floating rate. Loans issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate risk is managed with in the frame work of the interest rate risk management policy. The Group adopts a policy of maintaining target duration on its liability portfolio of about half year to three years. This is achieved through cash and / or by using derivative financial instruments which are eligible for hedge accounting.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2015 AED '000	2014 AED '000
Fixed rate instruments		
Financial assets	**185,331**	214,656
Financial liabilities	**(7,027,851)**	(5,181,198)
	(6,842,520)	(4,966,542)

	2015 AED '000	2014 AED '000
Floating rate instruments		
Financial assets	**121,341**	98,570
Financial liabilities	**(3,839,694)**	(4,139,795)
	(3,718,353)	(4,041,225)

* Floating rate financial liabilities include loans of AED 1,856 million (2014: AED 2,676 million) for which interest rate risk is hedged by way of interest rate derivatives.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in the interest rate at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

Notes to the consolidated financial statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

33.4 Market risk (continued)

33.4.2 Interest rate risk (continued)

	Increase / (decrease) in basis points	Effect on profit or loss increase / (decrease)		Effect on other comprehensive income increase / (decrease)	
		2015	2014	**2015**	2014
		AED '000	AED '000	**AED '000**	AED '000
Floating rate instrument	+ 100	(36,862)	(39,431)	-	-
Interest rate swaps designated as cash flow hedges	+ 100	73,019	60,163	(73,019)	(60,163)
Interest rate swaps designated as FVPL	+ 100	(236,197)	(206,111)	-	-
Cash flow sensitivity (net)		**(200,040)**	**(185,379)**	**(73,019)**	**(60,163)**
Floating rate instrument	- 100	36,862	39,431	-	-
Interest rate swaps designated as cash flow hedges	- 100	(80,329)	(64,461)	80,329	64,461
Interest rate swaps designated as FVPL	- 100	255,260	234,201	-	-
Cash flow sensitivity (net)		**211,793**	**209,171**	**80,329**	**64,461**

33.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support future development of the business and maximize shareholder value.
The Group uses net debt to equity ratio to monitor its capital among other metrics. Capital includes equity attributable to the equity holders including retained earnings, revaluation and other reserves. The Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratio.

	2015	2014
	AED '000	AED '000
Interest bearing loans and borrowings	**10,731,567**	9,140,490
Less: cash and bank balances	**(1,394,332)**	(1,049,887)
Net debt	**9,337,235**	8,090,603
Total equity	**31,731,262**	27,923,305
Net debt to equity ratio	**29%**	29%

Regulatory capital

In respect of subsidiary of the Group involved in card operations the primary regulator, UAE Central Bank sets and monitors capital requirements for the subsidiary. In implementing current capital requirements, UAE Central Bank requires MAF Finance LLC to maintain capital at a minimum of 15% of the total available funds, calculated as follows:

Majid Al Futtaim Finance LLC	**2015** **AED '000**	2014 AED '000
Paid up capital	**150,000**	150,000
Reserves	**29,697**	19,106
Total equity	**179,697**	169,106
Total borrowings	**322,886**	100,000
Total funds available	**502,583**	269,106
Capital ratio	**36%**	63%

Except as discussed above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the consolidated financial statements (continued)

34. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an asset/liability. An asset/liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets/liabilities valued using: quoted market prices in active or the most advantageous market for similar assets/liabilities; quoted prices for identical or similar assets/liabilities; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

34.1 Financial assets and liabilities

The following table shows the carrying amount and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy.

At 31 December 2015

In thousands of AED	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	103,815	-	103,815	-
Equities held at fair value through profit and loss	7,524	-	7,524	-
	111,339	-	111,339	-
Financial liabilities				
Interest rate derivatives	135,978	-	135,978	-
Sukuk and Note liabilities	7,027,851	-	7,122,554	-
	7,163,829	-	7,258,532	-

At 31 December 2014

In thousands of AED	Carrying amount	Fair value Level 1	Level 2	Level 3
Financial assets				
Interest rate derivatives	82,378	-	82,378	-
Equities held at fair value through profit and loss	5,000	-	5,000	-
	87,378	-	87,378	-
Financial liabilities				
Interest rate derivatives	180,503	-	180,503	-
Sukuk and Note liabilities	5,181,198	-	5,479,113	-
	5,361,701	-	5,659,616	-

Notes to the consolidated financial statements (continued)

34. FAIR VALUE MEASUREMENT (continued)

34.1 Financial assets and liabilities (continued)

The management believes that the fair value of the remaining financial assets and liabilities at the reporting date are not materially different from their carrying amounts.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instrument that are substantially the same, net present value techniques and discounted cash flow methods. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The fair value of derivatives that are not exchange traded is estimated at the present value of the amount that the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current creditworthiness of the counterparty.

The interest rates used to discount estimated cash flows, where applicable, are based on the spot rates derived from the interpolated per annum yield curve in respect of borrowings/derivatives which is 0.61% - 2.40% (2014: 0.26% - 2.27%) at the reporting date.

34.2.1 *Investment properties and property, plant and equipment*

The fair value of the investment properties and land and building included within property, plant and equipment is determined twice a year at the reporting date (i.e. 31 December and 30 June) by independent external RICS Chartered Surveyors and Valuers having sufficient current local and national knowledge of the respective property markets. The valuation has been prepared in accordance with the RICS Valuation - Professional Standards (2014) (the "Red Book"). Internal valuations are carried out quarterly, based on the methods and assumptions used by the external valuer, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Fair value is determined using the present value of the estimated future net cash flows for each property adopting an asset specific discount rate. An exit yield that reflects the specific risks inherent in the asset is then applied to the final cash flow to arrive at the property valuation. Investment property under construction is valued by estimating the fair value of the completed investment property and deducting the estimated costs to complete the construction. When the estimate is not reliably determinable, the investment property is carried at cost plus work in progress until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Properties held for future development (land bank) are valued using comparable methodology which involves analyzing other relevant market transactions. Comparable methodology can involve parecelisation approach where it is assumed a larger plot is subdivided and sold in smaller lots sizes over a period of time.

The fair valuation of properties constructed on gifted land reflects the External Valuers interpretation of the relevant decree and assumes that the titles are transferable to the Group within a reasonable time scale.

35. CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

	2015 **AED '000**	2014 AED '000
Capital commitments	**3,302,169**	2,649,851
Group's share of capital commitments in relation to its equity accounted investees	**731,454**	753,561
Letter of credits outstanding	**263**	845
Bank guarantees outstanding	**97,229**	190,602

Notes to the consolidated financial statements (continued)

36. OPERATING LEASE COMMITMENTS

36.1 Leases as a lessor

The Group leases out its property under operating leases as lessor. Non-cancellable operating lease rentals are receivable as follows:

	2015 AED '000	2014 AED '000
Less than one year	**2,414,561**	2,080,479
Between one and five years	**5,551,557**	3,574,042
More than five years	**222,435**	1,507,125
	8,188,553	7,161,646

36.2 Leases as a lessee

The Group leases some properties under operating leases as lessee. Non-cancellable operating lease rentals are payable as follows:

	2015 AED '000	2014 AED '000
Less than one year	**465,265**	361,693
Between one and five years	**2,015,883**	1,550,013
More than five years	**2,809,295**	2,475,131
	5,290,443	4,386,837

37. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

37.1 Principal subsidiaries

The Group had the following principal subsidiaries at 31 December 2015:

			Effective ownership	
Name of subsidiary	**Country of incorporation**	**Nature of business**	**2015**	2014
Majid Al Futtaim Properties LLC*	United Arab Emirates	Operating and managing commercial projects including shopping malls, hotels, restaurants, leisure, entertainment and investing in joint ventures and associates	100%	100%
Majid Al Futtaim Retail LLC	United Arab Emirates	Establishment and management of hypermarkets and other retail format stores	100%	100%
Majid Al Futtaim Ventures LLC*	United Arab Emirates	Establishment and management of retail fashion stores, leisure activities entertainment, credit cards, food and beverage and healthcare services	100%	100%
MAF Global Securities Limited	Cayman Islands	Structured entity established for issuance of bonds	100%	100%

* These subsidiaries have certain interest in entities which are consolidated by the Group and the portion of non-controlling interest in these entities for the year ended 31 December 2015 amounts to AED 368 million (2014: 309 million).

Notes to the consolidated financial statements (continued)

37. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

37.2 Investment in associates and joint ventures

37.2.1 Name of associate	Country of incorporation	Nature of business	Effective ownership 2015	2014
Majid Al Futtaim ENOVA LLC (formerly known as Majid Al Futtaim Dalkia Middle East LLC)	United Arab Emirates	Facilities management services	51%	51%
Hollister Fashion LLC	United Arab Emirates	Fashion retailer	51%	51%
Beam Global Limited	Bermuda	Mobile technology	30%	30%
Beam Portal LLC	United Arab Emirates	Mobile technology	55%	55%
Enshaa PJSC	United Arab Emirates	Contracting and developer	28.44%	28.44%

37.2.2 Name of joint venture	Country of incorporation	Nature of business	Effective ownership 2015	2014
Sharjah Holding Co. PJSC	United Arab Emirates	Property developer	50%	50%
Waterfront City SARL	Lebanon	Property developer	50%	50%
The Wave Muscat S.A.O.C	Oman	Property developer	50%	50%
The Egypt Emirates Mall Group SAE	Egypt	Property developer	50%	50%
Gourmet Gulf Co. LLC	United Arab Emirates	Food and Beverage	50.66%	50.66%
Al Mamzar Island Development LLC	United Arab Emirates	Property developer	50%	50%

38. COMPARATIVES

Certain comparative figures in the consolidated financial statements have been reclassified or rearranged for the better presentation in accordance with the requirements of International Financial Reporting Standards.

39. SUBSEQUENT EVENTS

There have been no significant events up to the date of authorization, which would have a material effect on these consolidated financial statements.

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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 2016, the consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity 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 2016, 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 *Auditor's 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 Code of Ethics for Professional Accountants (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 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of properties	
Refer to notes 3 (f), (h), (i), 4, 11 and 12 to the consolidated financial statements	
The Group's accounting policy is to state its properties (primarily comprising of shopping malls, hotels, and offices) at fair value at each reporting date. The property portfolio is valued at AED 41,446 million. The valuation of the property portfolio is a significant area of judgment and is underpinned by a number of assumptions. The existence of significant estimation uncertainty and lack of comparable transactions 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. The property portfolio (excluding properties under development where the external valuers stated that fair value is not reliably determinable) was valued by using discounted cashflows. Key inputs into the valuation process included discount rates, yield rates and contracted lease rent, 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. Properties under construction, where the fair value cannot be measured reliably, is accounted for using the cost model until the earlier of the date on which the fair value of the property can be measured reliably or the date on which the construction is completed. Management assesses the potential for impairment in relation to the carrying value of these investment properties held at cost.	• We assessed the competence, independence and integrity of the external valuers and whether the valuation approach was suitable for use in determining the value in the consolidated statement of financial position. • We carried out procedures on the largest properties of the portfolio to test whether property specific standing data supplied to the external valuers by management reflects the underlying property records held by the Group which has been tested during our audit. • We met with the external valuers of the property portfolio to discuss the results of their work. We discussed and challenged the valuation process, overall performance of the portfolio and the significant assumptions and critical areas of judgment. • In relation to those investment properties held at cost where an impairment analysis was required to be performed, we considered the Group's procedures used to develop the forecasts and the principles and integrity of the Group's discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and challenged the significant assumptions and critical areas of judgment.

Key audit matter *(continued)*	How our audit addressed the key audit matter *(continued)*

Valuation of properties (continued)

- We evaluated year-on-year movements in capital value with reference to published benchmarks. Where assumptions were outside the expected range or otherwise deemed unusual, and/or valuations appeared to experience unexpected movements, we undertook further investigations and, where necessary, held further discussions with the external valuers in order to challenge the assumptions.
- Based on the outcome of our evaluation, we assessed the adequacy of the disclosures in the consolidated financial statements.

Impairment provision

Refer to notes 3 (e), 10 and 14 to the consolidated financial statements.

The Group has investments in joint ventures and associates. There is a risk that the carrying value of these and other assets may not be reflective of their recoverable amounts as at the reporting date which would require an impairment provision. Where there are indicators of an impairment, the Group undertakes impairment testing using free cash flow projections based on ten year forecasts estimated by management. There is inherent uncertainty involved in forecasting and discounting future cash flows, which forms the basis of the assessment of recoverability.

- We examined underperforming assets, assessed for indicators of impairment and evaluated management's impairment assessment including performing sensitivity analysis on the key assumptions used; and
- We held discussions with management on the status of ongoing and completed projects by the Group's joint ventures and associates, including future plans. Where an indicator of impairment existed, we reviewed management's impairment analysis and we considered the Group's procedures used to develop the forecasts, and discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and challenged the significant assumptions and critical areas of judgment.

Other information

Management is responsible for the other information. The other information comprises the information included in in the Directors' Report but does not include the consolidated financial statements and our auditors' report thereon.

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, we report that:

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;

iii) the Group has maintained proper books of accounts;

iv) the financial information included in the Directors' Report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Group;

v) as disclosed in note 14.1 to the consolidated financial statements, the Group has purchased shares during the financial year ended 31 December 2016;

vi) note 17 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 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Articles of Association of the Company, which would materially affect its activities or its consolidated financial position as at 31 December 2016; and

viii) note 7 (ii) to the consolidated financial statements discloses the social contributions made during the year.

On Behalf of KPMG Lower Gulf Limited

Fawzi AbuRass
Registration Number: 968
Dubai, United Arab Emirates

Date: 15 FEB 2017

Consolidated statement of profit or loss
For the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Revenue	6	**4,490,628**	4,090,866
Operating expenses	7	**(2,137,179)**	(1,890,295)
Other expenses - net	9	**(45,472)**	(32,934)
Impairment (charge) / reversal	10	**(118,395)**	56,997
Share of profit / (loss) from joint ventures and an associate - net	14	**127,018**	(42,949)
Finance income	8.1	**10,281**	15,645
Finance costs	8.2	**(371,981)**	(282,905)
Profit before net valuation gain on land and buildings and tax		**1,954,900**	1,914,425
Net valuation gain on land and buildings	12(i)	**392,273**	1,743,366
Profit for the year before tax		**2,347,173**	3,657,791
Tax credit / (charge) - net	23.1	**12,551**	(130,948)
Profit for the year		**2,359,724**	3,526,843
Profit attributable to:			
Owners of the Company		**2,342,476**	3,506,375
Non-controlling interest		**17,248**	20,468
		2,359,724	3,526,843

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Profit for the year		**2,359,724**	3,526,843
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net revaluation gain on land and buildings	11(i)	**138,618**	280,613
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences from foreign operations	24.5	**(1,347,626)**	(142,026)
Other comprehensive income for the year - net of tax		**(1,209,008)**	138,587
Total comprehensive income for the year		**1,150,716**	3,665,430
Total comprehensive income attributable to:			
Owners of the Company		**1,133,240**	3,644,842
Non-controlling interest		**17,476**	20,588
		1,150,716	3,665,430

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of financial position
As at 31 December 2016

	Note	2016 AED'000	2015 AED'000
Non-current assets			
Property, plant and equipment	11	**5,083,656**	4,933,407
Investment property	12	**37,132,029**	36,319,714
		42,215,685	41,253,121
Other non-current assets			
Investments in joint ventures and an associate	14	**1,141,077**	1,099,178
Long term receivables from related parties	17.1.3	**67,557**	116,741
Long term receivables	16.3	**464,496**	290,634
Intangible asset	15	**52,981**	72,855
Deferred tax assets	23.3	**8,994**	9,391
		1,735,105	1,588,799
Current assets			
Development property	13	**245,436**	-
Inventories		**26,306**	25,387
Receivables and prepayments	16	**538,597**	485,373
Due from related parties	17.1.1	**65,142**	34,165
Short term loan to a related party	17.1.4	**23,994**	-
Cash in hand and at bank	18	**435,500**	598,895
		1,334,975	1,143,820
Current liabilities			
Payables and accruals	19	**2,507,695**	2,569,304
Provisions	20	**121,617**	81,417
Due to related parties	17.1.2	**11,159**	53,382
Loans and borrowings	21	**1,691,629**	196,853
		4,332,100	2,900,956
Net current liabilities		**(2,997,125)**	(1,757,136)
Non-current liabilities			
Loans and borrowings	21	**8,111,062**	9,122,759
Other long term liabilities	22	**156,746**	83,850
Deferred tax liabilities	23.2	**70,224**	197,752
Long term portion of provision for bonus	20	**10,768**	19,210
Provision for staff terminal benefits	20.1	**82,713**	69,777
		8,431,513	9,493,348
Net assets		**32,522,152**	31,591,436

Consolidated statement of financial position (continued)
As at 31 December 2016

	Note	2016 AED'000	2015 AED'000
Equity:			
Share capital	24.1	**3,500,000**	3,500,000
Shareholder contribution	24.2	**2,938,430**	2,938,430
Revaluation reserve	24.3	**14,407,306**	14,268,688
Other reserves		**11,326,887**	10,552,265
Equity attributable to owners of the Company		**32,172,623**	31,259,383
Non-controlling interest		**349,529**	332,053
Total equity		**32,522,152**	31,591,436

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

By Order of the Board on 15 February 2017.

Chief Executive Officer

Chief Financial Officer

Ahmed ElShamy

Consolidated statement of cash flows
For the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Operating activities			
Profit for the year		**2,359,724**	3,526,843
Adjustments:			
Finance income	8.1	**(10,281)**	(15,645)
Finance cost	8.2	**371,981**	282,905
Net charge / (reversal) of impairment	10	**118,395**	(56,997)
Net valuation gain on land and buildings	12(i)	**(392,273)**	(1,743,366)
Tax (credit) / charge – net	23.1	**(12,551)**	130,948
Depreciation	11	**459,517**	344,230
Amortisation of intangible asset	15	**19,874**	19,874
(Gain) / loss on disposal of property, plant and equipment and investment property	9	**(171)**	402
Fixed assets / project costs written - off	9	**9,910**	9,721
Bad and doubtful debts expense – net		**18,352**	5,321
Share of (profit) / loss in joint ventures and an associate – net	14	**(127,018)**	42,949
Operating profit before working capital changes		**2,815,459**	2,547,185
Changes in working capital:			
Inventories		**(919)**	(3,971)
Receivables and prepayments		**(230,922)**	43,619
Payables and accruals		**106,929**	295,645
Due from/to related parties – net		**(119,949)**	35,293
Provisions and employee benefits		**12,936**	(10,638)
Tax paid		**(26,118)**	(38,199)
Net cash generated from operating activities		**2,557,416**	2,868,934
Investing activities			
Additions to property, plant and equipment	11	**(329,605)**	(780,836)
Additions to investment property	12	**(2,587,202)**	(2,661,064)
Additions to development property	13	**(2,436)**	-
Proceeds from sale of fixed assets		**15,880**	1,761
Partial recovery of fully-impaired investment	10	**-**	107,053
(Investment in) / encashment of fixed deposits	18	**(299)**	1,099
Payment of liability for acquisition of intangible asset	22(ii)	**(12,341)**	(28,564)
Interest received		**10,355**	7,563
Net cash used in investing activities		**(2,905,648)**	(3,352,988)

Consolidated statement of cash flows (continued)
For the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Financing activities			
Long term loans received	21.1 & 21.2	**2,849,038**	1,783,411
Long term loans repaid	21.1 & 21.2	**(2,309,614)**	(865,180)
Loan granted to a related party	17.1.4	**(23,994)**	-
Payments against finance lease liabilities		**(52,670)**	-
Finance costs paid		**(309,360)**	(268,520)
Net cash generated from financing activities		**153,400**	649,711
Net (decrease) / increase in cash and cash equivalents		**(194,832)**	165,657
Cash and cash equivalents at beginning of the year		**590,594**	430,431
Currency translation effect on cash held		**(24,388)**	(5,494)
Cash and cash equivalents at end of the year		**371,374**	590,594
Cash and cash equivalents comprise:			
Cash in hand and at bank (excluding deposits of AED 8.6 million (2015: AED 8.3 million) with maturity of more than 3 months)	18	**426,900**	590,594
Less: bank overdraft	21	**(55,526)**	-
		371,374	590,594

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Attributable to the owners of the Company								
				----------------Other reserves------------------------					
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2015	3,500,000	2,938,430	13,988,075	6,841,000	903,034	(335,998)	27,834,541	311,465	28,146,006
Total comprehensive income for the year									
Profit for the year	-	-	-	3,506,375	-	-	3,506,375	20,468	3,526,843
Other comprehensive income	-	-	280,613	-	-	(142,146)	138,467	120	138,587
Total comprehensive income for the year	-	-	280,613	3,506,375	-	(142,146)	3,644,842	20,588	3,665,430
Transactions with owners of the Company, recorded directly in equity									
Contributions by and distributions to owners of the Company and other movements in equity									
Transfer to statutory reserve (refer note 24.4)	-	-	-	(237,246)	237,246	-	-	-	-
Coupon declared (refer notes 24.2.2 & 17(iv))	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
Total contributions by and distributions to the owners of the Company	-	-	-	(457,246)	237,246	-	(220,000)	-	(220,000)
At 31 December 2015	**3,500,000**	**2,938,430**	**14,268,688**	**9,890,129**	**1,140,280**	**(478,144)**	**31,259,383**	**332,053**	**31,591,436**

The notes on pages 18 to 73 form part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2016

	Attributable to the owners of the Company								
				----Other reserves----					
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2016	3,500,000	2,938,430	14,268,688	9,890,129	1,140,280	(478,144)	31,259,383	332,053	31,591,436
Total comprehensive income for the year									
Profit for the year	-	-	-	2,342,476	-	-	2,342,476	17,248	2,359,724
Other comprehensive income	-	-	138,618	-	-	(1,347,854)	(1,209,236)	228	(1,209,008)
Total comprehensive income for the year	-	-	138,618	2,342,476	-	(1,347,854)	1,133,240	17,476	1,150,716
Transactions with owners of the Company, recorded directly in equity									
Contributions by and distributions to owners of the Company and other movements in equity									
Transfer to statutory reserve (refer note 24.4)	-	-	-	(297,175)	297,175	-	-	-	-
Coupon declared (refer notes 24.2.2 & 17(iv))	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
Total contributions by and distributions to the owners of the Company	-	-	-	(517,175)	297,175	-	(220,000)	-	(220,000)
At 31 December 2016	**3,500,000**	**2,938,430**	**14,407,306**	**11,715,430**	**1,437,455**	**(1,825,998)**	**32,172,623**	**349,529**	**32,522,152**

The notes on pages 18 to 73 form part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

Majid Al Futtaim Properties LLC ("the Company") was registered as a limited liability company in the Emirate of Dubai, United Arab Emirates ("UAE") on 5 February 1994.

The principal activities of the Company and its subsidiaries are investing in and operating and managing commercial projects including shopping malls, hotels, residential, leisure and entertainment and investing in joint ventures and associates. The Company and its subsidiaries are collectively referred to as "MAFP Group". The registered address of the Company is P.O. Box 60811, Dubai, UAE. The Company is a wholly owned subsidiary of Majid Al Futtaim Holding LLC ("MAFH"), which in turn is a wholly owned subsidiary of Majid Al Futtaim Capital LLC ("MAFC"), the ultimate holding entity. The registered address of MAFC is P.O. Box 91100, Dubai, UAE.

These consolidated financial statements include the financial information of the Company and its subsidiaries (refer note 31) and its share of interests in joint ventures and associate (refer notes 14 and 30).

2. Basis of preparation

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

UAE Federal Law No. 2 of 2015, being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on 1 April 2015 and has come into force on 1 July 2015. As companies are allowed until 30 June 2017 to ensure compliance with the new UAE Companies Law of 2015, per the transitional provisions contained therein, the Company and its UAE registered entities are deemed to be in compliance as at the reporting date.

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 15 February 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured at fair value:

(i) investment properties; and
(ii) property, plant and equipment (only land and buildings).

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency, and are rounded to the nearest thousands, except wherever stated otherwise.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of MAFP 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 recognised prospectively.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements

Information about critical judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these consolidated financial statements are described below:

(i) Accounting for dual use properties

Investment property is property held to either earn rental income or capital appreciation or for both. Certain properties of MAFP Group include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use by MAFP 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

In the UAE, Law No. 27 of 2007 Regulating the Ownership of Jointly Owned Properties in the Emirate of Dubai (“the Strata Law”) came into effect from 1 April 2008. Based on the terms of the Strata Law and clarification obtained by the MAFP Group from independent legal advisors, management is of the view that:

- it is possible to divide developed property, such as shopping malls, into separate units;
- strata title can validly be created within the shopping malls and individual units or parts may be sold or subject to long leases; and
- the Dubai Lands Department and the Strata Law both support the above concept.

In the UAE and countries other than UAE, wherever similar laws exist, the respective dual use properties are split between property, plant and equipment and investment properties based on the leasable value of each portion.

Dual use properties where portions cannot be sold or finance-leased separately

In 2015, the title for the properties in the UAE that had been developed on land gifted by the Ruler of Dubai to the majority shareholder of the ultimate holding entity, was registered with the Dubai Land Department in return for a fee paid by the Company, thereby, granting the Company freehold title to these plots of land. Accordingly, management is of the view that these properties can now be treated as those where portions can be sold or finance-leased separately.

Due to legal restrictions in Oman, portions of dual use properties cannot currently be sold or finance leased separately. Accordingly, the properties held in Oman cannot be split between property, plant and equipment and investment properties. Consequently, the entire property is classified as investment property only if an insignificant portion is held for own use.

MAFP Group estimates the level of own use of properties that cannot be sold or finance-leased separately using leasable value of the self-occupied and let out portions of the respective properties. 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.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements (continued)

(ii) Apportionment of fair values between land and buildings

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 appraiser, unless another appropriate basis is available for allocation.

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 valuer or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the buildings and depreciated over the remaining useful lives of the respective buildings.

(iii) Classification of joint arrangement – refer note 3(a)(iii).

(iv) Lease classification – refer notes 3(c) and 22(iii).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in subsequent years are described below:

(v) Staff terminal benefits

MAFP Group's obligation to pay for staff terminal benefits qualifies as a defined benefit plan under IAS 19. MAFP Group's net liability in respect of staff terminal benefits is calculated by estimating the amount of future benefits that employees have earned in return for their services in the current and prior years, 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 MAFP Group's obligations. The principal assumptions for calculation of the provision for staff terminal benefits at the reporting date are as follows:

Discount rate*	2.6% (2015:4%)
Future salary increase	5% (2015:5%)
Probability of employees staying for a full service period**	50% (2015:75%)

* The change in the discount rate is due to the change in the approximated maturity dates of MAFP Group's obligations. These obligations are approximated to be of a shorter tenor compared to the previous year.

**A demographic analysis of employees was undertaken which takes into account the age of the employee. Based on this an assumption of the estimated length of the employee's service period was determined. A key assumption in this determination is that a lower percentage of employees in the age bracket of 40 and under are expected to serve the full service period and this has led to the revised assumption number this year.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

(vi) Provision for bad and doubtful debts

Accounts receivables are monitored on a monthly basis for their status of recoverability. Bi-monthly receivables analysis and ageing review meetings are conducted by management.

Shopping Malls business

Past due debts are those debts which are outstanding beyond the agreed credit period. Account receivables are classified according to one of the three categories shown in the table below. The identification shall be on the basis of ageing of the overdue amount. Each ageing bucket is linked to a certain percentage of receivable amounts to be taken as provision. Such percentages reflect the best estimate of unresolved disputed items and potential bad debts. Disputed items may include those related to pricing, delivery quantity or service rendered, and discounts or allowances.

Category of debt	Past due (payment date)	Provision to be created
Good	1 - 30	0%
Doubtful	31 - 60	10%
Doubtful	61 - 90	20%
Doubtful	91 - 180	50%
Bad	Over 180	100%

Where accounts receivable are identified as doubtful or bad then a provision shall be created on the basis of the percentage mentioned above. Refer notes 16.1 and 16.2.

Furthermore, a provision for doubtful/bad debts 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 whether based on above percentage or specific cases will be recognized after netting off against 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.

Communities business

A payment schedule is defined for each customer which is based on construction milestones for the property unit. Uncertainty may arise regarding collectability of receivables if the same is outstanding for a long period and may get classified as doubtful or bad and accordingly a provision for the receivable balance is created.

With respect to cases where possession is already handed over to the customer and payment for the same is still outstanding, management assesses facts and circumstances on a case by case basis and considers an accelerated rate of provision or write off.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

(vii) Recognition and measurement of provisions

Key assumptions about the likelihood and magnitude of an outflow of resources is explained in note 20.

(viii)Impairment test

Key assumptions underlying recoverable amounts, including the recoverability of development costs is explained in notes 3(l) and 10.

(ix) Measurement of fair values

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

When measuring the fair value, MAFP Group uses market observable data as far as possible. 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.
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).
Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

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.

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11(v) property, plant and equipment
- Note 12(xiv) investment property
- Note 4 determination of fair values

(x) Forecasting cost to complete ("CTC") on main contracts under execution

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. This forecast to complete includes input from all budget stakeholders and they review the Total Development Cost ("TDC") and not just construction related cost. The construction forecast, where available, includes the independent quantity surveyors ("QS") cost report which is reviewed and analyzed for completeness. Any gaps in the report (early warnings, leasing changes etc. that the QS is not aware of) are adjusted within the forecast to complete. The PCR is the forum for the business to review the cost to complete to ensure the costs reflect an accurate view of the costs to complete.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

(x) Forecasting cost to complete ("CTC") on main contracts under execution (continued)

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 team and input into the development appraisal, forecasting the impact on the project KPI's, triggering action as required by the Delegation of Authority ("DOA").

3. Significant accounting policies

MAFP Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Certain comparative amounts in the consolidated statement of financial position have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

These consolidated financial statements present the results of operations and financial position of MAFP Group for the year ended 31 December 2016.

(i) Subsidiaries

Subsidiaries are entities controlled by MAFP Group. MAFP 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 statements of subsidiaries are included in these consolidated financial statements on a line by line basis from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by MAFP Group. The accounting year end for all of MAFP Group's subsidiaries is 31 December.

(ii) Loss of control

On the loss of control, MAFP Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If MAFP Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or an investment depending on the level of influence retained. Changes in MAFP Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Interests in joint arrangements

MAFP Group classifies its interest in joint arrangements as either joint ventures or joint operations depending on its rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, MAFP Group considers the structure of the arrangements, the legal form, the contractual terms and other facts and circumstances. Joint arrangements are arrangements in which MAFP Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' return.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Interests in equity-accounted investees

MAFP Group's interests in equity-accounted investees comprise interests in joint ventures and an associate. Associates are those entities in which MAFP Group has significant influence, but no control or joint control, over the financial and operating policies. A joint venture is an arrangement in which MAFP Group has joint control, whereby MAFP Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. MAFP Group accounts for its interests in associates and joint ventures using the equity method which are recognized initially at cost including transaction costs.

These consolidated financial statements include MAFP Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of MAFP Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(v) Non-controlling interests

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

(vi) Interest in other entities

MAFP 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, MAFP 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 London Stock Exchange and subsequently on NASDAQ Dubai and Irish Stock Exchange. Accordingly, the results and the financial position of the structured entity are consolidated in these financial statements.

(vii)Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of MAFP Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) 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 MAFP 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. MAFP 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 other comprehensive income of the acquired entities are added to the same components within MAFP Group's other comprehensive income. Any gain/loss arising is recognised directly in other comprehensive income. When a common control entity is sold or transferred, the cumulative amount in the translation reserve related to that entity is reclassified to profit or loss in line with the accounting policy on foreign operations (refer note 3(b)).

3. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated to the respective functional currencies of MAFP Group entities at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate 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 rate 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. Share capital is translated at historical rate. The income and expenses of foreign operations are translated into functional currency at average rates of exchange during the year. Foreign currency differences arising from retranslation are recognised in other comprehensive income, and accumulated in the currency translation reserve in equity except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed off 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. When MAFP Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When MAFP Group disposes off only part of its investment in an associate or joint venture that includes a foreign operation, 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 recognised in other comprehensive income, and accumulated in the currency translation reserve in equity.

(c) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, MAFP Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, MAFP Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If MAFP Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using MAFP Group's incremental borrowing rate.

3. Significant accounting policies (continued)

(c) Leases (continued)

Leased assets

Assets held by MAFP Group under leases that transfer to MAFP Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in MAFP Group's consolidated statement of financial position.

Lease payments

Lease payments incurred as lessee under operating leases are recognised as an expense in profit or loss on a straight line basis over the lease term. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Increases in rentals which are considered to be due to inflation are regarded as contingent rent and are recognized in the year in which that they occur. Differences between rentals on the straight-line basis and contracted rentals are recognized as 'accrued lease rentals', as an asset or a liability, as the case may be. Lease rentals which are considered contingent at the inception of the lease but are confirmed at a subsequent date during the period of the lease are accounted for in the period in which they are incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

Capitalisation of borrowing costs continues until the assets are substantially ready for the intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation 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.

(e) Finance income and finance costs

Finance income comprises interest income on funds deposited with banks and unwinding of the discount on long term related party receivables. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense, arrangement fees, participation fees and similar charges on borrowings, unwinding of the discount on provisions and deferred consideration that are recognised in profit or loss.

3. Significant accounting policies (continued)

(f) Capital work in progress

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Interest and other overheads directly attributable to the projects are included in capital work in progress until completion thereof.

Capital work in progress for properties that are being constructed with an intention of building an investment property is carried at fair value.

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 the property is fully developed.

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 capital work in progress. 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.

(g) Intangible assets

Goodwill

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 MAFP 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 recognised 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.

Other intangible assets

Intangible assets that are acquired by MAFP Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash over the payment term.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative years is as follows:

	Life
Metro naming rights	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if management deems necessary.

3. Significant accounting policies (continued)

(h) Property, plant and equipment

Recognition and measurement

Following initial recognition at cost, developed properties (land and building), mainly comprising hotels and offices, are stated at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and any impairment losses. 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 is held at its carrying value and development expenditure is carried at cost. Upon completion of construction, the entire property (that is land and building) is carried at revalued amount.

All other items of property, plant and equipment, mainly comprising administrative assets, are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

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 as an investment property. Any gain arising on re-measurement is recognised directly in equity. Any loss is recognised immediately in profit or loss except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to equity.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to MAFP Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is charged to profit or loss so as to write off the cost / revalued amounts of property, plant and equipment by equal instalments on a straight line basis over their estimated useful lives. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed asset, from the date that asset is completed and ready for use.

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

3. Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Depreciation (continued)

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

Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful lives of the respective building structures which range from 35 to 50 years.

Revaluation reserve

Any revaluation increase arising on the revaluation of developed properties is credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same property previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of properties is charged to profit and loss except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to revaluation reserve in equity.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in profit and loss in the period the asset is derecognised. On subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

(i) Investment property

Recognition and measurement

Investment properties are properties held either to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, certain shopping malls and property being constructed for future use as investment property, is stated at fair value at the reporting date.

Where the fair value of an investment property under development is not reliably determinable, such property is carried at its carrying value and any development cost incurred to date; until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise. An investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period the property is derecognised. When investment property which was previously classified as property, plant and equipment is sold, any related amount in the revaluation reserve is transferred to retained earnings.

3. Significant accounting policies (continued)

(i) Investment property (continued)

Reclassification to property plant and equipment

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost. Change in fair value up to the date of reclassification is recognised directly in profit or loss.

Leased asset

In case of an operating lease, MAFP Group classifies its leasehold interest as investment property, provided that the leasehold interest meets the rest of the definition of an investment property. In such cases, MAFP Group accounts for the lease as if it were a finance lease (refer note 3(c) for accounting policy on leases).

(j) Development property

Properties in the process of construction or development for the purpose of sale on completion are classified as development properties. These are measured at lower of cost and net realisable value. Net realisable 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.

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.

(k) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss previously recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

3. Significant accounting policies (continued)

(l) Impairment (continued)

Financial assets (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying amount of MAFP Group's non-financial assets, other than property, plant and equipment and investment properties that are fair valued and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date in order to assess impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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 asset.

(m) Inventories

Inventories are measured at the lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

(n) Staff terminal and retirement benefits

Provision for staff terminal benefits is calculated in accordance with the labour laws of the respective country in which they are employed. MAFP Group's net obligation in respect of staff terminal benefits 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 MAFP Group's obligation. Also refer note 2(d)(v).

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. MAFP Group's contribution is recognised as an expense in profit or loss as incurred.

(o) Revenue recognition

Revenue comprises amounts derived from the provision of services falling within MAFP Group's ordinary activities and encompasses hospitality services, rental income and leisure and entertainment activities.

Revenue from hospitality services and leisure and entertainment activities is recognised on rendering the services. Revenue from services is recognised on a uniform basis as the right to use the facilities is made available to the customers.

3. Significant accounting policies (continued)

(o) Revenue recognition (continued)

Rental income received as lessor from properties under operating leases is recognised in profit or loss on a straight line basis over the lease term. Lease incentives granted to lessees are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents are recorded as income in the period in which they are earned.

(p) 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.

(q) Financial instruments

(i) Non-derivative financial assets

MAFP Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

MAFP Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or if MAFP Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset are transferred. Any interest in such transferred financial assets that is created or retained by MAFP Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MAFP Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

MAFP Group classifies non-derivative financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and related party receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

(ii) Non-derivative financial liabilities

MAFP Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

MAFP Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

MAFP Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables, accruals, retention payables, long-term loans, income tax payable, bank borrowings and related party balances.

(r) Provisions

A provision is recognised in the statement of financial position when MAFP 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.

(s) Income tax

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 recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

(i) 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.

(ii) Deferred tax

Deferred tax is recognised 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 MAFP 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.

3. Significant accounting policies (continued)

(s) Income tax (continued)

(ii) Deferred tax (continued)

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 realised simultaneously.

A deferred tax asset is recognised 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 utilised. 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 realised.

(t) Operating segments

An operating segment is a component of MAFP 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 MAFP Group's other components. All operating segments' operating results are reviewed regularly by MAFP 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 Company's head office) and head office expenses.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have accordingly not been applied in preparing these consolidated financial statements. Those which may be relevant to the MAFP Group are set out below. MAFP Group does not plan to adopt these standards early.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financials assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. The application of IFRS 9 may have an impact on amounts reported and disclosures made in MAFP Group's consolidated financial statements in respect of MAFP Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until MAFP Group performs a detailed review.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. Management has conducted an initial assessment of the above and is in the process of quantifying the impact on these consolidated financial statements.

3. Significant accounting policies (continued)

(u) New standards and interpretations not yet adopted (continued)

IFRS 16 Leases

IFRS 16 Leases, published in January 2016 supersedes the existing standard, IAS 17 Leases. Mandatory application of IFRS 16 is required with effect from 1 January 2019. The Group can choose to apply IFRS 16 before that date but only if it applies IFRS 15 Revenue from Contracts with Customers. The new standard requires the lessee to recognise operating lease commitments on the balance sheet. IFRS 16 does not require a lessee to recognise assets and liabilities for short-term leases (12 months or less), for leases ending within 12 months of the date of first applying the new standard and for leases of low value assets. A lessee can choose to apply the standard retrospectively to all accounting periods or as a single large adjustment at the date of initial application. The Group is not required to reassess whether existing contracts contain a lease but can choose to apply IFRS 16 to leases already applying IAS 17 as at the date of application, and not apply IFRS 16 to other contracts.

As at 31 December 2016, MAFP Group has non-cancellable operating lease commitments of AED 57 million. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence MAFP Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. Management will assess the potential impact of the adoption of IFRS 16 for non-cancellable operating lease.

In cases where MAFP Group is a lessor (for both operating and finance leases), management does not anticipate that the application of IFRS 16 will have significant impact on the amounts recognised in MAFP Group's consolidated financial statements. For finance leases where MAFP Group is the lessee, MAFP Group has already recognised an asset and a related finance lease liability for the lease arrangement.

4. Determination of fair values

A number of MAFP Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

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 MAFP Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of the investment properties and land and buildings included within property, plant and equipment is determined twice a year at the reporting date (i.e. 31 December and 30 June) by independent external RICS Chartered Surveyors and Valuers having sufficient current local and national knowledge of the respective property markets. The valuation has been prepared in accordance with the RICS Valuation - Professional Standards (2014) (the "Red Book"). Internal valuations are carried out quarterly, based on the methods and assumptions used by the external valuer, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Valuation techniques

The following table shows the valuation technique used in measuring the fair value of investment properties and land and buildings included within property, plant and equipment:

4. Determination of fair values (continued)

Valuation techniques (continued)

Property Type	Valuation Technique
Shopping Malls	Discounted Cash Flows (DCF): The DCF approach determines the present value of the estimated future net cash flows, generally for a period of ten years, for each property adopting an asset specific discount rate. An exit yield that reflects the specific risks inherent in the asset is then applied to the final cash flow to arrive at the property valuation. The fair value derived using DCF for Shopping Malls is benchmarked against net initial yield methodology.
Hotels	Discounted Cash Flows (DCF): The fair value derived using DCF for Hotels is benchmarked against capital value per key.
Offices	Income capitalization approach: Fair value is derived by applying asset specific capitalization rate on the net operating income of the property.
Properties Under Construction (PUC)	Carrying Value: PUC are measured at fair value once the valuer determines that a substantial part of the project's uncertainty has been eliminated, such that a reliable value can be determined. PUC are valued by estimating the fair value of the completed property using the income capitalization approach and deducting the estimated costs to complete the construction. When the value is deemed not to be reliably determinable, the PUC is carried at cost of the land plus work in progress less impairment until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.
Lands	Comparable Market Transactions: 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.

5. Segment information and reporting

MAFP Group's goal is the creation of long-term sustainable shareholder value. It does this through the entrepreneurial development and management of fully owned or partially owned shopping malls and synergistic hotel and mixed-use projects where these add value to its shopping malls. It is organized to achieve these goals through three business units; Shopping Malls Business Unit "SMBU", Hotels Business Unit "HBU" and Communities Business Unit "CBU". With effect from 1 January 2015, Project Management has developed into a fourth Business Unit of MAFP Group, commonly referred to as "PMBU".

Furthermore in the previous year, a number of organizational changes were made in order to strengthen the businesses, reinforce their operating independence and autonomy and focus the efforts towards a successful and sustainable path for growth. As a result the human capital function, the legal team and accounting and finance teams were embedded in the business units. The corporate human capital function, the legal team and accounting and finance teams continue to drive the standards, policies and procedures for its respective functions embedded in the business units and form part of the corporate support functions.

The performance of the business units, as included in the internal management reports, is reviewed by the Board of Directors (the Chief Operating Decision Maker or "CODM"). The Board is collectively responsible for the success of the Company and addresses both routine and non-routine matters such as approving strategy, plans, mergers and acquisitions, developments and expenditures. The Board also oversees budgets and debt or equity funding as well as monitoring performance, key executives and organization structure decisions including delegations of authority.

5. Segment information and reporting (continued)

MAFP Group's four business units are responsible for managing owned assets as well as strategic equity investments or joint ventures defined as those that MAFP Group has management agreements such as asset management agreements or development management agreements. Equity investments or joint ventures without such agreements are considered as non-strategic and governed by corporate centre functions**.**

Management Reporting

In conjunction with IFRS financial and other financial indicators, MAFP Group relies on non-GAAP profitability measures together with statistical and operating key performance indicators to achieve its business unit and corporate goals. These non-GAAP financial measures are used to supplement IFRS reporting so as to align business reporting with operating performance:

Management Revenue: Statutory reported revenues are adjusted to exclude the non-cash IAS 17 lease accounting impacts, revenue from leisure and entertainment units and include the consolidated revenues of managed equity investments or joint ventures revenues.

Business unit EBITDA: This key reporting measure includes the consolidated results of managed equity investments or joint ventures and excludes the results of leisure and entertainment units and is defined as all business unit revenues and operating expenses before finance charges, taxes, depreciation, amortization, impairment charges and fair value changes.

MAFP Group's EBITDA: is considered to be the key measure of MAFP Group's operating performance and cash generation. It is defined as the aggregate of business unit EBITDA less corporate centre overhead expenses, and excludes all finance costs (net), taxes, depreciation, amortization, impairment charges, fair value gains / (losses), share of losses from joint ventures and associate, IAS 17 lease adjustments, foreign exchange gains / (losses), capital expenditure write offs and loss on disposal of subsidiaries.

Business unit Operating Profit: This business unit financial measure is defined as business unit EBITDA after impacts of gross asset fair value changes (irrespective of IAS 16 or IAS 40 classification); non-cash charges such as depreciation, amortization, impairment and asset write-offs; MAFP Group share in non-managed equity investments' or joint ventures' net profit or loss; minority share of managed equity investments' or joint ventures' net profit or loss; and any gains or losses on asset disposals.

Management Net Profit: This corporate measure is defined as the aggregate of business units' operating profit after finance charges, foreign exchange gains or losses and taxes.

Segment Assets and Liabilities: Relate to assets or liabilities that are directly attributable to business unit or corporate centre functions.

Shopping Malls Business Unit (SMBU)

This business unit leads and manages all aspects of the retail development and management of shopping malls, from regional and super regional shopping malls to smaller community centers. As of 31 December 2016, MAFP Group managed and held an ownership interest in 20 income producing shopping malls (of which 16 malls are fully owned by MAFP Group and 4 malls are held in joint venture) in the United Arab Emirates, Oman, Bahrain, Egypt and Lebanon. As at the reporting date, MAFP Group's five year plans (2017-2021) include the development of 14 new shopping malls in the UAE, Oman, Egypt, and Saudi Arabia (of which 10 malls will be fully owned) and re-development activities in 11 existing shopping malls. The business unit conducts its activities through dedicated regional management organizations with support from centralized functions such as development, asset management, leasing, marketing, property management, human capital and finance. The business unit also owns a number of leisure and entertainment operations located within its shopping malls.

5. Segment information and reporting (continued)

Shopping Malls Business Unit (SMBU) (continued)

Revenues from this business unit principally comprise of base minimum rents, percentage rents based on tenant sales volume, mall promotions and media, recovery of common area charges, management fees and revenue generated from leisure and entertainment assets.

Hotels Business Unit (HBU)

This business unit is responsible for leading the development of hotel assets and asset management of these assets with third-party hotel operators. As of 31 December 2016 MAFP Group held an ownership interest in twelve hotels located in the United Arab Emirates and Bahrain. As at the reporting date, MAFP Group's five year plans (2017-2021) include development of one new hotel.

Revenues from this business unit principally comprise of room revenues and food and beverage revenues.

Communities Business Unit (CBU)

This business unit is responsible for master development 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 MAFP Group's portfolio of three office buildings in Dubai, UAE. As of 31 December 2016 MAFP Group held a joint ownership interest in three master developments, located in the United Arab Emirates, Oman and Lebanon and shall continue to work on these as part of its five year plans (2017-2021). Additionally, MAFP Group's five year plans include four new master developments located in the United Arab Emirates and the MENA region (of which two will be managed by MAFP Group and are directly owned by the Ultimate Holding entity).

Revenue from sale of trading properties is recognised in the profit or loss when the significant risks and rewards of ownership are transferred to the buyer. Significant risks and rewards of ownership are deemed to be transferred to the buyer when price risk is transferred to the buyer. MAFP Group determines the point of recognition to be the time at which the buyer is entitled to take possession of the property.

In respect of trading properties under construction, no revenue is recognised upon receipt of deposits and advances until the risks and reward of ownership in the property are transferred to the buyer, as discussed above.

Project Management Business Unit (PMBU)

This business unit provides fee-based advisory, development and management services to Shopping Malls, Hotels and Communities business units.

5. Segment information and reporting (continued)

5.1 Management revenue, EBITDA, net profit and project capital expenditure – by business unit

	SMBU		HBU		CBU		PMBU		Corporate		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions											
Revenue	**3,476**	3,358.7	**713**	682.1	**438**	28.6	**138**	83.9	**-**	-	**4,765**	4,153.3
Operating expenses	**(763)**	(818.0)	**(438)**	(400.6)	**(350)**	(55.9)	**(138)**	(83.9)	**-**	-	**(1,689)**	(1,358.4)
Asset EBITDA	**2,713**	2,540.7	**275**	281.5	**88**	(27.3)	**-**	-	**-**	-	**3,076**	2,794.9
Support Cost	**(138)**	(77.2)	**(24)**	(19.5)	**(93)**	(83.6)	-	-	**(51)**	(55.9)	**(306)**	(236.2)
EBITDA	**2,575**	2,463.5	**251**	262.0	**(5)**	(110.9)	**-**	-	**(51)**	(55.9)	**2,770**	2,558.7
Adjustments for: Depreciation and amortization	**(86)**	(78)	**(6)**	(4.9)	**(1)**	(2.4)	-	-	**(31)**	(23.8)	**(124)**	(109.1)
Net Valuation (loss)/gain on land and building	**680**	1991.90	**(179)**	85.2	**1**	13.8	-	-	**-**	-	**502**	2,090.90
Capex write off/impairment-net	**(10)**	(10.6)	**(22)**	(11.9)	**(91)**	(19.8)	-	-	**(4)**	107	**(127)**	64.70
Share of gain/(loss) in JVs and associate – net	**-**	(0.2)	**-**	-	**78**	(34.40)	-	-	**-**	-	**78**	(34.6)
Non-controlling interest	**(35)**	(19.1)	**-**	-	**(39)**	22.7	-	-	**-**	-	**(74)**	3.6
Profit on asset disposal and other income/(expenses)	**(2)**	(20.5)	**-**	0.3	**-**	-	-	-	**-**	-	**(2)**	(20.2)
Operating profit/(loss)	**3,122**	4,327	**44**	330.7	**(57)**	(131.0)	-	-	**(86)**	27.3	**3,023**	4,554
Income/deferred tax	**13**	(74.5)	**-**	-	**6**	6.2	-	-	**-**	(56.5)	**19**	(124.8)
Foreign exchange gain/(loss)	**(26)**	(5.6)	**-**	0.2	**1**	0.1	-	-	**(1)**	(30.5)	**(26)**	(35.8)
Finance (cost)/income - net	**(10)**	(23.9)	**-**	-	**11**	4.4	-	-	**(570)**	(464.1)	**(569)**	(483.6)
Net profit as per management report	**3,099**	4,223.0	**44**	330.9	**(39)**	(120.3)	**-**	-	**(657)**	(523.8)	**2,447**	3,909.8
Project capital expenditure	**2,666**	2,492	**152**	521	**257**	8	**-**	-	**28**	23	**3,103**	3,044

5. Segment information and reporting (continued)

5.2 Management Revenue – by geographical segment

	UAE		Oman		Bahrain		KSA		GCC Total		Egypt		Lebanon		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions															
Revenue	**3,593.0**	3,176.4	**387.0**	179.7	**468.3**	446.7	**-**	-	**4,448.3**	3,802.8	**148.7**	180.0	**167.8**	170.5	**4,764.8**	4,153.3

Geographical segments continue to be divided into UAE, Oman, Bahrain, Kingdom of Saudi Arabia ("KSA") combined as "GCC", Egypt and Lebanon. This table is not presented to the CODM on a regular basis; however, it is disclosed in these consolidated financial statements for the readers' information.

5.3 Reconciliation of revenue

	SMBU		HBU		CBU		PMBU		Corporate		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions											
Revenue as per consolidated financial statements	**3,720.9**	3,339.9	**713.3**	682.1	**42.2**	39.0	**14.2**	30.0	**-**	-	**4,490.6**	4,091.0
Reconciling items:												
- Net results of Leisure and Entertainment units excluded from Management accounts (N-2)	**(281.7)**	-	-	-	-	-	**-**	-	-	-	**(281.7)**	-
- PMBU Elimination	**-**	-	-	-	-	-	**123.4**	53.9	-	-	**123.4**	53.9
- Intercompany eliminations	**(2.5)**	(2.5)	-	-	**(12.9)**	(12.9)	**-**	-	-	-	**(15.4)**	(15.4)
- Line by line consolidation of MAFP managed joint ventures (N-1)	**35.4**	35.2	-	-	**408.9**	2.5	**-**	-	-	-	**444.3**	37.7
- Other adjustments	**3.6**	(13.9)	-	-	-	-	**-**	-	-	-	**3.6**	(13.9)
Revenue as per management report	**3,475.7**	3,358.7	**713.3**	682.1	**438.2**	28.6	**137.6**	83.9	**-**	-	**4,764.8**	4,153.3

Notes:

(N-1) In the management accounts, Sharjah Holding Company JSC and Waterfront City SARL, which are MAFP Group's joint ventures are consolidated on a line by line basis. However, joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

(N-2) With effect from 1 January 2016, in the management accounts, CDE, I-FLY, Ski Dubai, Wahoo Waterpark and Ski Egypt ("the Leisure & Entertainment units"), are not consolidated on a line by line basis. However, in these consolidated financial statements, the Leisure & Entertainment units are consolidated in accordance with IFRS 10.

5. Segment information and reporting (continued)

5.4 Reconciliation of fair value changes in properties

	SMBU		HBU		CBU		Corporate		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions									
Net valuation changes recognised in profit or loss	**366.3**	1,708.5	**35.7**	16.8	**(15.9)**	7.8	**6.1**	10.2	**392.2**	1,743.3
Net valuation changes recognised in equity (IAS16)	**-**	-	**138.6**	280.6	**-**	-	**-**	-	**138.6**	280.6
Net valuation changes reported in consolidated financial statements	**366.3**	1,708.5	**174.3**	297.4	**(15.9)**	7.8	**6.1**	10.2	**530.8**	2,023.9
Reconciling items:										
Add/(less): Fair value accounting adjustments (N-1)	**313.6**	283.3	**(353.6)**	(212.2)	**16.9**	6.1	**(6.1)**	(10.2)	**(29.2)**	67.0
Net valuation changes reported as per management report	**679.9**	1,991.8	**(179.3)**	85.2	**1.0**	13.9	**-**	-	**501.6**	2,090.9

Notes:
(N-1) For calculation of management report net profit, gross changes in fair value from one reporting date to another are reported in the income statement as compared to the net accounting valuation change computed as per the requirements of IAS 16 or IAS 40 for financial statement purposes (primarily relating to depreciation, IAS 17 adjustments).

5. Segment information and reporting (continued)

5.5 Reconciliation of management net profit

	SMBU		HBU		CBU		Corporate Centre		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions									
Net profit/(loss) as per consolidated financial statements - attributable to the owners of the company	**2,906.8**	3,956.9	**(66.1)**	(19.5)	**(55.8)**	(126.4)	**(442.5)**	(304.6)	**2,342.4**	3,506.4
Reconciling items:										
- Fair value adjustments (refer table-5.4)	**313.6**	283.3	**(353.6)**	(212.2)	**16.9**	6.1	**(6.1)**	(10.2)	**(29.2)**	67.0
- IAS-16 Fair value changes recognised in equity in financial statements, but in profit or loss in management report (refer table-5.4)	**-**	-	**138.6**	280.6	**-**	-	**-**	-	**138.6**	280.6
- Depreciation on strategic assets (N-1) not recognized in management report	**-**	-	**323.8**	254.1	**-**	-	**11.0**	11.0	**334.8**	265.1
- Coupons declared to MAFH (N-2) on the subordinated capital loan instruments	**-**	-	**-**	-	**-**	-	**(220.0)**	(220.0)	**(220.0)**	(220.0)
- Net results of Leisure and Entertainment units excluded from Management accounts (refer note N-2 on table-5.3)	**(120.6)**	-	**-**	-	**-**	-	**-**	-	**(120.6)**	-
- Non-cash IAS-17 lease adjustments	**(0.6)**	(14.1)	**-**	-	**-**	-	**-**	-	**(0.6)**	(14.1)
- Minority interest adjustment	**-**	(0.2)	**-**	-	**-**	-	**-**	-	**-**	(0.2)
- Other adjustments	**-**	(2.9)	**1.6**	27.9	**(0.2)**	-	**-**	-	**1.4**	25.0
Total reconciling items	**192.4**	266.1	**110.4**	350.4	**16.7**	6.1	**(215.1)**	(219.2)	**104.4**	403.4
Net profit/(loss) as per management report	**3,099.2**	4,223.0	**44.3**	330.9	**(39.1)**	(120.3)	**(657.6)**	(523.8)	**2,446.8**	3,909.8

Notes:

(N-1) - For the management report net profit calculation, depreciation is not charged on strategic assets which are subject to fair valuation. Gross changes in fair value are reported in the management income statement. For the financial statements all assets which are classified under IAS-16 are depreciated and any accumulated depreciation at the date of revaluation is eliminated against the gross carrying value of the asset and the net book value is restated to the revalued amount.

(N-2) - For management report net profit calculation, coupons declared during the year on the subordinated capital loan instruments are shown as a deduction from net profit. For the financial statements, coupons are shown as an appropriation of distributable profit and are adjusted in equity.

5. Segment information and reporting (continued)

5.6 Statutory segment assets and liabilities – by business unit

	SMBU		HBU		CBU		Corporate Centre		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions									
Segment assets	**37,421.6**	36,845.3	**4,780.9**	4,599.5	**2,721.5**	2,185.2	**361.7**	368.5	**45,285.7**	43,998.5
Segment liabilities	**(3,815.7)**	(4,325.0)	**(211.7)**	(188.0)	**(34.2)**	(32.3)	**(8,702.0)**	(7,861.7)	**(12,763.6)**	(12,407.0)
Net Assets (N-1)	**33,605.9**	32,520.3	**4,569.2**	4,411.5	**2,687.3**	2,152.9	**(8,340.3)**	(7,493.2)	**32,522.1**	31,591.5

Notes:
(N-1) – Intra-company balances have been excluded to arrive at the net assets.

5.7 Statutory segment assets and liabilities – By geographical segment

	UAE		Oman		Bahrain		KSA		GCC Total		Egypt		Lebanon		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions															
Segment assets	**34,052.9**	31,808.4	**2,158.2**	2,075.0	**3,396.6**	3,315.1	**1,890.8**	1,855.0	**41,498.5**	39,053.5	**1,722.1**	3,188.0	**2,065.1**	1,757.0	**45,285.7**	43,998.5
Segment liabilities	**(10,862.4)**	(9,841.0)	**(203.6)**	(308.0)	**(240.4)**	(216.0)	**(15.6)**	(5.0)	**(11,322.0)**	(10,370.0)	**(757.4)**	(1,310.0)	**(684.2)**	(727.0)	**(12,763.6)**	(12,407.0)
Net Assets (N-1)	**23,190.5**	21,967.4	**1,954.6**	1,767.0	**3,156.2**	3,099.1	**1,875.2**	1,850.0	**30,176.5**	28,683.5	**964.7**	1,878.0	**1,380.9**	1,030.0	**32,522.1**	31,591.5

Notes:
(N-1) – Intra-company balances have been excluded to arrive at the net assets.

5.8 Major customer

	SMBU	
	2016	2015
	AED in millions	
Revenue earned from MAFP Group's related parties (N-1)	**349.5**	280.1

Notes: (N-1) - MAFP Group’s related parties have contributed 10% (2015: 8%) of the total revenue from the Shopping Malls BU for the year ended 31 December 2016.

6. Revenue

	2016	2015
	AED'000	AED'000
Rental income	**3,466,069**	3,076,745
Hospitality revenue	**713,318**	682,133
Leisure and entertainment revenue	**281,675**	287,754
Project management revenue (refer note 17(vi))	**14,175**	29,827
Others (refer note 17(vi))	**15,391**	14,407
	4,490,628	4,090,866

7. Operating expenses

	2016	2015
	AED'000	AED'000
Staff costs (refer note (i) below)	**(610,423)**	(586,368)
Depreciation (refer note 11)	**(459,517)**	(344,230)
Selling and marketing expenses	**(174,713)**	(171,419)
Repairs and maintenance	**(133,126)**	(117,603)
Utilities	**(124,291)**	(111,293)
Legal, professional and consultancy expenses	**(82,937)**	(71,752)
Hotel operator fee and sales commission	**(75,820)**	(77,108)
Housekeeping and cleaning expenses	**(68,558)**	(64,721)
IT related costs	**(42,984)**	(32,285)
Service charges and other recharges	**(41,044)**	(21,929)
Security expenses	**(39,779)**	(37,243)
Hotels food and beverage expenses	**(39,855)**	(35,893)
Bad and doubtful debts expense	**(30,801)**	(5,385)
Leisure and entertainment units' cost of operations	**(20,770)**	(24,975)
Amortization charge for intangible asset (refer note 15)	**(19,874)**	(19,874)
Insurance expense	**(19,774)**	(16,483)
Built up property tax expense	**(19,504)**	(20,650)
Travel expenses	**(16,892)**	(11,192)
Office supplies	**(15,149)**	(16,422)
Rent expenses	**(6,233)**	(6,950)
Other operating expenses	**(95,135)**	(96,520)
	(2,137,179)	(1,890,295)

(i) Staff costs are net of costs capitalised to various projects amounting to AED 99.1 million (2015: AED 68.6 million).

(ii) During the year ended 31 December 2016, MAFP Group has paid AED 6 million (2015: AED 4.8 million) for various social contribution purposes.

8. Finance income/(costs) - net

	2016	2015
Recognised in profit or loss	**AED'000**	AED'000
8.1 Finance income		
Interest income	**11,890**	8,855
Unwinding of the discounting of long term receivable from a joint venture (refer note 17(i))	**(1,609)**	6,790
Finance income	**10,281**	15,645

8. Finance income/(costs) – net (continued)

Recognised in profit or loss	2016 AED'000	2015 AED'000
8.2 Finance costs		
Arrangement and participation fees	**(2,801)**	(2,121)
Interest expense (refer note 17 (ii))	**(519,029)**	(404,823)
Unwinding of the discounting of finance lease liabilities (refer note 22(iii))	**(17,893)**	(5,395)
Less: capitalised interest (refer note below)	**167,742**	129,434
Finance costs	**(371,981)**	(282,905)

Capitalised interest arises on borrowings for development expenditure. The capitalisation rate range used to determine the amount of borrowing cost eligible for capitalization was 4.11% - 17.75% (2015: 3.79% - 12.25%) depending on the effective interest rate over the tenure of the borrowings for individual developments.

9. Other expenses - net

	2016 AED'000	2015 AED'000
Land transfer fee reversal of provision	**(1,557)**	(1,186)
Foreign exchange loss - net	**(24,743)**	(35,978)
Gain / (loss) on disposal of property, plant and equipment and investment property - net	**171**	(402)
Service charges levied on related parties (refer note 17(vi))	**4,649**	9,177
Fixed assets / project costs written off	**(9,910)**	(9,721)
Development expenses written off	**(33,644)**	(28,743)
Other income - net	**19,562**	33,919
	(45,472)	(32,934)

10. Impairment (charge)/reversal

	2016 AED'000	2015 AED'000
Impairment of property, plant and equipment	**(18,859)**	(14,336)
Impairment of capital work in progress in relation to investment property	**(8,067)**	-
Reversal of impairment on investment (refer note (i) below)	**-**	107,053
Impairment of development properties (refer notes 12(vii) and 13)	**-**	(19,720)
Impairment of investment in joint venture (refer note 14.1)	**-**	(16,000)
Impairment of investment in associate (refer note (ii) below and note 14.2)	**(90,968)**	-
Other	**(501)**	-
	(118,395)	56,997

(i) In the earlier years, MAFP Group had paid AED 389 million as an advance to a joint venture, as the MAFP Group's contribution against purchase of land. Subsequently, management reassessed the future prospects of that joint venture and an impairment provision was recognized against this advance in full. In 2015, MAFP Group had received AED 107 million in cash and accordingly the impairment provision has been reversed to that extent.

10. Impairment (charge)/reversal (continued)

(ii) MAFP Group has performed an analysis of its carrying value of investment in an associate. Based on the results of this analysis, the management is of the view that the carrying value of the investment has been eroded due to adverse market and business conditions and has, therefore, recognized an impairment loss of AED 90.9 million in the current year. In the previous year the impairment provision was recognized by the associate in its profit or loss and accordingly this was accounted for under the line item of share of profit/(loss) from joint ventures and an associate – net, within MAFP Group's profit or loss.

11. Property, plant and equipment

	Land and buildings AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Leisure rides and games AED'000	Capital work in progress AED'000	Total AED'000
Cost / valuation						
At 1 January 2015	3,815,861	6,308	576,977	376,436	233,193	5,008,775
Additions	347,763	1,942	109,153	20,586	301,392	780,836
Disposals / write offs / impairment provision	(16,082)	-	-	(18,532)	(15,882)	(50,496)
Capitalized during the year (refer note (iii) below)	251,585	-	33,375	-	(284,960)	-
Transferred from / (to) investment properties (refer note (ii) below)	(26,002)	-	-	-	-	(26,002)
Accumulated depreciation and impairment eliminated on valuation	(265,191)	-	-	-	-	(265,191)
Net revaluation gain on land and buildings (refer note (i) below)	307,701	-	-	-	-	307,701
At 31 December 2015	4,415,635	8,250	719,505	378,490	233,743	5,755,623
At 1 January 2016	4,415,635	8,250	719,505	378,490	233,743	5,755,623
Additions	45,897	2,509	102,737	5,808	185,179	342,130
Disposals /write offs/reversals/other adjustments / impairment reversal	3,290	(1,229)	(13,448)	(250,405)	(10,907)	(272,699)
Capitalized during the year	-	-	58,392	-	(58,392)	-
Accumulated depreciation & impairment eliminated on valuation	(334,823)	-	-	-	-	(334,823)
Transferred from investment properties - net (refer note 12(v))	3,874	-	-	-	137,933	141,807
Transferred to a related party	-	-	-	-	(4,540)	(4,540)
Net revaluation gain on land and buildings (refer note (i) below)	180,370	-	-	-	-	180,370
Effect of foreign exchange movements	-	(386)	(13,323)	-	(9,181)	(22,890)
At 31 December 2016	**4,314,243**	**9,144**	**853,863**	**133,893**	**473,835**	**5,784,978**
Depreciation and impairment						
At 1 January 2015	-	(4,896)	(418,023)	(306,170)	(15,882)	(744,971)
Depreciation charge for the year (refer note 7)	(265,191)	(841)	(57,739)	(20,459)	-	(344,230)
Accumulated depreciation & impairment eliminated on valuation	265,191	-	-	-	-	265,191
Provision for impairment	-	-	-	-	(13,894)	(13,894)
Disposals / write offs	-	-	-	15,688	-	15,688
At 31 December 2015	-	(5,737)	(475,762)	(310,941)	(29,776)	(822,216)
At 1 January 2016	-	(5,737)	(475,762)	(310,941)	(29,776)	(822,216)
Depreciation charge for the year (refer note 7)	(334,823)	(1,030)	(119,608)	(4,056)	-	(459,517)
Accumulated depreciation & impairment eliminated on valuation	334,823	-	-	-	-	334,823
Provision for impairment	-	-	-	-	(22,149)	(22,149)
Disposals / write offs/other adjustments	-	498	6,086	250,405	-	256,989
Reclassification	-	-	59,921	(59,921)	-	-
Effect of foreign exchange movements	-	159	9,602	987	-	10,748
At 31 December 2016	**-**	**(6,110)**	**(519,761)**	**(123,526)**	**(51,925)**	**(701,322)**
Carrying amounts						
At 31 December 2016	**4,314,243**	**3,034**	**334,102**	**10,367**	**421,910**	**5,083,656**
At 31 December 2015	4,415,635	2,513	243,743	67,549	203,967	4,933,407

11. Property, plant and equipment (continued)

(i) During 2016, a revaluation gain of AED 180.3 million (2015: AED 307.7 million) has been recognised on property, plant and equipment of which valuation gain of AED 138.6 million (2015: AED 280.6 million) has been credited to other comprehensive income and gain of AED 41.7 million (2015: AED 27.1 million) has been credited to profit or loss (also refer note 12(i)).

(ii) At 1 January 2015, MAFP Group reclassified one of its office buildings with a carrying value of AED 35.7 million from property, plant and equipment to investment property as the building is no longer owner occupied and has been rented out to external parties. In addition to this, a land amounting to AED 9.7 million was transferred from investment property to property, plant and equipment due to change in the business plans of the Company.

(iii) In the prior year MAFP Group completed the construction of a hotel in UAE amounting to AED 251.6 million, which was reclassified from capital work in progress to the respective classes of assets under property, plant and equipment.

(iv) If the properties had been measured under the historical cost basis the carrying amounts would have been as follows:

	2016 AED'000		2015 AED'000	
	Land AED'000	**Buildings AED'000**	Land AED'000	Buildings AED'000
Cost	**327,310**	**3,991,935**	326,723	3,914,779
Accumulated depreciation	**-**	**(1,926,904)**	-	(1,589,814)
Net carrying amount	**327,310**	**2,065,031**	326,723	2,324,965

(v) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for property, plant and equipment of AED 4,314.2 million (2015: AED 4,415.6 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Also refer to note 4.

(b) Significant unobservable inputs

The following table shows the significant unobservable inputs used:

	2016	2015
Discount rate:	**11.25% - 12.75%**	11.25% - 12.75%
Income return:	**3.88% - 7.96%**	5% - 13%
Average occupancy:	**76.8%**	75%

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase / (decrease) if:
- The occupancy rates were higher / (lower);
- The discount rates were lower / (higher); or
- The income returns were higher / (lower).

12. Investment property

	Land-undeveloped AED'000	Land and buildings AED'000	Capital work in progress AED'000	Total AED'000
At 1 January 2015	911,199	27,539,109	2,893,713	31,344,021
Additions	-	1,704,951	956,113	2,661,064
Disposals / write offs / reversals	-	(5,588)	(47)	(5,635)
Reclassification (refer note (vi) below)		113,387	(113,387)	-
Capitalized during the year (refer note (viii) below)	-	320,429	(320,429)	-
Transferred from development property (refer notes (v) and (vii) below and note 13)	61,351	-	716,700	778,051
Transferred from / (to) property, plant and equipment - net	(9,688)	35,690	-	26,002
Net valuation gain on investment property (refer note (i) below)	-	1,707,523	8,764	1,716,287
Effect of foreign exchange movements	(3,174)	(89,855)	(107,047)	(200,076)
At 31 December 2015	959,688	31,325,646	4,034,380	36,319,714
At 1 January 2016	959,688	31,325,646	4,034,380	36,319,714
Additions	767,304	558,206	1,126,702	2,452,212
Transferred to development property (refer note (iii) below)	(243,000)	-	-	(243,000)
Transferred from a related party (refer note (ii) below)	-	284,200	-	284,200
Transferred from / (to) property, plant and equipment (refer note (v) below)	-	8,113	(149,920)	(141,807)
Capitalized during the year (refer note (iv) below)	-	56,810	(56,810)	-
Net valuation gain / (loss) on investment property (refer note (i) below)	(26,219)	622,505	(245,765)	350,521
Effect of foreign exchange movements	(19,023)	(561,593)	(1,309,195)	(1,889,811)
At 31 December 2016	**1,438,750**	**32,293,887**	**3,399,392**	**37,132,029**

(i) The following fair value gains - net were recognized in profit or loss:

	2016 AED'000	2015 AED'000
Net gain on valuation of property, plant and equipment (refer note 11(i))	**41,752**	27,079
Net gain on valuation of investment property	**350,521**	1,716,287
Total valuation gain - net	**392,273**	1,743,366

(ii) On 1 April 2016, a subsidiary of MAFP Group, Majid Al Futtaim City Centre Al Shindagha Co. LLC 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 MAFP Group at its net book value of AED 161 million. Refer note 17(v).

The land on which the shopping mall has been constructed has been obtained on a long term lease from the Government of Dubai for a range of 8 to 25 years. The leasehold interest meets the recognition criteria of an investment property and, accordingly, MAFP Group has accounted for the land lease as a finance lease. The land lease capitalized amounted to AED 123.2 million. The land is restricted to be used for commercial purposes in relation to MAFP businesses and the right to renew the lease is reserved with the Government of Dubai only. If the lease is not renewed the land and building will be transferred to the Government of Dubai at the end of the lease term. Refer note 22(iii).

12. Investment property (continued)

Total cost capitalized in relation to City Centre Al Shindagha is as follows:

	AED'000
Net book value of investment property transferred from Majid Al Futtaim Hypermarkets LLC	**161,000**
Land lease capitalized	**123,200**
Total capitalized cost	**284,200**

As at the reporting date, this asset has been fair valued and accordingly a fair value loss of AED 77.3 million has been recognized in profit or loss.

(iii) During the current year, MAFP Group purchased a plot of land for AED 751 million which was fair valued at AED 725 million as at the reporting date, of which a portion amounting to AED 482 million has been classified as investment property, within un-developed land, as the use of the land is still under determination by management as at the reporting date. This is included in the capital expenditure incurred during the year. The balance portion amounting to AED 243 million has been reclassified from investment property to development property in accordance with the business model of MAFP Group. Refer note 13.

(iv) In September 2016, MAFP Group officially opened its 20th mall, My City Centre Al Barsha, a neighbourhood retail destination located in Dubai Science Park and tailored to the needs of nearby residential communities. The shopping mall was capitalized at AED 56.8 million.

(v) In 2014, MAFP Group purchased a piece of land of AED 1,433.4 million of which AED 716.7 million was classified as investment property under construction with the intention of developing a shopping mall on the site. The remaining portion was classified under development property (refer note 13). Due to change in business plans, this portion of the land was reclassified back to investment property under construction, at its fair value, as at 31 December 2015. In the current year a portion of this land, amounting to AED 146.8 million has been classified under property, plant and equipment with the intention of developing hotels on the site.

(vi) In the prior year, the extension portion of certain shopping malls was fair valued along with the completed property and hence the capital work in progress was transferred to land and buildings.

(vii) In 2012, a subsidiary of MAFP Group had transferred a portion of a land amounting to AED 61.3 million from investment property to development property as the subsidiary had begun construction of residential apartments for sale in the ordinary course of business. During the previous year, management decided to discontinue the project due to political instability in the country where the project was being constructed and accordingly has recognized an impairment provision of AED 19.7 million on the capital work in progress capitalized and reclassified the land from development property to investment property, under land undeveloped, at its fair value, as at 31 December 2015 (refer notes 10 and 13).

(viii) In the prior year, MAFP Group completed the construction of a shopping mall in the UAE amounting to AED 320.4 million which was reclassified from capital work in progress to land and buildings.

(ix) In 2014 a subsidiary of the Company entered into an usufruct contract with the Government of Sultanate of Oman which has provided the subsidiary usufruct rights over two plots of land in Oman for a period of fifty years. The leasehold interest meets the recognition criteria of an investment property and accordingly the Group has accounted for the lease as a finance lease. The land lease capitalized amounts to AED 101 million. The land is restricted to be used for commercial purposes in relation to MAFP businesses and the right to renew the lease is reserved with the Government of Sultanate of Oman only. If the lease is not renewed the land and building will be transferred to the Government of Sultanate of Oman at the end of the lease term. Also refer note 22(iii).

12. Investment property (continued)

(x) Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight line basis as per IAS 17 has been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2016	2015
	AED'000	AED'000
Fair value of land and buildings (including capital work in progress)	**37,349,778**	36,513,711
Less: adjustment for accrued operating lease income (refer note 16)	**(217,749)**	(193,997)
Net adjusted fair value	**37,132,029**	36,319,714

(xi) Rental income derived from investment property during the current year was AED 3,466 million (2015: AED 3,076.7 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 841.6 million (2015: AED 736.1 million).

(xii) Certain properties of MAFP Group are mortgaged against bank borrowings. Certain term loans are secured by way of assignment of lease rentals. Also refer note 21.1(e).

(xiii) As at 31 December 2016, certain lands were held in the personal name of a majority shareholder of the ultimate holding entity for the beneficial interest of MAFP Group.

(xiv) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for investment property of AED 37,132.0 million (2015: AED 36,319.7 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Also refer to note 4.

(b) Significant unobservable inputs used:

Significant unobservable inputs for shopping malls and properties under construction	**2016**	2015
Discount rate:	**10.82% - 22.22%**	11.0% - 19.0%
Income return:	**5.24% - 14.39%**	8.0% - 12.0%
Average occupancy:	**98%***	98%
Capitalisation Rate:**	**4.2%**	N/A

*This does not include the asset under construction as at the reporting date.
**The capitalisation rate applied for the property under construction as at the reporting date is based on the net initial yield on commencement of operations.

Significant unobservable inputs for offices	**2016**	2015
Net Initial Yield:	**7.67% - 9.79%**	7.0% – 7.5%
Income return:	**8.04% - 10.34%**	8.0% - 10.5%
Average occupancy:	**98%**	100%

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase / (decrease) if:

- The occupancy rates were higher / (lower);
- The discount rates were lower / (higher) ; or
- The income returns were higher / (lower).

13. Development property

	2016	2015
	AED'000	AED'000
As at 1 January	**-**	797,771
Additions during the year	**2,436**	-
Transferred from/(to) investment properties (refer notes 12 (iii) and 12 (v) respectively)	**243,000**	(716,700)
Transferred to investment properties (refer note 12 (vii))	**-**	(61,351)
Provision for impairment (refer notes 10 and 12 (vii))	**-**	(19,720)
Carrying amount	**245,436**	-

14. Investment in joint ventures and an associate

	2016	2015
	AED'000	AED'000
Investment in joint ventures	**1,453,931**	1,321,064
Less: provision for impairment	**(312,854)**	(312,854)
Net investment in joint ventures (refer note 14.1)	**1,141,077**	1,008,210
Investment in an associate (refer note 14.2)	**-**	90,968
At 31 December	**1,141,077**	1,099,178
Share of profit / (loss) – net:		
From joint ventures (refer note 14.1)	**127,018**	30,435
From an associate (refer note 14.2)	**-**	(73,384)
	127,018	(42,949)

14.1 Investment in joint ventures

	2016	2015
	AED'000	AED'000
At 1 January	**1,008,210**	967,980
Reclassified from due from a related party	**-**	24,504
Additional investment satisfied by transfer from long term receivable (refer note 17.1.3 (i))	**32,700**	-
Share of post-acquisition profit / (loss) accounted through profit or loss	**127,018**	30,435
Provision for impairment (refer note 10)	**-**	(16,000)
Foreign currency translation differences	**(26,851)**	1,291
	1,141,077	1,008,210

(i) Investments in various entities include capital contributions made by MAFP Group in its capacity as a shareholder. These balances are unsecured and interest free in nature and will not be called for repayment, except at the sole discretion of the respective joint venture entities.

Sharjah Holding Co. P.J.S.C is a closely held private joint stock company incorporated in the Emirate of Sharjah, U.A.E. and was formed as an equal joint venture between the Company and the Government of Sharjah. The principal activities of this joint venture are planning, investment, development and management of shopping malls, real estate and all other services associated therewith.

Al Mouj Muscat S.O.A.C is a closely held joint stock company registered and incorporated in the Sultanate of Oman and was formed as a joint venture between the Company holding 50%, Waterfront Investments S.O.A.C holding 40% and National Investment Funds Company holding 10% of the shares. This joint venture is primarily engaged in developing an integrated tourism, housing, and commercial property development known as “Al Mouj Muscat” (formerly “The Wave-Muscat”) situated in the Wilayat of Bausher at Al Azaiba North in Muscat.

14. Investment in joint ventures and an associate (continued)

14.1 Investment in joint ventures (continued)

Waterfront City S.A.R.L. is a company domiciled in Lebanon and was incorporated as a result of a joint venture agreement between Societe Joseph Khoury et Fils Holding SAL and MAF Lebanon Holding SAL, a subsidiary of MAFP Group. This joint venture is primarily engaged in the development of real estate property, including the construction, sale and management of such real estate properties.

(ii) Summarised financial information in respect of MAFP Group’s interest in material joint ventures, based on their financial statements prepared in accordance with IFRS, modified for differences in MAFP Group’s accounting policies, is set out below:

	Sharjah Holding Co. PJSC		**Al Mouj Muscat S.A.O.C**		**Waterfront City SARL**	
	2016 AED '000	2015 AED '000	**2016 AED '000**	2015 AED '000	**2016 AED '000**	2015 AED '000
Revenue	**440,645**	36,735	**677,695**	507,491	**3,628**	-
Profit/(loss) from continuing operations	**81,538**	(9,558)	**156,298**	77,792	**16,519**	(7,058)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**81,538**	(9,558)	**156,298**	77,792	**16,519**	(7,058)
Non-current assets	**279,673**	279,972	**301,475**	297,728	**108,333**	27,233
Other non-current assets	**46,737**	-	**1,933**	-	**48,171**	-
Current assets	**1,390,007**	2,485,100	**2,109,843**	2,039,585	**2,158,240**	1,876,014
Current liabilities	**(964,102)**	(2,101,181)	**(926,500)**	(938,160)	**(120,477)**	(74,908)
Non-current liabilities	**(44,239)**	(70,558)	**(823,886)**	(892,587)	**(1,447,645)**	(1,098,236)
Net assets	**708,076**	593,333	**662,865**	506,566	**746,622**	730,103
MAFP Group's interest in net assets of the investee at the beginning of the year	**280,666**	301,445	**253,283**	215,759	**365,052**	344,077
Additional investment satisfied by transfer from long term receivable	**32,700**	-	-	-	-	-
Reclassified from due from a related party	-	-	-	-	-	24,504
Share of total comprehensive income	**40,672**	(4,779)	**78,149**	38,896	**8,259**	(3,529)
Provision for impairment (refer note 10)	-	(16,000)	-	-	-	-
Others	-	-	-	(1,372)	-	-
Carrying amount of interest in the investee at the year-end	**354,038**	280,666	**331,432**	253,283	**373,311**	365,052

(iii) The following is summarized financial information for MAFP Group’s interest in immaterial joint ventures, based on amounts reported in MAFP Group’s consolidated financial statements:

	2016 AED'000	2015 AED'000
Carrying amount of interests in immaterial joint ventures	**82,296**	109,209
MAFP Group's share of:		
- Loss from continuing operations	**(62)**	(153)
- Total comprehensive income	**(62)**	(153)

The list of MAFP Group’s joint ventures is provided in note 30.

14. Investment in joint ventures and an associate (continued)

14.2 Investment in an associate

	2016	2015
	AED'000	AED'000
At 1 January	**90,968**	164,352
Share of post-acquisition loss accounted through profit or loss (refer note (ii) below)	**-**	(73,384)
Provision for impairment (refer note 10 (ii))	**(90,968)**	-
At 31 December	**-**	90,968

(i) The associate was registered as a private joint stock company in the UAE and its principal activities are to deal in and own properties, and to invest in other entities. MAFP Group holds 28.44% (2015: 28.44%) in this associate.

(ii) 2015's summarised financial information in respect of MAFP Group's interest in the associate is set out below:

	2015
	AED'000
Revenue	2,266,370
Loss from continuing operations	(258,030)
Total comprehensive income	**(258,030)**
MAFP Group's share of associate's loss for the year	(73,384)
Total assets	2,496,674
Total liabilities	(2,176,814)
Net assets	319,860
MAFP Group's share of associate's net assets	90,968

As no reliable information is available in respect of this associate for the current year, no information has been disclosed in these consolidated financial statements.

15. Intangible asset

During 2008, the Company entered into an agreement with a Government entity in Dubai to acquire naming rights for two stations of Dubai Metro for a 10 year period. As per the agreement, a payment schedule is agreed over the life of the contract. In 2009, upon the Metro becoming operational, management recorded the present value of the total future payments to be made as an intangible asset. The asset is being amortised over the contract period of 10 years. Also refer note 22(ii).

The intangible asset is measured by discounting the estimated cash flows using the incremental borrowing cost of MAFP Group at 4.5%.

	2016	2015
Intangible asset - cost	**AED'000**	AED'000
At 1 January	**198,743**	198,743
At 31 December	**198,743**	198,743
Amortisation		
At 1 January	**(125,888)**	(106,014)
Amortisation for the year (refer note 7)	**(19,874)**	(19,874)
At 31 December	**(145,762)**	(125,888)
Carrying amount	**52,981**	72,855

16. Receivables and prepayments

	2016	2015
	AED'000	AED'000
Trade receivables, net of provision for doubtful receivables of AED 65.4 million (2015: AED 48 million) (refer notes 16.1 and 16.2)	**277,190**	224,861
Accrued income on operating leases (refer note 12(x))	**217,749**	193,997
Advances and deposits	**404,252**	267,351
Prepayments	**70,927**	69,042
Other receivables	**32,975**	20,756
At 31 December	**1,003,093**	776,007
Less: Long term portion of receivables and prepayments (refer note 16.3)	**(464,496)**	(290,634)
Current portion of receivables and prepayments	**538,597**	485,373

Refer note 17(vii).

16.1 Provision for doubtful receivables

	2016	2015
	AED'000	AED'000
At 1 January	**(48,015)**	(42,843)
Charge during the year	**(30,801)**	(5,385)
Reversal during the year	**12,449**	64
Foreign exchange differences	**983**	149
At 31 December	**(65,384)**	(48,015)

16.2 Ageing of trade receivables

	2016	2015
	AED'000	AED'000
Current balance	**162,066**	178,373
Past due 31 - 60 days	**47,208**	30,571
Past due 61 - 90 days	**26,053**	8,370
Past due 91 - 180 days	**45,262**	18,592
Past due over 180 days	**61,985**	36,972
Total trade receivables	**342,574**	272,876
Less provision for doubtful receivables (refer note 16.1)	**(65,384)**	(48,015)
Net trade receivables	**277,190**	224,861

16.3 Long term receivables

	2016	2015
	AED'000	AED'000
Advances to contractors	**293,127**	151,016
Long term prepayment	**9,300**	10,500
Long term portion of accrued income on operating leases	**162,069**	129,118
	464,496	290,634

17. Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the ultimate parent company, Majid Al Futtaim Capital LLC, its subsidiaries, associates, joint ventures, key management personnel and / or their close family members. Transactions with related parties are carried at agreed terms.

17. Related party transactions and balances (continued)

(i) In the current year, MAFP Group recognized an expense of AED 1.6 million (2015: income of AED 6.8 million) in relation to the unwinding of the discount on long term receivable from a joint venture (refer note 8.1).

(ii) Interest expenses on loans from related parties amounted to AED 210 million (2015: AED 201 million) (refer note 8.2).

(iii) MAFP Group is contingently liable in respect of corporate guarantees of AED 1,311.3 million (31 December 2015: AED 2,059.1 million) to various banks against borrowings obtained by MAFH. MAFP Group has also co-guaranteed hybrid perpetual note instruments of AED 1,836.5 million (31 December 2015: AED 1,836.5 million) and bonds issued under the Global Medium Term Note (GMTN) Program of AED 4,774.9 million (31 December 2015: AED 3,673 million) that have been issued by a subsidiary of MAFH. Also refer note 27.

(iv) In the current year the Company declared a coupon of AED 220 million (2015: AED 220 million), towards the subordinated capital loan instrument subscribed by MAFH (refer note 24.2.2).

(v) On 1 April 2016, a subsidiary of MAFP Group, Majid Al Futtaim City Centre Al Shindagha Co. LLC entered into an agreement with a related party, Majid Al Futtaim Hypermarkets LLC, to transfer the rights over a leased land and the property constructed on the land (a shopping mall) to the subsidiary of MAFP Group, for a consideration of AED 159 million which has been adjusted against the loan from MAFH (refer notes 12 (ii) and 21.2). The consideration comprises the following:

	AED (in million)
Property plant and equipment	**0.5**
Investment property (refer note 12(ii))	**161.0**
Receivables / (payables) - net	**(1.8)**
Staff costs recharged to vendor	**(0.7)**
	159.0

(vi) Services provided to / by MAFP Group by / to related parties:

Services provided to MAFP Group by related parties	**2016 AED'000**	2015 AED'000
Treasury, corporate secretarial services, internal audit and others	**(16,178)**	(5,109)
Facility management services	**(107,290)**	(89,561)
	(123,468)	(94,670)

Services provided by MAFP Group to related parties	**2016 AED'000**	2015 AED'000
Provision of retail and office space	**346,934**	278,017
Asset management fees charged to a joint venture (refer note 6)	**2,533**	2,533
Sales commission charged to a joint venture (refer note 6)	**402**	1,550
Development management fees charged to a joint venture (refer note 6)	**12,456**	10,324
Project management fees charged to joint ventures (refer note 6)	**14,175**	29,827
Charges for IT and other services (refer note 9)	**4,649**	9,177
	381,149	331,428

17. Related party transactions and balances (continued)

(vii) Included within trade receivables, are related party balances amounting to AED 73.6 million (2015: AED 34.2 million) on account of the lease rentals and other tenant receivables. Also refer note 16.

17.1 Related party balances

17.1.1 Due from related parties

	2016 AED'000	2015 AED'000
Sharjah Holding LLC	**50,050**	24,388
Yenkit Tourism Development LLC	**15,063**	15,063
Al Mamzar Islands Development LLC	**6,727**	6,727
President's Office	**5,244**	1,129
Aya Real Estate Investment BSC	**4,387**	4,387
Al Mouj Muscat S.A.O.C	**4,974**	4,028
Arzanah Mall LLC	**3,171**	3,171
Waterfront City SARL	**1,300**	1,332
Majid Al Futtaim Retail LLC	**539**	-
Majid Al Futtaim Ventures LLC	**-**	196
Other related parties	**205**	262
	91,660	60,683
Less: Provision for doubtful receivables	**(26,518)**	(26,518)
	65,142	34,165

17.1.2 Due to related parties

	2016 AED'000	2015 AED'000
Majid Al Futtaim Holding LLC	**10,450**	49,985
Majid Al Futtaim Capital LLC	**545**	2,063
Majid Al Futtaim Retail LLC	**-**	772
Majid Al Futtaim Enova LLC	**-**	562
Majid Al Futtaim Ventures LLC	**164**	-
	11,159	53,382

17.1.3 Long term receivables from related parties

	2016 AED'000	2015 AED'000
Receivable from related parties (refer note (i) below)	**61,890**	111,000
Less: discounting of receivable	**(20,527)**	(26,044)
Add: unwinding of the discounting of receivable	**7,133**	14,259
	48,496	99,215
Receivable from a minority shareholder (refer note (ii) below)	**19,061**	17,526
	67,557	116,741

17. Related party transactions and balances (continued)

17.1 Related party balances (continued)

17.1.3 Long term receivables from related parties (continued)

(i) The interest free balance receivable of AED 82.2 million was measured at fair value, at 31 December 2013, being the present value of the expected future cash flows, by using a discount rate of 10%. The differential between the carrying amount and the fair value was recognized within profit or loss. During the current year, a portion of the balance receivable amounting to AED 32.7 million, was reclassified to investment in the joint venture (refer note 14.1) as a part of the consideration for additional shareholder contribution and the new balance was re-measured at fair value using a discount rate of 11%.

(ii) A subsidiary of MAFP Group and its minority shareholder ("the minority shareholder") have entered into a loan agreement on 25 November 2010 according to which both the parties have agreed on a special arrangement for funding the substation in relation to the shopping mall, whereby the subsidiary will settle on behalf of the minority shareholder its share of the substation costs. According to the loan agreement the minority shareholder shall repay to the subsidiary the aggregate principal amount together with all accrued interest therein on the final maturity date of 31 December 2020. Accordingly the balance has been classified as long term in these consolidated financial statements. Interest has been accrued at the rate of 6 months EIBOR plus a margin of 7% p.a. compounded on a monthly basis.

17.1.4 Short term loan to a related party

In September 2016, a subsidiary of MAFP, entered into an agreement ("the agreement") with its joint venture, to provide an interest-free loan of EGP 118.5 million, amounting to AED 23.9 million as at the reporting date, and the loan shall be settled within one year from the date of signing the agreement. Accordingly this loan has been classified within short-term in these consolidated financial statements.

17.2 Compensation to key management personnel

The aggregate compensation to key management personnel is disclosed as follows:

	2016	2015
	AED'000	AED'000
Directors' fees and expenses	**5,159**	7,082
Short term employee benefits (salaries and allowances including provision for bonus)	**38,700**	29,850
Provision for staff terminal benefits	**950**	1,140
	44,809	38,072

The above does not include amounts paid by MAFH in relation to services provided by its key management personnel to the Company.

18. Cash in hand and at bank

	2016 AED'000	2015 AED'000
Cash in hand	**14,725**	12,643
Fixed deposits	**73,067**	44,533
Call deposits and current accounts	**347,708**	541,719
Cash in hand and at bank	**435,500**	598,895
Less: fixed deposits with maturity of more than 3 months	**(8,600)**	(8,301)
Cash and cash equivalents	**426,900**	590,594

Fixed deposits are obtained at prevailing market interest rates.

19. Payables and accruals

	2016 AED'000	2015 AED'000
Trade payables	**78,102**	64,321
Capital work in progress accruals	**256,658**	379,122
Accruals	**352,917**	352,983
Current portion of a long term liability (refer note 22(ii))	**9,120**	11,427
Current portion of a finance lease liability (refer note 22(iii))	**28,842**	27,688
Unearned rental income	**802,541**	683,323
Retention from contractor payments	**151,555**	194,119
Tenant related deposits	**578,055**	573,253
Tenant related advances	**152,122**	188,640
Tax payable	**49,242**	45,413
Others	**48,541**	49,015
	2,507,695	2,569,304

20. Provisions

	At 1 January 2016 AED'000	Charge / transfers AED'000	Transfers / payments / write backs AED'000	**At 31 December 2016 AED'000**
Provision for bonus (refer note (i) below)	68,178	98,504	(77,663)	**89,019**
Long-term portion	(19,210)	(2,277)	10,719	**(10,768)**
Current portion of bonus provision	48,968	96,227	(66,944)	**78,251**
Other provisions	32,449	43,960	(33,043)	**43,366**
	81,417	140,187	(99,987)	**121,617**

(i) Long-term portion of bonus provision represents the deferred bonus plan for senior management staff, shown under non-current liabilities. Bonus pay-out related to the short term portion for bonus is expected by the end of April 2017.

20.1 Provision for staff terminal benefits

	2016 AED'000	2015 AED'000
At 1 January	**69,777**	63,140
Charge during the year	**29,800**	17,946
Payments/transfers during the year	**(16,864)**	(11,309)
At 31 December	**82,713**	69,777

21. Loans and borrowings

	2016 AED'000	2015 AED'000
Long-term portion of external loans (refer note 21.1)	**2,859,482**	4,750,313
Long-term portion of related party loans (refer note 21.2)	**5,251,580**	4,372,446
At 31 December	**8,111,062**	9,122,759

	2016 AED'000	2015 AED'000
Bank overdraft	**55,526**	-
Current portion of external loans (refer note 21.1)	**1,636,103**	65,309
Current portion of related party loans (refer note 21.2)	**-**	131,544
At 31 December	**1,691,629**	196,853

21.1 Loans and borrowings – external

	2016 AED'000	2015 AED'000
At 1 January	**4,846,227**	2,667,901
Borrowed during the year	**277,983**	415,443
Loan adjusted against related party loan	**-**	1,829,154
Repaid during the year	**(65,305)**	(24,148)
Currency translation adjustment	**(547,305)**	(42,123)
At 31 December	**4,511,600**	4,846,227
Net unamortized transaction costs incurred	**(16,015)**	(30,605)
	4,495,585	4,815,622
Current maturity of long term loans	**(1,636,103)**	(65,309)
Long-term portion at 31 December	**2,859,482**	4,750,313

The details of long term loans are set out below:

Loan facility In thousands	**Loan balance 2016 AED '000**	Loan balance 2015 AED '000	Repayment Interval	Repayment Commencement	Original Maturity date
USD 53,200 (AED 195,404) and LBP 170,633,264 (AED 418,052)	**528,839**	570,974	Annual (refer note (a)) & Half-yearly	05-Nov-15 20-Mar-16	05-May-22 20-Sep-22
AED 225,000	**154,800**	177,975	Half-yearly (refer note (b))	29-Sep-13	29-Mar-21
USD 900,000 (AED 3,305,700)	**3,305,700**	3,305,700	Bullet payment (refer note (c))	NA	07-Feb-17 & 03-Nov-25
EGP 3,000,000 (AED 607,500)	**522,261**	791,578	Unequal instalments every year (refer note (d))	26-Jul-17	28-Apr-26
	4,511,600	4,846,227			

These loans are obtained at margins ranging from 1.1% to 3.5% (2015: 1.5% to 3.5%) over the base lending rate, whilst Sukuk is fixed at 5.85% and 4.5% respectively (2015: 5.85% and 4.5%). 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.

21. Loans and borrowings (continued)

21.1 Loans and borrowings – external (continued)

a) The loan facilities of LBP 170.6 billion (AED 418.1 million) and USD 53.2 million (AED 195.4 million) were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which the shopping mall is constructed and assignment of lease rentals of the shopping mall. The repayments of the loan principal are scheduled from November 2015.

b) During 2011, a loan facility of AED 225 million was obtained by a subsidiary in the UAE. The facility is secured by way of a first degree mortgage over land and building of a shopping mall in the UAE, assignment of insurance policies of the property and lease rentals of the shopping mall.

c) In February 2012 MAFP Group had issued five year Sukuk certificates ("bonds") under its USD 1 billion Sukuk program (structured as a "Wakala"), raising USD 400 million (AED 1,469.2 million). The five year senior unsecured bonds issued in 2012 under this program are listed on the London Stock Exchange and on the NASDAQ Dubai, UAE. The terms of the arrangement include transfer of ownership of certain identified assets (the “Wakala assets”) of the MAFP Group to a Special Purpose Vehicle, MAF Sukuk Ltd. (the “Issuer”), formed for the issuance of bonds. In substance, the Wakala assets remain in control of MAFP Group and shall continue to be serviced by MAFP Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 5.85% per annum on a semi-annual basis to be serviced from returns generated from the Wakala assets. Also refer note 25.3.1.

   In 2015, the size of the Sukuk Trust Certificate Issuance Program was increased to USD 1.5 billion and the structure of the Program was amended to incorporate a Commodity Murabaha Investment option within the “Wakala” structure.

   In November 2015, MAFP Group issued ten year Sukuk certificates (“bonds”) under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,836.5 million). The ten year senior unsecured bonds issued in November under this program are listed on the NASDAQ Dubai, UAE and on the Irish Stock Exchange. The terms of the arrangement include payment to MAFP Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the “Wakala Portfolio”.

   In substance, the Wakala Portfolio remains in control of MAFP Group and shall continue to be serviced by MAFP Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 4.5% per annum on a semi-annual basis to be serviced from returns generated from the Wakala Portfolio.

   The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Irish Stock Exchange and on NASDAQ Dubai, UAE.

d) In 2013, a loan facility of EGP 3 billion (AED 607.5 million) was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall and secured through assignment of lease proceeds and insurance contracts. The loan obtained by a subsidiary in Egypt is initially recognised at the consideration received less directly attributable transaction costs. Subsequently, the loan is measured at amortized cost using the effective interest method.

e) The carrying value of properties mortgaged against the above loans aggregates to AED 2,084.7 million at 31 December 2016 (2015: AED 1,300.5 million). Refer note 12(xii).

21. Loans and borrowings (continued)

21.2 Loans and borrowings - related parties

	2016	2015
	AED'000	AED'000
At 1 January	**4,503,990**	5,542,636
Interest payable to MAFH converted to long term loan	**57,385**	43,874
Borrowed during the year	**2,571,055**	1,367,968
Coupon payable to MAFH adjusted against long term loan (refer notes 17(iv) and 24.2.2)	**220,000**	220,000
Inter-company adjustment (refer note 17(v))	**159,041**	-
Net external loan adjusted against related party loan	**-**	(1,829,154)
Repaid during the year	**(2,244,309)**	(841,032)
Currency translation adjustment	**(15,582)**	(302)
At 31 December	**5,251,580**	4,503,990
Current maturity of long term loan	**-**	(131,544)
Long-term portion	**5,251,580**	4,372,446

The above balance comprises of a loan obtained by the MAFP Group (2015: two loans) as at the reporting date.

The total balance of AED 5,251.6 million (2015: AED 4,372.4 million) relates to the loan received from MAFH. Effective 15 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. The loan agreement is valid for a period of four years from April 2014, to be renewed annually at the option of both parties. However, as the loan will not be called upon twelve months from the reporting date, it has been classified as long-term in these consolidated financial statements.

An amount of AED 131.5 million was received from MAF for Installation and Management of Hypermarkets S.A.E., a related party, based on an agreement between it and a subsidiary of the Company. On 20 October 2015, the agreement was amended to increase the loan amount from EGP 150 million to EGP 300 million. In the current year this loan was settled against the loan payable to MAFH.

22. Other long term liabilities

	2016	2015
	AED'000	AED'000
Deferred liability (refer note (i))	**2,941**	3,683
Other liability (refer note (ii))	**10,621**	19,450
Finance lease liability (refer note (iii))	**143,184**	60,717
	156,746	83,850

(i) This represents the amount payable in relation to the termination of a contract with a hotel operator in the UAE.

(ii) The balance represents the net present value of the liability to a Government entity for the Metro naming rights, which has been booked as follows. Also refer note 15.

	2016	2015
	AED'000	AED'000
At 1 January	**30,877**	57,290
Interest accrued during the year	**1,205**	2,151
Less: payment made during the year	**(12,341)**	(28,564)
At 31 December	**19,741**	30,877
Current maturity (refer note 19)	**(9,120)**	(11,427)
Long term portion	**10,621**	19,450

22. Other long term liabilities (continued)

(iii) Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2016	2015	**2016**	2015	**2016**	2015
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Less than one year	**43,794**	33,434	**14,952**	5,746	**28,842**	27,688
Between one and five years	**85,955**	31,289	**56,587**	11,434	**29,368**	19,855
More than five years	**296,745**	128,921	**182,929**	88,059	**113,816**	40,862
At 31 December	**426,494**	193,644	**254,468**	105,239	**172,026**	88,405
Current maturity (refer note 19)	**(43,794)**	(33,434)	**(14,952)**	(5,746)	**(28,842)**	(27,688)
Long term portion	**382,700**	160,210	**239,516**	99,493	**143,184**	60,717

The imputed finance cost on the liability was determined based on the Company's subsidiaries incremental borrowing rate (9.5%-9.6%). Refer notes 12(ii) and 12(ix).

23. Taxes

23.1 Tax charges

MAFP Group is subject to income tax due to its operations in Oman, Egypt and Lebanon.

Tax (expense) / credit recognized in profit or loss

	2016	2015
	AED'000	AED'000
Current tax expense		
- Current year	**(29,792)**	(20,840)
- Adjustment for prior years	**(165)**	(193)
	(29,957)	(21,033)
Deferred tax credit / (expense)		
- Origination and reversal of temporary differences	**42,508**	(109,915)
	42,508	(109,915)
Tax credit / (charge)	**12,551**	(130,948)

MAFP Group believes that accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Reconciliation of effective tax rate

		2016		2015
		AED'000		AED'000
Profit before tax from continuing operations		**2,347,173**		3,657,791
Income tax using the Company's domestic tax rate	**0.00%**	**-**	0.00%	-
Effect of tax rates in foreign jurisdictions	**1.19%**	**(28,003)**	0.49%	(18,036)
Non-deductible expenses	**0.07%**	**(1,789)**	0.07%	(2,706)
Change in recognized deductible temporary differences	**1.81%**	**42,508**	3.01%	(110,013)
Change in estimates related to prior years	**0.01%**	**(165)**	0.01%	(193)
	0.53%	**12,551**	3.58%	(130,948)

23. Taxes (continued)

23.2 Deferred tax liabilities

	2016 **AED'000**	2015 AED'000
At 1 January	**197,752**	91,683
(Charged) / credit to profit or loss	**(42,907)**	102,504
Reclassified from deferred tax asset/reversed during the year	**2**	12,969
Foreign currency translation difference from foreign operations	**(84,623)**	(9,404)
At 31 December	**70,224**	197,752

Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains/losses on properties in Oman, Egypt and Lebanon. The tax rates in these countries are 12%, 22.5% and 10% respectively (2015: 12%, 22.5% and 10% respectively). The corresponding valuation gain or loss has been recognised in profit or loss. Accordingly, the resulting net deferred tax expense / (credit) has been recognized in profit or loss.

23.3 Deferred tax assets

	2016 **AED'000**	2015 AED'000
At 1 January	**9,391**	4,154
Debited to profit or loss	**(399)**	(7,411)
Foreign currency translation difference from foreign operations	**-**	(321)
Transferred from deferred tax liability	**2**	12,969
At 31 December	**8,994**	9,391

24. Share capital and reserves

24.1 Share capital

	2016 **AED'000**	2015 AED'000
Authorised, issued and fully paid:		
3,500,000 shares of AED 1,000 each	**3,500,000**	3,500,000
At 31 December	**3,500,000**	3,500,000

24.2 Shareholder contribution

	2016 **AED'000**	2015 AED'000
Subordinated capital loan instruments (refer note 24.2.1)	**2,750,000**	2,750,000
Contribution from MAFH (refer note 24.2.3)	**188,430**	188,430
At 31 December	**2,938,430**	2,938,430

24.2.1 Subordinated capital loan instruments

In 2009, the Company issued subordinated capital loan instruments of AED 2,500 million in five loan instruments of AED 500 million each. During 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. The hybrid instruments carry a coupon payment, payable semi-annually, at a fixed rate of 8% per annum up to 7 October 2019 and at a floating rate of EIBOR + 5% thereafter.

24. Share capital and reserves (continued)

24.2 Shareholder contribution (continued)

24.2.1 Subordinated capital loan instruments (continued)

The hybrid instruments have a first par call date on 7 October 2019, at the election of the Company, without any obligation. 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 the 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 were accounted for as equity instruments. The hybrid instruments were subscribed to through a debt to equity swap transaction.

24.2.2 Coupons

In the current and previous year the Company declared a coupon of AED 220 million on these instruments. The coupon was calculated at the rate of 8% per annum on the amount outstanding for the 12 month period from 6 October 2015 to 5 October 2016 and 6 October 2014 to 5 October 2015 respectively. In the current and previous year the coupon was adjusted against long term loan payable to MAFH (refer notes 17(iv) and 21.2).

24.2.3 Contribution from MAFH

In 2012, MAFP 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 inter-company 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 188.4 million at the time of novation. MAFH waived its contractual obligation of recovering the liability from MAFP Group and accordingly this balance was classified within shareholder contribution.

24.3Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment, including the accumulated revaluation reserve in respect of any properties that were reclassified to investment property.

24.4 Statutory reserve

In accordance with the Articles of Association of companies in MAFP 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 utilised only in the manner specified under the relevant laws and is not available for distribution. During the year, AED 297.1 million (2015: AED 237.2 million) has been transferred to this reserve.

24.5 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations. During the current year the Central Bank of Egypt floated its tightly controlled currency which led to a sharp devaluation of the Egyptian Pound. As MAFP Group has significant net assets denominated in Egyptian Pound, the devaluation has resulted in a significant impact on the currency translation reserve in the current year.

25. Financial instruments

Financial assets of MAFP Group include cash at bank and in hand, receivables and amounts due from related parties. Financial liabilities of MAFP Group include amounts due to related parties, loans, bank overdrafts, payables and provisions. Accounting policies for financial assets and liabilities are set out in note 3.

25.1 Financial risk management objectives and policies

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 risk management that is in place to safeguard the interest of shareholders.

The main risks arising from MAFP 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 centralised treasury function of MAFH on behalf of the Company.

25.2 Credit risk

Credit risk is the risk of financial loss to MAFP Group if the counter-party fails to meet its contractual obligations and arises principally from MAFP Group's receivables.

The entities in MAFP Group have credit policies in place and the exposure to credit risk is monitored on an on-going basis. A majority of MAFP Group's income is by way of cash and 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 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 as at the reporting date and consider them to be recoverable. Due from related parties (net of provisions) are considered recoverable by management.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 **AED'000**	2015 AED'000
Trade receivables	**277,190**	224,861
Other receivables	**32,975**	20,756
Cash at bank	**420,775**	586,252
Long term receivables	**67,557**	116,741
Short term loan to a related party	**23,994**	-
Due from related parties	**65,142**	34,165
At 31 December	**887,633**	982,775

25. Financial instruments (continued)

25.3 Liquidity risk

Liquidity risk is the risk that MAFP Group will not be able to meet its financial obligations as they fall due. MAFP Group's approach to managing liquidity is to ensure, in so far as it is reasonably possible, that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to MAFP Group's reputation. MAFP Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and credit facilities.

At 31 December 2016

	Carrying amount AED'000	Contractual cash flows AED'000	6 months or less AED'000	6-12 months AED'000	1-2 years AED'000	2-5 years AED'000	More than 5 years AED'000
Secured loans and borrowings	**1,205,900**	**1,994,301**	**170,315**	**139,468**	**255,581**	**841,798**	**587,139**
Unsecured loans and borrowings	**3,305,700**	**4,045,232**	**1,519,355**	**41,321**	**82,643**	**247,928**	**2,153,985**
Bank overdraft	**55,526**	**55,550**	**55,550**	**-**	**-**	**-**	**-**
Total external borrowings	**4,567,126**	**6,095,083**	**1,745,220**	**180,789**	**338,224**	**1,089,726**	**2,741,124**
Related party loans	**5,251,580**	**5,746,861**	**109,663**	**116,811**	**5,520,387**	**-**	**-**
Payables and accruals	**1,809,394**	**2,064,979**	**876,811**	**791,404**	**26,557**	**56,204**	**314,003**
Due to related parties	**11,159**	**11,159**	**5,580**	**5,579**	**-**	**-**	**-**
Total	**11,639,259**	**13,918,082**	**2,737,274**	**1,094,583**	**5,885,168**	**1,145,930**	**3,055,127**

At 31 December 2015

	Carrying amount AED'000	Contractual cash flows AED'000	6 months or less AED'000	6-12 months AED'000	1-2 years AED'000	2-5 years AED'000	More than 5 years AED'000
Secured loans and borrowings	1,540,527	2,424,047	93,286	110,365	265,949	957,449	996,998
Unsecured loans and borrowings	3,305,700	4,261,048	84,295	84,295	1,594,817	247,928	2,249,713
Total external borrowings	4,846,227	6,685,095	177,581	194,660	1,860,766	1,205,377	3,246,711
Related party loans	4,503,990	5,434,009	211,451	93,570	209,877	4,919,111	-
Payables and accruals	1,849,369	1,957,656	936,715	836,247	39,442	15,134	130,118
Due to related parties	53,382	54,804	27,402	27,402	-	-	-
Total	11,252,968	14,131,564	1,353,149	1,151,879	2,110,085	6,139,622	3,376,829

25. Financial instruments (continued)

25.3 Liquidity risk (continued)

25.3.1 Funding and liquidity

At 31 December 2016, MAFP Group has net current liabilities of AED 2,997.1 million (2015: AED 1,757.1 million) which includes loans and borrowings maturing in the short-term of AED 1,691.6 million (2015: AED 196.8 million). To meet the above commitments, MAFP Group has access to sufficient committed facilities from MAFH and banks. Subsequent to 31 December 2016, MAFH has repaid, on behalf of MAFP Group, the five year Sukuk certificates maturing in February 2017 of USD 400 million (AED 1,469 million). Refer note 21.1 (c). Furthermore, at 31 December 2016, MAFP Group is in compliance with all covenants under its borrowing facilities. On the basis of the above, management has concluded that MAFP Group will be able to meet its financial commitments in the foreseeable future.

25.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect MAFP Group's income or the value of its holdings of financial instruments. MAFP Group seeks to apply hedge accounting to manage volatility in its profit or loss in relation to its exposure to interest rate risk.

25.4.1 Foreign currency risk

A significant portion of MAFP Group's foreign currency borrowings and balances are denominated in US Dollar ("USD") and other currencies linked to USD. Hence, MAFP Group's exposure to any foreign currency risk is not significant

25.4.2 Interest rate risk

As mentioned in note 25.1, interest rate risk is managed by MAFH on behalf of the Company within the framework of the interest rate risk management policy. MAFH adopts a policy of maintaining a target duration on its liability portfolio of about half year to three years. This is achieved through cash and / or by using IAS 39 compliant derivative financial instruments. At the reporting date the interest rate profile of MAFP Group's interest-bearing financial instruments was:

	2016 **AED'000**	2015 AED'000
Variable rate instruments		
Financial liabilities (loans and borrowings)	**(6,496,991)**	(6,013,912)
Financial assets (long term receivable from minority shareholder)	**19,061**	17,526
At 31 December	**(6,477,930)**	(5,996,386)
Fixed rate instruments		
Financial assets (fixed deposits)	**73,067**	44,034
Financial liabilities (loans)	**(3,305,700)**	(3,305,700)
Financial liabilities (finance lease liabilities)	**(172,026)**	(88,405)
Financial liabilities (other long term liabilities)	**(22,682)**	(34,560)
At 31 December	**(3,427,341)**	(3,384,631)

25. Financial instruments (continued)

25.4 Market risk (continued)

25.4.2 Interest rate risk (continued)

Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity of MAFP Group's profit before tax and MAFP Group's equity to a reasonably possible change in interest rates, assuming all other variables in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2015.

AED'000	Increase / (decrease) in basis points	Effect on profit or loss 2016	Effect on profit or loss 2015	Effect on other comprehensive income 2016	Effect on other comprehensive income 2015
Variable rate instrument	+100	**(58,301)**	(53,967)	-	-
Cash flow sensitivity (net)		**(58,301)**	(53,967)	-	-
Variable rate instrument	-100	**58,301**	53,967	-	-
Cash flow sensitivity (net)		**58,301**	53,967	-	-

25.5 Fair values

The management believes that the fair value of the financial assets and liabilities, except for the investment in Sukuk certificates, at the reporting date are not materially different from the carrying amounts and hence, not measured at fair value.

The Sukuk certificates are carried at Level 2 (2015: Level 2) of the fair value hierarchy. At 31 December 2016, the fair value is AED 1,476 million (2015: AED 1,520 million) for Sukuk certificates maturing in 2017 and AED 1,870 million (2015: AED 1,823 million) for Sukuk certificates maturing in 2025.

25.6 Capital management

The primary objective of MAFP Group's capital management is to ensure that it maintains healthy capital and liquidity ratios in order to support its operations and future developments.

The following ratios are used to monitor the business performance:
(i) Net debt to equity ratio
(ii) Interest coverage ratio
(iii) Debt service coverage ratio

These ratios are monitored in accordance with MAFH's capital management policy.

	2016 AED'000	2015 AED'000
Loans and borrowings	**9,802,691**	9,319,612
Total debt	**9,802,691**	9,319,612
Share capital	**3,500,000**	3,500,000
Shareholder contribution	**2,938,430**	2,938,430
Revaluation reserve	**14,407,306**	14,268,688
Other reserves	**11,326,887**	10,552,265
Total equity attributable to owners of the Company	**32,172,623**	31,259,383
Gearing ratio	**30%**	30%

25. Financial instruments (continued)

25.6 Capital management (continued)

MAFP Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratios. Apart from these requirements neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

26. Capital commitments

	2016	2015
	AED'000	AED'000
Capital commitments of MAFP Group	**2,329,242**	2,664,716
MAFP Group's share of capital commitments in relation to its equity accounted investees.	**728,873**	731,454
	3,058,115	3,396,170

27. Contingent liabilities

MAFP Group is contingently liable in respect of corporate guarantees of AED 1,311.3 million (31 December 2015: AED 2,059.1 million) to various banks against borrowings obtained by MAFH. MAFP Group has also co-guaranteed hybrid perpetual note instruments of AED 1,836.5 million (31 December 2015: AED 1,836.5 million) and bonds issued under the Global Medium Term Note (GMTN) Program of AED 4,774.9 million (31 December 2015: AED 3,673 million) that have been issued by a subsidiary of MAFH (refer note 17(iii)). Furthermore, MAFP Group has provided other operational guarantees of AED 3.7 million (2015: AED 4.6 million).

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 MAFP Group’s legal counsel and information presently available, management believes there is no significant exposure that may result in a significant cash outflow for MAFP Group.

28. Subsequent events

There has been no significant event subsequent to 31 December 2016 up to the date of authorisation of the consolidated financial statements on 15 February 2017 which would have a material effect on these consolidated financial statements.

29. Operating leases

Leases as lessor

MAFP Group leases out its properties under operating leases. Minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	AED’000	AED’000
Less than one year	**3,886,030**	2,628,620
Between one and five years	**9,754,833**	6,403,464
More than five years	**1,185,351**	1,366,124
Total	**14,826,214**	10,398,208

29. Operating leases (continued)

Leases as lessee

Minimum lease payments under non-cancellable operating leases are as follows:

	2016 **AED'000**	2015 AED'000
Less than one year	**7,453**	7,452
Between one and five years	**25,833**	27,422
More than five years	**23,445**	23,445
Total	**56,731**	58,319

Above lease payments as lessee represent MAFP Group commitments for staff accommodation and office premises. In addition to this MAFP Group also enters into operating leases, which typically run for a period of one year with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

30. List of joint ventures

The consolidated financial statements include MAFP Group's share of the results of the following joint venture companies:

Joint ventures	Country of incorporation / origin	Effective Ownership %
Active joint ventures		
Sharjah Holding Co. PJSC	UAE	50%
Al Mamzar Islands Developments LLC	UAE	50%
Al Mouj Muscat S.A.O.C	Oman	50%
Waterfront City SARL	Lebanon	50%
The Egypt Emirates Malls Group S.A.E	Egypt	50%
Dormant joint ventures		
Aya Real Estate Investment BSC	Bahrain	50%
Arzanah Mall LLC	UAE	50%
Yenkit Tourism Development LLC	Oman	60%
Bab Al Madina for Development and Management of Business Centers Company LLC	Libya	50%

Refer note 14.1 for summarised financial information in respect of MAFP Group's interest in the joint ventures. There was no change in the effective ownership as compared to last year.

31. List of Subsidiaries

Shares of certain subsidiary companies are held by subsidiaries of MAFH for the beneficial interest of MAFP Group. There was no change in the effective ownership as compared to last year.

The consolidated financial statements include the results of the following subsidiaries:

Subsidiaries	Country of incorporation / origin	Effective Ownership %
Active subsidiaries		
Majid Al Futtaim Investments Mirdif LLC	UAE	100%
MAM Investments LLC	UAE	100%
Majid Al Futtaim Properties Lebanon LLC	UAE	100%

31. List of Subsidiaries (continued)

Subsidiaries	Country of incorporation / origin	Effective Ownership %
Active subsidiaries (continued)		
Fujairah City Centre Investment Company LLC	UAE	62.5%
Majid Al Futtaim Properties Saudia LLC	UAE	100%
Majid Al Futtaim Properties Al Riyadh LLC	UAE	100%
Majid Al Futtaim Hospitality LLC	UAE	100%
Majid Al Futtaim Developments LLC	UAE	100%
Majid Al Futtaim Shopping Malls LLC	UAE	100%
Majid Al Futtaim Properties Asset Management LLC	UAE	100%
Majid Al Futtaim Shopping Malls Investments LLC	UAE	100%
Majid Al Futtaim Communities Investments LLC	UAE	100%
Majid Al Futtaim Hospitality Investments LLC	UAE	100%
Majid Al Futtaim Shopping Malls Operation LLC	UAE	100%
Majid Al Futtaim Communities Operation LLC	UAE	100%
Majid Al Futtaim Hospitality Operation LLC	UAE	100%
Majid Al Futtaim Emirati Shopping Malls Investments LLC	UAE	100%
Majid Al Futtaim Emirati Communities Investments LLC	UAE	100%
Majid Al Futtaim Emirati Hospitality Investments LLC	UAE	100%
Majid Al Futtaim Emirati Shopping Malls Operation LLC	UAE	100%
Majid Al Futtaim Emirati Communities Operation LLC	UAE	100%
Majid Al Futtaim Emirati Hospitality Operation LLC	UAE	100%
Majid Al Futtaim Investment Contributions LLC	UAE	100%
Majid Al Futtaim Shopping Malls Investments A R E LLC	UAE	100%
Majid Al Futtaim Real Estate Investments LLC	UAE	100%
Majid Al Futtaim Shopping Centre LLC	Oman	100%
Majid Al Futtaim Commercial Facilities LLC	Oman	100%
International Property Services LLC	Oman	100%
Majid Al Futtaim Properties Co. Oman LLC	Oman	100%
Majid Al Futtaim Shopping Centers LLC	Oman	100%
Majid Al Futtaim Commercial Centre LLC	Oman	100%
Majid Al Futtaim Properties Egypt SAE	Egypt	100%
Majid Al Futtaim Properties Bahrain BSC	Bahrain	100%
MAF Lebanon for Commercial and Real Estate Investment SARL	Lebanon	100%
MAF Lebanon Holding SAL	Lebanon	100%
Suburban Development Company SAL	Lebanon	96.8%
Majid Al Futtaim Properties Lebanon Holding SAL	Lebanon	100%
Majid Al Futtaim Properties Management Services SARL	Lebanon	100%
Majid Mohamed Al Futtaim Properties LLC	Saudi Arabia	100%
Aswaq Al Narjis Trading LLC	Saudi Arabia	100%
Majid Mohamed Al Futtaim Trading LLC	Saudi Arabia	100%
Majid Mohamed Al Futtaim Real Estate Development LLC	Saudi Arabia	100%
Mabanee Al Fanar Trading JSC	Saudi Arabia	100%
Aswaq Al Emarat Trading CJSC	Saudi Arabia	85%
Majid Mohd Al Futtaim Properties Asset Management LLC	Saudi Arabia	100%
Majid Al Futtaim Shopping Malls KSA	Saudi Arabia	100%
Majid Al Futtaim Shopping Malls Projects LLC	UAE	100%

31. List of Subsidiaries (continued)

Subsidiaries	Country of incorporation / origin	Effective Ownership %
Active subsidiaries (continued)		
Majid Al Futtaim Shopping Malls Development LLC	UAE	100%
Majid Al Futtaim Commercial Centers LLC	UAE	100%
Majid Al Futtaim City Centre Meaisem LLC	UAE	100%
Majid Al Futtaim Shopping Malls Meaisem FZ LLC	UAE	100%
Majid Al Futtaim My City Centre Al Barsha FZ LLC	UAE	100%
Majid Al Futtaim Mall Of The Emirates LLC	UAE	100%
Majid Al Futtaim City Centre Al Shindagha Co LLC	UAE	100%
Majid Al Futtaim City Centre Deira LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Co. LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha First LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Second LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Third LLC	UAE	100%
Majid Al Futtaim Hospitality Barsha Fourth LLC	UAE	100%
Majid Al Futtaim Hospitality Al Rigga LLC	UAE	100%
Majid Al Futtaim Hospitality Al Zahia LLC	UAE	100%
Majid Al Futtaim Hospitality Mirdif First LLC	UAE	100%
Majid Al Futtaim Hospitality Mirdif LLC	UAE	100%
Majid Al Futtaim Hospitality Deira LLC	UAE	100%
Majid Al Futtaim Hospitality Deira First LLC	UAE	100%
Majid Al Futtaim Hospitality Deira Second LLC	UAE	100%
New subsidiaries incorporated in the current year:		
Majid Al Futtaim Urban Development LLC	UAE	100%
Majid Al Futtaim Commercial Investments LLC	UAE	100%
Majid Al Futtaim Shopping Malls Incorporation LLC	UAE	100%
Majid Al Futtaim Urban Development First LLC	UAE	100%
Majid Al Futtaim Commercial Centres Investments LLC	UAE	100%
Dormant subsidiaries		
MAF Technological Systems LLC	UAE	100%
Bab Al Madinah Company Property Investment Limited	Yemen	51%
Societe Tunisia WIFEK	Tunisia	100%

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Independent Auditors' Report

The Shareholders
Majid Al Futtaim Properties LLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Majid Al Futtaim Properties LLC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 2 of 2015, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

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;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) as disclosed in note 14.1 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2015;

vi) note 17 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

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 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 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 2015.

KPMG Lower Gulf Limited

Date: 02 MAR 2016

Consolidated statement of profit or loss
For the year ended 31 December 2015

	Note	2015 AED'000	2014 AED'000
Revenue	6	**4,090,866**	3,858,524
Operating expenses	7	**(1,890,295)**	(1,776,468)
Other expenses - net	9	**(32,934)**	(77,548)
Impairment reversal / (provision)	10	**56,997**	(135,332)
Share of (loss)/ profit from joint ventures and associate - net	14	**(42,949)**	41,579
Finance income	8.1	**15,645**	15,400
Finance costs	8.2	**(282,905)**	(329,290)
Profit before net valuation gain on land and buildings and tax		**1,914,425**	1,596,865
Net valuation gain on land and buildings	12(i)	**1,743,366**	1,229,000
Profit for the year before tax		**3,657,791**	2,825,865
Income tax charge - net	23.1	**(130,948)**	(50,851)
Profit for the year		**3,526,843**	2,775,014
Profit attributable to:			
Owners of the Company		**3,506,375**	2,756,038
Non-controlling interest		**20,468**	18,976
		3,526,843	2,775,014

The notes on pages 13 to 65 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 and 4.

Consolidated statement of other comprehensive income
For the year ended 31 December 2015

	Note	2015 AED'000	2014 AED'000
Profit for the year		**3,526,843**	2,775,014
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net revaluation gain on land and buildings	11(i)	**280,613**	540,162
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences from foreign operations		**(142,026)**	(39,708)
Other comprehensive income for the year, net of tax		**138,587**	500,454
Total comprehensive income for the year		**3,665,430**	3,275,468
Total comprehensive income attributable to:			
Owners of the Company		**3,644,842**	3,256,098
Non-controlling interest		**20,588**	19,370
		3,665,430	3,275,468

The notes on pages 13 to 65 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 and 4.

Consolidated statement of financial position
As at 31 December 2015

	Note	2015 AED'000	2014 AED'000
Non-current assets			
Property, plant and equipment	11	**4,933,407**	4,263,804
Investment property	12	**36,319,714**	31,344,021
		41,253,121	35,607,825
Other non-current assets			
Investments in joint ventures and associate	14	**1,099,178**	1,132,332
Long term receivables from related parties	17.1.3	**116,741**	79,779
Long term receivables	16.3	**351,800**	472,124
Intangible asset	15	**72,855**	92,729
Deferred tax asset	23.3	**9,391**	4,154
		1,649,965	1,781,118
Current assets			
Development property	13	**-**	797,771
Inventories		**25,387**	21,416
Receivables and prepayments	16	**435,660**	358,978
Due from related parties	17.1.1	**35,588**	124,384
Cash in hand and at bank	18	**598,895**	474,841
		1,095,530	1,777,390
Current liabilities			
Payables and accruals	19	**2,569,304**	2,313,853
Provisions	20	**81,417**	117,268
Due to related parties	17.1.2	**54,804**	91,306
Loans and borrowings	21	**196,853**	5,601,764
		2,902,378	8,124,191
Net current liabilities		**(1,806,848)**	(6,346,801)
Non-current liabilities			
Loans and borrowings	21	**9,134,213**	2,621,460
Other long term liabilities	22	**83,850**	119,219
Deferred tax liabilities	23.2	**197,752**	91,683
Long term portion of provision for bonus	20	**19,210**	634
Provision for staff terminal benefits	20.1	**69,777**	63,140
		9,504,802	2,896,136
Net assets		**31,591,436**	28,146,006

Consolidated statement of financial position (continued)
As at 31 December 2015

	Note	2015 AED'000	2014 AED'000
Equity:			
Share capital	24.1	**3,500,000**	3,500,000
Shareholder contribution	24.2	**2,938,430**	2,938,430
Revaluation reserve	24.3	**14,268,688**	13,988,075
Other reserves		**10,552,265**	7,408,036
Equity attributable to owners of the Company		**31,259,383**	27,834,541
Non-controlling interest		**332,053**	311,465
Total equity		**31,591,436**	28,146,006

The notes on pages 13 to 65 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 and 4.

By Order of the Board on 2 March 2016.

Chief Executive Officer - Majid Al Futtaim Holding LLC
on behalf of the Corporate Executive Committee (CEC)

Chief Financial Officer

Consolidated statement of cash flows
For the year ended 31 December 2015

	Note	2015 AED'000	2014 AED'000
Operating activities			
Profit for the year after tax		**3,526,843**	2,775,014
Adjustments for:			
Finance income	8.1	**(8,855)**	(15,400)
Finance cost	8.2	**277,510**	329,290
Net (reversal)/ provision for impairment	10	**(56,997)**	135,332
Net valuation gain on land and buildings	12(i)	**(1,743,366)**	(1,229,000)
Tax charge - net	23.1	**130,948**	50,851
Depreciation	11	**344,230**	325,934
Amortisation of intangible asset	15	**19,874**	19,874
Gain on disposal of property, plant and equipment and investment property	9	**(402)**	(992)
Fixed assets / project costs written off	9	**9,721**	3,828
Share of loss/(profit) in joint ventures and associate - net	14	**42,949**	(41,579)
Operating profit before working capital changes		**2,542,455**	2,353,152
Changes in:			
Inventories		**(3,971)**	85
Receivables and prepayments		**48,940**	56,239
Payables and accruals		**295,645**	392,039
Due (from) / to related parties		**34,702**	88,680
Provisions and employee benefits		**(10,638)**	3,353
Tax paid		**(38,199)**	(41,430)
Net cash from operating activities		**2,868,934**	2,852,118
Investing activities			
Additions to property, plant and equipment	11	**(780,836)**	(416,096)
Additions to investment property	12	**(2,661,064)**	(2,120,886)
Additions to development property	13	**-**	(721,666)
Proceeds from sale of fixed assets		**1,761**	4,239
Partial recovery of fully-impaired investment	10	**107,053**	-
Encashment of fixed deposits	18	**1,099**	8,370
Payment of liability for acquisition of intangible asset	22(ii)	**(28,564)**	(26,448)
Interest received		**7,563**	6,466
Net cash used in investing activities		**(3,352,988)**	(3,266,021)

Consolidated statement of cash flows (continued)
For the year ended 31 December 2015

	Note	2015 AED'000	2014 AED'000
Financing activities			
Long term loans received	21.1 & 21.2	**1,783,411**	2,565,560
Long term loans repaid	21.1 & 21.2	**(865,180)**	(1,796,521)
Finance costs paid		**(268,520)**	(283,013)
Net cash fromfinancing activities		**649,711**	486,026
Net increase in cash and cash equivalents		**165,657**	72,123
Cash and cash equivalents at beginning of the year		**430,431**	358,875
Currency translation effect on cash held		**(5,494)**	(567)
Cash and cash equivalents at end of the year		**590,594**	430,431
Cash and cash equivalents comprise:			
Cash in hand and at bank (excluding deposits of AED 8.3 million (2014: AED 9.4) with maturity of more than 3 months)	18	**590,594**	465,411
Less: bank overdraft	21	**-**	(34,980)
		590,594	430,431

The notes on pages 13 to 65 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 and 4.

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Attributable to the equity holders of the company								
				Other reserves					
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2014	3,500,000	2,938,430	13,447,913	4,436,150	771,846	(295,896)	24,798,443	76,585	24,875,028
Total comprehensive income for the year									
Profit for the year	-	-	-	2,756,038	-	-	2,756,038	18,976	2,775,014
Other comprehensive income									
Net revaluation gain on land and building (refer note 11(i))	-	-	540,162	-	-	-	540,162	-	540,162
Foreign currency translation differences from foreign operations	-	-	-	-	-	(40,102)	(40,102)	394	(39,708)
Total comprehensive income for the year	-	-	540,162	2,756,038	-	(40,102)	3,256,098	19,370	3,275,468
Transactions with owners of the Company, recorded directly in equity									
Contributions by and distributions to owners of the Company and other movements in equity									
Increase in non-controlling interest by way of land contribution	-	-	-	-	-	-	-	215,510	215,510
Transfer to statutory reserve (refer note 24.4)	-	-	-	(131,188)	131,188	-	-	-	-
Coupon declared (refer notes 24.2.2 & 17(iv))	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
Dividend declared (refer note 17(iv))	-	-	-	(13,000)	-	-	(13,000)	-	(13,000)
Other adjustments	-	-	-	13,000	-	-	13,000	-	13,000
Total contributions by and distributions to the owners of the Company	-	-	-	(351,188)	131,188	-	(220,000)	215,510	(4,490)
At 31 December 2014	3,500,000	2,938,430	13,988,075	6,841,000	903,034	(335,998)	27,834,541	311,465	28,146,006

Consolidated statement of changes in equity
For the year ended 31 December 2015 (continued)

	Attributable to the equity holders of the company								
				--------Other reserves--------					
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2015	3,500,000	2,938,430	13,988,075	6,841,000	903,034	(335,998)	27,834,541	311,465	28,146,006
Total comprehensive income for the year									
Profit for the year	-	-	-	3,506,375	-	-	3,506,375	20,468	3,526,843
Other comprehensive income									
Net revaluation gain on land and building (refer note 11(i))	-	-	280,613	-	-	-	280,613	-	280,613
Foreign currency translation differences from foreign operations	-	-	-	-	-	(142,146)	(142,146)	120	(142,026)
Total comprehensive income for the year	-	-	280,613	3,506,375	-	(142,146)	3,644,842	20,588	3,665,430
Transactions with owners of the Company, recorded directly in equity									
Contributions by and distributions to owners of the Company and other movements in equity									
Transfer to statutory reserve (refer note 24.4)	-	-	-	(237,246)	237,246	-	-	-	-
Coupon declared (refer notes 24.2.2 & 17(iv))	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
Total contributions by and distributions to the owners of the Company	-	-	-	(457,246)	237,246	-	(220,000)	-	(220,000)
At 31 December 2015	**3,500,000**	**2,938,430**	**14,268,688**	**9,890,129**	**1,140,280**	**(478,144)**	**31,259,383**	**332,053**	**31,591,436**

The notes on pages 13 to 65 form part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

Majid Al Futtaim Properties LLC ("the Company") was registered as a limited liability company in the Emirate of Dubai, United Arab Emirates ("UAE") on 5 February 1994.

The principal activities of the Company and its subsidiaries are investing in and operating and managing commercial projects including shopping malls, hotels, residential, leisure and entertainment and investing in joint ventures and associates. The Company and its subsidiaries are collectively referred to as "MAFP Group". The registered address of the Company is P.O. Box 60811, Dubai, UAE. The Company is a wholly owned subsidiary of Majid Al Futtaim Holding LLC ("MAFH"), which in turn is a wholly owned subsidiary of Majid Al Futtaim Capital LLC ("MAFC"), the ultimate holding entity. The registered address of MAFC is P.O. Box 91100, Dubai, UAE.

2. Basis of preparation

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

UAE Federal Law No 2 of 2015, being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on 1 April 2015 and has come into force on 1 July 2015. As companies are allowed until 30 June 2016 to ensure compliance with the new UAE Companies Law of 2015, per the transitional provisions contained therein, the Company and its UAE registered entities are deemed to be in compliance as at the reporting date.

These consolidated financial statements include the financial information of the Company and its subsidiaries (refer note 31) and its share of interests in joint ventures and associate (refer notes 14 and 31).

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 2 March 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured at fair value:

(i) investment properties; and
(ii) land and building of property, plant and equipment.

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency, and are rounded to the nearest thousands, except wherever stated otherwise.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of MAFP 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.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements

Information about critical judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements are described below:

(i) Accounting for dual use properties

Investment property is property held to either earn rental income or capital appreciation or for both. Certain properties of MAFP Group include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use by MAFP Group in the supply of services or for administrative purposes. Such properties are called "dual use properties"

Properties where portions can be sold or finance-leased separately

In the UAE, Law No. 27 of 2007 Regulating the Ownership of Jointly Owned Properties in the Emirate of Dubai ("the Strata Law") came into effect from 1 April 2008. Based on the terms of the Strata Law and clarification obtained by the MAFP Group from independent legal advisors, management is of the view that:

- it is possible to divide developed property, such as shopping malls, into separate units;
- strata title can validly be created within the shopping malls and individual units or parts may be sold or subject to long leases; and
- the Dubai Lands Department and the Strata Law both support the above concept.

In countries other than UAE, wherever similar laws exist, the respective properties are split between property, plant and equipment and investment properties based on the leasable value of each portion.

Properties where portions cannot be sold or finance-leased separately

Certain properties in the UAE have been developed on land held in the name of the majority shareholder for the beneficial interest of the Company.

In 2015, the title for the properties in the UAE that had been developed on land gifted by the Ruler of Dubai to the majority shareholder of the ultimate holding entity, has been registered with the Dubai Land Department in return for a fee paid by the Company, thereby, granting the Company freehold title to these plots. Accordingly, management is of the view that these properties can now be treated as those where portions can be sold or finance-leased separately (refer notes 11(iv) and 12(iv)).

Furthermore, due to legal restrictions in Oman, properties cannot currently be sold or finance-leased separately.

Accordingly the properties held in Oman cannot be split between property, plant and equipment and investment properties. Consequently, the entire property is classified as investment property only if an insignificant portion is held for own use.

MAFP Group estimates the level of own use of properties that cannot be sold or finance-leased separately using leasable value of the self-occupied and let out portions of the respective properties. 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.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements (continued)

(ii) Apportionment of fair values between land and buildings

Where the fair value of a property comprises the aggregate value of land and building, the fair value is apportioned between land and buildings based on the reinstatement cost of the building as computed by an external appraiser, unless another appropriate basis is available for allocation.

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 valuer or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the buildings and depreciated over the remaining useful lives of the respective buildings.

(iii) Classification of joint arrangement – refer note 3(a)(iii).

(iv) Lease classification – refer notes 3(c) and 22(iii).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in subsequent years are described below:

(v) Staff terminal benefits

MAFP Group's obligation to pay for staff terminal benefits qualifies as a defined benefit plan under IAS 19. MAFP Group's net liability in respect of staff terminal benefits is calculated by estimating the amount of future benefits that employees have earned in return for their services in the current and prior years, 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 MAFP Group's obligations. The principal assumptions for calculation of the provision for staff terminal benefits at the reporting date are as follows:

Discount rate	4%
Future salary increase	5%
Probability of employees staying for a full service period	75%

(vi) Provision for bad debts

Accounts receivables are monitored on a monthly basis for their status of recoverability. Bi-monthly receivables analysis and ageing review meetings are conducted by management.

Shopping Malls business

Past due debts are those debts which are outstanding beyond the agreed credit period. Account receivables are classified according to one of the three categories shown in the table below. The identification shall be on the basis of ageing of the overdue amount. Each ageing bucket is linked to a certain percentage of receivable amounts to be taken as provision. Such percentages reflect the best estimate of unresolved disputed items and potential bad debts. Disputed items may include those related to pricing, delivery quantity or service rendered, and discounts or allowances.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

(vi) Provision for bad debts (continued)

Category of debt	Past due (payment date)	Provision to be created
Good	1 - 30	0%
Doubtful	31 - 60	10%
Doubtful	61 - 90	20%
Doubtful	91 - 180	50%
Bad	Over 180	100%

Where accounts receivable is identified as doubtful or bad then a provision shall be created on the basis of the percentage mentioned above. Refer notes 16.1 and 16.2.

Furthermore, a provision for doubtful/bad debts 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 whether based on above percentage or specific cases will be recognized after netting off against 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.

Communities business

A payment schedule is defined for each customer which is based on construction milestones for the property unit. Uncertainty may arise regarding collectability of receivables if the same is outstanding for a long period and may get classified as doubtful or bad and accordingly a provision for the receivable balance is created.

With respect to cases where possession is already handed over to the customer and payment for the same is still outstanding, management assesses facts and circumstances on a case by case basis and considers an accelerated rate of provision or write off.

(vii) Recognition and measurement of provisions

Key assumptions about the likelihood and magnitude of an outflow of resources is explained in note 20.

(viii)Impairment test

Key assumptions underlying recoverable amounts, including the recoverability of development costs is explained in notes 3(l) and 10.

(ix) Measurement of fair values

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

When measuring the fair value, MAFP Group uses market observable data as far as possible. 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.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(ix) Measurement of fair values (continued)

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).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

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.

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11(vi) property, plant and equipment
- Note 12(viii) investment properties
- Note 4 determination of fair values

3. Significant accounting policies

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

Certain comparative amounts in the consolidated statement of financial position have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

These consolidated financial statements present the results of operations and financial position of MAFP Group for the year ended 31 December 2015.

(i) Subsidiaries

Subsidiaries are entities controlled by MAFP Group. MAFP 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 statements of subsidiaries are included in the consolidated financial statements on a line by line basis from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by MAFP Group.

The accounting year-end for all of MAFP Group's subsidiaries is 31 December.

(ii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or an investment depending on the level of influence retained.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Interests in equity-accounted investees

MAFP Group's interests in equity-accounted investees comprise interests in joint ventures and an associate.

Associates are those entities in which MAFP Group has significant influence, but no control or joint control, over the financial and operating policies. A joint venture is an arrangement in which MAFP Group has joint control, whereby MAFP Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

MAFP Group accounts for its interests in associates and joint ventures using the equity method which are recognized initially at cost including transaction costs.

The consolidated financial statements include MAFP Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of MAFP Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(iv) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in MAFP Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(v) Interest in other entities

MAFP 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, MAFP 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 London Stock Exchange and subsequently on NASDAQ Dubai and Irish Stock Exchange. Accordingly the results and the financial position of the structured entity are consolidated in these financial statements.

(vi) Transactions eliminated on consolidation

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

(vii) 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 MAFP 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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Business combinations involving entities under common control (continued)

MAFP 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 other comprehensive income of the acquired entities are added to the same components within MAFP Group's other comprehensive income. Any gain/loss arising is recognised directly in other comprehensive income. When a common control entity is sold or transferred, the cumulative amount in the translation reserve related to that entity is reclassified to profit or loss in line with the accounting policy on foreign operations (refer note 3(b)).

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of MAFP Group entities at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate 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 rate 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. Share capital is translated at historical rate. The income and expenses of foreign operations are translated into functional currency at average rates of exchange during the year.

Foreign exchange differences are recognised in other comprehensive income, and accumulated in the currency translation reserve except to the extent that the translation difference is allocated to non-controlling interest.

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. When MAFP Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When MAFP Group disposes off only part of its investment in an associate or joint venture that includes a foreign operation, 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 item form part of the net investment in the foreign operation. Accordingly such differences are recognised in other comprehensive income, and accumulated in the translation reserve in equity.

3. Significant accounting policies (continued)

(c) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, MAFP Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, MAFP Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If MAFP Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using MAFP Group's incremental borrowing rate.

Leased assets

Assets held by MAFP Group under leases that transfer to MAFP Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in MAFP Group's statement of financial position.

Lease payments

Lease payments incurred as lessee under operating leases are recognised as an expense in profit or loss on a straight line basis over the lease term. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

Capitalisation of borrowing costs continues until the assets are substantially ready for the intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation 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.

3. Significant accounting policies (continued)

(e) Finance income and finance costs

Finance income comprises interest income on funds deposited with banks and unwinding of the discount on long term related party receivables. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense, arrangement fees, participation fees and similar charges on borrowings, unwinding of the discount on provisions and deferred consideration that are recognised in profit or loss.

(f) Capital work in progress

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Interest and other overheads directly attributable to the projects are included in capital work in progress until completion thereof.

Capital work in progress for properties that are being constructed with an intention of building an investment property is carried at fair value.

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 the property is fully developed.

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 capital work in progress.

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.

(g) Intangible assets

Goodwill

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 MAFP 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 recognised 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.

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

Other intangible assets

Intangible assets that are acquired by MAFP Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash over the payment term.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative years is as follows:

	Life
Metro naming rights	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if management deems necessary.

(h) Property, plant and equipment

Recognition and measurement

Following initial recognition at cost, developed properties (land and building), mainly comprising hotels and offices, are stated at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and any impairment losses. 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 is held at its carrying value and development expenditure is carried at cost. Upon completion of construction, the entire property (that is land and building) is carried at revalued amount.

All other items of property, plant and equipment, mainly comprising administrative assets, are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

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 as an investment property. Any gain arising on re-measurement is recognised directly in equity. Any loss is recognised immediately in profit or loss except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to equity.

3. Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to MAFP Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is charged to profit or loss so as to write off the cost / revalued amounts of property, plant and equipment by equal instalments on a straight line basis over their estimated useful lives. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed asset, from the date that asset is completed and ready for use.

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

Useful lives of assets for the current and comparative years are as follows:

Category of assets	***Useful life in years***
Buildings	4 - 50 years
Motor vehicles	4 years
Furniture, fixtures and equipment	3 - 4 years
Leisure rides and games	3 - 10 years

Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful lives of the respective building structures which range from 35 to 50 years.

Revaluation reserve

Any revaluation increase arising on the revaluation of developed properties is credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same property previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of properties is charged to profit and loss except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to revaluation reserve in equity.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in profit and loss in the period the asset is derecognised.

On subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

3. Significant accounting policies (continued)

(i) Investment property

Recognition and measurement

Investment properties are properties held either to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Following initial recognition at cost, investment property, principally comprising land with undetermined use, certain shopping malls and property being constructed for future use as investment property, is stated at fair value at the reporting date.

Where the fair value of an investment property under development is not reliably determinable, such property is carried at its carrying value and any development cost incurred to date; until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise. An investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period the property is derecognised.

Reclassification to property plant and equipment

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost. Change in fair value up to the date of reclassification is recognised directly in profit or loss.

Leased asset

In case of an operating lease, MAFP Group classifies its leasehold interest as investment property, provided that the leasehold interest meets the rest of the definition of an investment property. In such cases, MAFP Group accounts for the lease as if it were a finance lease (refer note 3(c) for accounting policy on leases).

(j) Development property

Properties in the process of construction or development for the purpose of sale on completion are classified as development properties. These are measured at lower of cost and net realisable value. Net realisable 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.

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.

(k) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss previously recognised in profit or loss.

3. Significant accounting policies (continued)

(k) Assets held for sale (continued)

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying amount of MAFP Group's non-financial assets, other than property, plant and equipment and investment properties that are fair valued and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date in order to assess impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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 asset.

(m) Inventories

Inventories are measured at the lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

(n) Staff terminal and retirement benefits

Provision for staff terminal benefits is calculated in accordance with the labour laws of the respective country in which they are employed. MAFP Group's net obligation in respect of staff terminal benefits 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 MAFP Group's obligation. Also refer note 2(d)(v).

3. Significant accounting policies (continued)

(n) Staff terminal and retirement benefits (continued)

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. MAFP Group's contribution is recognised as an expense in profit or loss as incurred.

(o) Revenue recognition

Revenue comprises amounts derived from the provision of services falling within MAFP Group's ordinary activities and encompasses hospitality services, rental income and leisure and entertainment activities.

Revenue from hospitality services and leisure and entertainment activities is recognised on rendering the services. Revenue from services is recognised on a uniform basis as the right to use the facilities is made available to the customers.

Rental income received as lessor from properties under operating leases is recognised in profit or loss on a straight line basis over the lease term. Lease incentives granted to lessees are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents are recorded as income in the period in which they are earned.

(p) 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.

(q) Financial instruments

(i) Non-derivative financial assets

MAFP Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

MAFP Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or if MAFP Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset are transferred. Any interest in such transferred financial assets that is created or retained by MAFP Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MAFP Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

MAFP Group classifies non-derivative financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables (continued)

Loans and receivables comprise cash and cash equivalents, trade and other receivables and related party receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

(ii) Non-derivative financial liabilities

MAFP Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

MAFP Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

MAFP Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables, accruals, retention payables, long-term loans, income tax payable, bank borrowings and related party balances.

(r) Provisions

A provision is recognised in the statement of financial position when MAFP 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.

(s) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

(i) 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.

(ii) Deferred tax

Deferred tax is recognised 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;

3. Significant accounting policies (continued)

(s) Income tax (continued)

(ii) Deferred tax (continued)

- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that MAFP 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 realised simultaneously.

A deferred tax asset is recognised 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 utilised. 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 realised.

(t) Operating segments

An operating segment is a component of MAFP 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 MAFP Group's other components. All operating segments' operating results are reviewed regularly by MAFP Group's Board of Directors 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 Company's head office) and head office expenses.

(u) Discontinued operations

A discontinued operation is a component of MAFP Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the MAFP Group and which:
- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-resale, if earlier.

When an operation is classified as a discontinued operation, the comparative consolidated income statement is reclassified as if the operation has been discontinued from the start of the comparative year.

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have accordingly not been applied in preparing these consolidated financial statements. Those which may be relevant to the MAFP Group are set out below. The MAFP Group does not plan to adopt these standards early.

3. Significant accounting policies (continued)

(v) New standards and interpretations not yet adopted (continued)

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financials assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. Management is currently assessing the impact on its consolidated financial statements from the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. Management is currently assessing the impact on its consolidated financial statements from the application of IFRS 15.

Annual Improvements to IFRSs 2012-2014 Cycle

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead. Management is currently assessing the impact on its consolidated financial statements from the application of these amendments to IAS 19.

Amendment to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. Management is currently assessing the impact on its consolidated financial statements from the application of these amendments to IAS 1.

Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using an equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interest in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss to the extent of the unrelated investors’ interests in the new associate or joint venture.

3. Significant accounting policies (continued)

(v) New standards and interpretations not yet adopted (continued)

Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Management is currently assessing the impact on its consolidated financial statements from the application of these amendments to IFRS 10 and IAS 28 should such transaction arise.

IFRS 16 Leases

IFRS 16 Leases, published in January 2016 supersedes the existing standard, IAS 17 Leases. Mandatory application of IFRS 16 is required with effect from 1 January 2019. The Group can choose to apply IFRS 16 before that date but only if it applies IFRS 15 Revenue from Contracts with Customers. The new standard requires the lessee to recognise operating lease commitments on the balance sheet. IFRS 16 does not require a lessee to recognise assets and liabilities for short-term leases (12 months or less), for leases ending within 12 months of the date of first applying the new standard and for leases of low value assets. A lessee can choose to apply the standard retrospectively to all accounting periods or as a single large adjustment at the date of initial application. The Group is not required to reassess whether existing contracts contain a lease but can choose to apply IFRS 16 to leases already applying IAS 17 as at the date of application, and not apply IFRS 16 to other contracts. Management is currently assessing the impact on its consolidated financial statements from the application of IFRS 16.

4. Determination of fair values

A number of MAFP Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

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.

The fair value of the investment properties and land and building included within property, plant and equipment is determined twice a year at the reporting date (i.e. 31 December and 30 June) by independent external RICS Chartered Surveyors and Valuers having sufficient current local and national knowledge of the respective property markets. The valuation has been prepared in accordance with the RICS Valuation - Professsional Standards (2014) (the "Red Book"). Internal valuations are carried out quarterly, based on the methods and assumptions used by the external valuer, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Valuation techniques

The following table shows the valuation technique used in measuring the fair value of investment properties and land and building included within property, plant and equipment:

Property Type	Valuation Technique
Shopping Malls	<u>Discounted Cash Flows (DCF):</u> The DCF approach determines the present value of the estimated future net cash flows for each property adopting an asset specific discount rate. An exit yield that reflects the specific risks inherent in the asset is then applied to the final cash flow to arrive at the property valuation. The fair value derived using DCF for Shopping Malls is benchmarked against net initial yield methodology.
Hotels	<u>Discounted Cash Flows (DCF):</u> The fair value derived using DCF for Hotels is benchmarked against capital value per key.

4. Determination of fair values (continued)

Valuation techniques (continued)

Property Type	Valuation Technique
Offices	Income capitalization approach: Fair value is derived by applying asset specific capitalization rate on the net operating income of the property.
Investment Properties Under Construction (IPUC)	Carrying Value: IPUC are measured at fair value once the valuer determines that a substantial part of the project's uncertainty has been eliminated, such that a reliable value can be determined. IPUC are valued by estimating the fair value of the completed investment property and deducting the estimated costs to complete the construction. When the value is deemed not to be reliably determinable, the IPUC is carried at cost of the land plus work in progress until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.
Lands	Comparable Market Transactions: 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.

5. Segment information and reporting

MAFP Group's goal is the creation of long-term sustainable shareholder value. It does this through the entrepreneurial development and management of fully owned or partially owned shopping malls and synergistic hotel and mixed-use projects where these add value to its shopping malls. It is organized to achieve these goals through three business units; Shopping Malls Business Unit "SMBU", Hotels Business Unit "HOBU" and Communities Business Unit "COBU". With effect from 1 January 2015, Project Management has developed into a fourth Business Unit of the MAFP Group, commonly referred to as "PMBU". Geographic segments are divided into UAE, Oman, Bahrain, Kingdom of Saudi Arabia ("KSA") combined as "GCC", Egypt and Lebanon.

Furthermore in the current year, a number of organizational changes were made in order to strengthen the businesses, reinforce their operating independence and autonomy and focus the efforts towards a successful and sustainable path for growth. As a result the human resources function, the legal team and accounting & finance teams were embedded in the business units. The corporate human capital function, the legal team and accounting and finance teams continue to drive the standards, policies and procedures for its respective functions embedded in the business units and form part of the corporate support functions.

The performance of the business units, as included in the internal management reports, is reviewed by the Board of Directors (the Chief Operating Decision Maker). The Board is collectively responsible for the success of the Company and addresses both routine and non-routine matters such as approving strategy, plans, mergers and acquisitions, developments and expenditures. The Board also oversees budgets and debt or equity funding as well as monitoring performance, key executives and organization structure decisions including delegations of authority.

MAFP Group's four business units are responsible for managing owned assets as well as strategic equity investments or joint ventures defined as those that MAFP Group has management agreements such as asset management agreements or development management agreements. Equity investments or joint ventures without such agreements are considered as non-strategic and governed by corporate centre functions.

5. Segment information and reporting (continued)

Management Reporting

In conjunction with IFRS financial and other financial indicators, MAFP Group relies on non-GAAP profitability measures together with statistical and operating key performance indicators to achieve its business unit and corporate goals. These non-GAAP financial measures are used to supplement IFRS reporting so as to align business reporting with operating performance:

Management Revenue: Statutory reported revenues are adjusted to exclude the impacts of non-cash IAS17 lease accounting impacts, and include the consolidated revenues of managed equity investments or joint ventures revenues.

Business unit EBITDA: This key reporting measure includes the consolidated results of managed equity investments or joint ventures, and is defined as all business unit revenues and operating expenses before finance charges, taxes, depreciation, amortization, impairment charges and fair value changes.

MAFP Group's EBITDA: is considered to be the key measure of MAFP Group's operating performance and cash generation. It is defined as the aggregate of business unit EBITDA less corporate centre overhead expenses, and excludes all finance costs (net), taxes, depreciation, amortization, impairment charges, fair value gains / (losses), share of losses from joint ventures and associate, IAS 17 lease adjustments, foreign exchange gains / (losses), capital expenditure write offs and loss on disposal of subsidiaries.

Business unit Operating Profit: This business unit financial measure is defined as business unit EBITDA after impacts of gross asset fair value changes (irrespective of IAS16 or IAS40 classification); non-cash charges such as depreciation, amortization, impairment and asset write-offs; MAFP Group share in non-managed equity investments' or joint ventures' net profit or loss; minority share of managed equity investments' or joint ventures' net profit or loss; and any gains or losses on asset disposals.

Management Net Profit: This corporate measure is defined as the aggregate of business units' operating profit after finance charges, foreign exchange gains or losses and taxes.

Segment Assets and Liabilities: Relate to assets or liabilities that are directly attributable to business unit or corporate centre functions.

Shopping Malls Business Unit (SMBU)

This business unit leads and manages all aspects of the retail development and management of shopping malls, from regional shopping malls to smaller community centres. As of 31 December 2015 MAFP Group held an ownership interest and management of fourteen income producing properties in the United Arab Emirates, Oman, Bahrain, Egypt and Lebanon. As at the reporting date, MAFP Group's five year plans (2016-2020) include development of eleven new shopping malls and re-development of five existing shopping malls. The business unit conducts its activities through functions such as development, design, leasing, marketing and property management, and also owns a number of leisure and entertainment operations located within its shopping malls.

Revenues from this business unit principally comprise of base minimum rents, percentage rents based on tenant sales volume, mall promotions and media, recovery of common area charges, management fees and revenue generated from leisure and entertainment assets.

Hotels Business Unit (HOBU)

This business unit is responsible for leading the development of hotel assets and asset management of these assets with third-party hotel operators. As of 31 December 2015 MAFP Group held an ownership interest in twelve hotels located in the United Arab Emirates and Bahrain. As at the reporting date, MAFP Group's five year plans (2016-2020) include development of three new hotels.

5. Segment information and reporting (continued)

Hotels Business Unit (HOBU) (continued)

Revenues from this business unit principally comprise of room revenues, food and beverage revenues and management fees.

Communities Business Unit (COBU)

This business unit is responsible for master development 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 MAFP Group's portfolio of three office buildings in Dubai, UAE.

Revenues from this business unit principally comprise of sale proceeds upon recognition or leasing revenues from commercial, residential, serviced land or other mixed use assets as well as management fees.

Project Management Business Unit (PMBU)

This business unit provides fee-based advisory, development and management services to Shopping Malls, Hospitality and Communities.

5. Segment information and reporting (continued)

5.1 Management EBITDA and Net Profit – By Business Unit

	SMBU		HOBU		COBU		PMBU		Total - BUs		Corporate Support		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions													
Revenue	**3,358.7**	3,130.9	**682.1**	694.8	**28.6**	171.1	**83.9**	-	**4,153.3**	3,996.8	**-**	-	**4,153.3**	3,996.8
Operating expenses	**(818.0)**	(744.4)	**(400.6)**	(385.8)	**(55.9)**	(170.1)	**(83.9)**	-	**(1,358.4)**	(1,300.3)	**-**	-	**(1,358.4)**	(1,300.3)
Asset EBITDA	**2,540.7**	2,386.5	**281.5**	309.0	**(27.3)**	1.0	**0.0**	-	**2,794.9**	2,696.5	**-**	-	**2,794.9**	2,696.5
Support Cost	**(77.2)**	(57.3)	**(19.5)**	(19.4)	**(83.6)**	(61.7)	-	-	**(180.3)**	(138.4)	**(55.9)**	(173.2)	**(236.2)**	(311.6)
EBITDA	**2,463.5**	2,329.2	**262.0**	289.6	**(110.9)**	(60.7)	**0.0**	-	**2,614.6**	2,558.1	**(55.9)**	(173.2)	**2,558.7**	2,384.9
Adjustments for:														
Depreciation and amortisation	**(78.0)**	(66.4)	**(4.9)**	(7.5)	**(2.4)**	(1.4)	-	-	**(85.3)**	(75.3)	**(23.8)**	(19.8)	**(109.1)**	(95.1)
Net valuation (loss) / gain on land and building	**1,991.9**	1,211.3	**85.2**	383.8	**13.8**	144.3	-	-	**2,090.9**	1,739.4	**-**	4.0	**2,090.9**	1,743.4
Capex write off / impairment - net	**(10.6)**	(104.0)	**(11.9)**	(33.5)	**(19.8)**	(3.8)	-	-	**(42.3)**	(141.3)	**107.0**	-	**64.7**	(141.3)
Share of gain/(loss) in JVs and associate - net	**(0.2)**	-	**-**	-	**(34.4)**	47.3	-	-	**(34.6)**	47.3	**-**	-	**(34.6)**	47.3
Non-controlling interest	**(19.1)**	(30.6)	**-**	-	**22.7**	16.6	-	-	**3.6**	(14.0)	**-**	-	**3.6**	(14.0)
Profit on asset disposal / Oth income	**(20.5)**	(3.4)	**0.3**	(0.5)	**-**	-	-	-	**(20.2)**	(3.9)	**-**	0.3	**(20.2)**	(3.6)
Operating profit / (loss)	**4,327.0**	3,336.1	**330.7**	631.9	**(131.0)**	142.3	**0.0**	-	**4,526.7**	4,110.3	**27.3**	(188.7)	**4,554.0**	3,921.6
Income/Deferred tax	**(74.5)**	(17.2)	**-**	-	**6.2**	-	-	-	**(68.3)**	(17.2)	**(56.5)**	(33.7)	**(124.8)**	(50.9)
Foreign exchange gain/(loss)	**(5.6)**	(0.3)	**0.2**	(0.1)	**0.1**	0.1	-	-	**(5.3)**	(0.3)	**(30.5)**	(11.0)	**(35.8)**	(11.3)
Finance (cost)/income - net	**(23.9)**	(30.3)	**-**	-	**4.4**	(1.8)	-	-	**(19.5)**	(32.1)	**(464.1)**	(503.6)	**(483.6)**	(535.7)
Net Profit as per management report	**4,223.0**	3,288.3	**330.9**	631.8	**(120.3)**	140.6	**0.0**	-	**4,433.6**	4,060.7	**(523.8)**	(737.0)	**3,909.8**	3,323.7

5. Segment information and reporting (continued)

5.2 Management EBITDA and Net Profit – By Geographical Segment

	Geographical Performance															
	UAE		Oman		Bahrain		KSA		GCC Total		Egypt		Lebanon		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions															
Revenue	**3,176.4**	3,094.2	**179.7**	171.9	**446.7**	426.0	**-**	-	**3,802.8**	3,692.1	**180.0**	163.4	**170.5**	141.3	**4,153.3**	3,996.8
Operating expenses	**(947.8)**	(1,269.8)	**(47.4)**	(47.3)	**(163.6)**	(148.6)	**(3.5)**	(8.3)	**(1,162.3)**	(1,474.0)	**(69.2)**	(33.4)	**(126.9)**	(104.5)	**(1,358.4)**	(1,611.9)
Asset EBITDA	**2,228.6**	1,824.4	**132.3**	124.6	**283.1**	277.4	**(3.5)**	(8.3)	**2,640.5**	2,218.1	**110.8**	130.0	**43.6**	36.8	**2,794.9**	2,384.9
Support Cost	**(197.1)**	-	**-**	-	**-**	-	**(9.2)**	-	**(206.3)**	-	**(18.5)**	-	**(11.4)**	-	**(236.2)**	-
EBITDA	**2,031.5**	1,824.4	**132.3**	124.6	**283.1**	277.4	**(12.7)**	(8.3)	**2,434.2**	2,218.1	**92.3**	130.0	**32.2**	36.8	**2,558.7**	2,384.9
Adjustments for:																
Depreciation and amortisation	**(88.3)**	(79.7)	**(3.1)**	(1.4)	**(7.6)**	(9.0)	**(0.8)**	(0.1)	**(99.8)**	(90.2)	**(4.0)**	(2.9)	**(5.3)**	(2.0)	**(109.1)**	(95.1)
Net valuation (loss) / gain on land and building	**1,988.7**	1,442.4	**18.7**	65.1	**33.4**	165.1	**-**	-	**2,040.8**	1,672.6	**50.1**	70.8	**-**	-	**2,090.9**	1,743.4
Capex write off / impairment - net	**63.2**	(135.3)	**-**	-	**1.5**	-	**-**	-	**64.7**	(135.3)	**-**	-	**-**	-	**64.7**	(135.3)
Provisions write back / (write off)	**-**	0.9	**-**	-	**-**	(0.9)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Share of gain/(loss) in JVs and associate - net	**(69.1)**	56.4	**38.0**	-	**-**	-	**-**	-	**(31.1)**	56.4	**-**	-	**(3.5)**	(9.1)	**(34.6)**	47.3
Non-controlling interest	**3.6**	(14.0)	**-**	-	**-**	-	**-**	-	**3.6**	(14.0)	**-**	-	**-**	-	**3.6**	(14.0)
Profit on Sale of Assets & Other income / (expenses)	**(7.1)**	(5.8)	**(7.8)**	(0.2)	**-**	-	**-**	-	**(14.9)**	(6.0)	**(0.2)**	(3.6)	**(5.1)**	-	**(20.2)**	(9.6)
Operating profit	**3,922.5**	3,089.3	**178.1**	188.1	**310.4**	432.6	**(13.5)**	(8.4)	**4,397.5**	3,701.6	**138.2**	194.3	**18.3**	25.7	**4,554.0**	3,921.6
Income/Deferred tax	**(41.2)**	(0.1)	**(11.4)**	-	**-**	-	**-**	-	**(52.6)**	(0.1)	**(71.0)**	(51.8)	**(1.2)**	1.0	**(124.8)**	(50.9)
Foreign exchange gain/(loss)	**(30.4)**	(11.1)		-	**(0.2)**	(0.1)	**-**	-	**(30.6)**	(11.2)	**(5.0)**	(0.2)	**(0.2)**	0.1	**(35.8)**	(11.3)
Finance (costs)/income - net	**(476.3)**	(515.5)	**(5.1)**	0.3	**(0.1)**	0.1	**-**	-	**(481.5)**	(515.1)	**7.9**	0.6	**(10.0)**	(21.2)	**(483.6)**	(535.7)
Net Profit as per management report	**3,374.6**	2,562.6	**161.6**	188.4	**310.1**	432.6	**(13.5)**	(8.4)	**3,832.8**	3,175.2	**70.1**	142.9	**6.9**	5.6	**3,909.8**	3,323.7

Geographical segments continue to be divided into UAE, Oman, Bahrain, Kingdom of Saudi Arabia (“KSA”) combined as “GCC”, Egypt and Lebanon. This table is not presented to the CODM on a regular basis; however, it is disclosed in the consolidated financial statements for the readers’ information.

5. Segment information and reporting (continued)

5.3 Reconciliation of Management Revenue

	SMBU		HOBU		COBU		PMBU		Total BUs		Corporate Centre		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions													
Revenue as per financial statements	**3,339.9**	3,085.7	**682.1**	734.3	**39.0**	38.5	**30.0**	-	**4,091.0**	3,858.5	-	-	**4,091.0**	3,858.5
Reconciling items:														
Inclusion of service charges in statutory revenue	-	-	-	(39.5)	-	-	-	-	-	(39.5)	-	-	-	(39.5)
PMBU Eliminnation	-	-	-	-	-	-	**53.9**	-	**53.9**	-	-	-	**53.9**	-
Intercompany eliminations	-	(2.8)	-	-	-	-	-	-	-	(2.8)	-	-	-	(2.8)
Proportionate consolidation (N-1)	**32.7**	33.4	-	-	**(10.4)**	132.6	-	-	**22.3**	166.0	-	-	**22.3**	166.0
Non-cash IAS-17 lease adjustments	**(13.9)**	14.6	-	-	-	-	-	-	**(13.9)**	14.6	-	-	**(13.9)**	14.6
Revenue as per management report	**3,358.7**	3,130.9	**682.1**	694.8	**28.6**	171.1	**83.9**	-	**4,153.3**	3,996.8	-	-	**4,153.3**	3,996.8

Notes:
(N-1) In the management report, Sharjah Holding Company JSC and Waterfront City SARL, which are MAFP Group's joint ventures are proportionately consolidated.

5.4 Reconciliation of Fair Value Changes in Properties

	SMBU		HOBU		COBU		PMBU		Total BUs		Corporate Centre		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions													
Net valuation changes recognised in income statement	**1,708.5**	974.2	**16.8**	104.8	**7.8**	136.5	-	-	**1,733.1**	1,215.5	**10.2**	13.5	**1,743.3**	1,229.0
Net valuation changes recognised in equity (IAS16)	-	-	**280.6**	542.7	-	(2.6)	-	-	**280.6**	540.1	-	-	**280.6**	540.1
Net valuation changes reported in statutory financial statements	**1,708.5**	974.2	**297.4**	647.5	**7.8**	133.9	-	-	**2,013.7**	1,755.6	**10.2**	13.5	**2,023.9**	1,769.1
Reconciling items:														
Less: Fair value accounting adjustments (N-1)	**283.3**	237.1	**(212.2)**	(263.7)	**6.1**	10.4	-	-	**77.2**	(16.2)	**(10.2)**	(9.5)	**67.0**	(25.7)
Total fair value adjustments	**283.3**	237.1	**(212.2)**	(263.7)	**6.1**	10.4	-	-	**77.2**	(16.2)	**(10.2)**	(9.5)	**67.0**	(25.7)
Net valuation changes reported in management report	**1,991.8**	1,211.3	**85.2**	383.8	**13.9**	144.3	-	-	**2,090.9**	1,739.4	-	4.0	**2,090.9**	1,743.4

Notes:
(N-1) For the calculation of management report net profit, gross changes in fair value from one reporting date to another are reported in the income statement as compared to the net accounting valuation change computed as per the requirements of IAS 16 or IAS 40 for financial statement purposes (primarily relating to depreciation, IAS 17 adjustments).

5. Segment information and reporting (continued)

5.5 Reconciliation of Management Net Profit

	SMBU		HOBU		COBU		Total BUs		Corporate Centre		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions											
Net profit / (loss) as per financial statements - attributable to the owners of the company	**3,956.9**	3,039.0	**(19.5)**	103.5	**(126.4)**	131.7	**3,811.0**	3,274.2	**(304.6)**	(518.2)	**3,506.4**	2,756.0
Reconciling items:												
Fair value adjustments (refer table-5.4)	**283.3**	237.1	**(212.2)**	(263.7)	**6.1**	10.4	**77.2**	(16.2)	**(10.2)**	(9.5)	**67.0**	(25.7)
IAS-16 Fair value changes recognised in equity in financial statements, but in profit or loss in management report (refer table-5.4)	-	-	**280.6**	542.7	-	(2.6)	**280.6**	540.1	-	-	**280.6**	540.1
Depreciation on strategic assets (N-1) not recognized in management report	-	-	**254.1**	249.3		1.1	**254.1**	250.4	**11.0**	10.7	**265.1**	261.1
Coupons declared to MAFH (N-2) on the subordinated capital loan instruments	-	-	-	-	-	-	-	-	**(220.0)**	(220.0)	**(220.0)**	(220.0)
Non-cash IAS-17 lease adjustments (refer table-5.3)	**(14.1)**	14.6	-	-	-	-	**(14.1)**	14.6	-	-	**(14.1)**	14.6
Minority interest adjustment	**(0.2)**	(0.7)	-	-	-	-	**(0.2)**	(0.7)	-	-	**(0.2)**	(0.7)
Other adjustments	**(2.9)**	(1.7)	**27.9**	-	-	-	**25.0**	(1.7)	-	-	**25.0**	(1.7)
Total reconciling items	**266.1**	249.3	**350.4**	528.3	**6.1**	8.9	**622.6**	786.5	**(219.2)**	(218.8)	**403.4**	567.7
Management net profit / (loss)	**4,223.0**	3,288.3	**330.9**	631.8	**(120.3)**	140.6	**4,433.6**	4,060.7	**(523.8)**	(737.0)	**3,909.8**	3,323.7

Notes:

(N-1) - For the management report net profit calculation, depreciation is not charged on strategic assets which are subject to fair valuation. Gross changes in fair value are reported in the management income statement. For the financial statements all assets which are classified under IAS-16 are depreciated and 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.

(N-2) - For management report net profit calculation, coupons declared during the year on the subordinated capital loan instruments are shown as a deduction from net profit. For the financial statements, coupons are shown as an appropiation of distributable profit and are adjusted in equity.

5.6 Statutory segment assets and liabilities – By Business Unit

	SMBU		HOBU		COBU		Total - BUs		Corporate Centre		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions											
Segment assets	**36,845.3**	31,731.9	**4,599.5**	3,977.9	**2,185.2**	2,922.0	**43,630.0**	38,631.8	**368.5**	534.5	**43,998.5**	39,166.3
Segment liabilities	**(4,325.0)**	(3,646.7)	**(188.0)**	(152.2)	**(32.3)**	(21.0)	**(4,545.3)**	(3,819.9)	**(7,861.7)**	(7,200.4)	**(12,407.0)**	(11,020.3)
Net Assets (N-1)	**32,520.3**	28,085.2	**4,411.5**	3,825.7	**2,152.9**	2,901.0	**39,084.7**	34,811.9	**(7,493.2)**	(6,665.9)	**31,591.5**	28,146.0

Notes:

(N-1) - Intercompany balances have been excluded to arrive at the net assets

5. Segment information and reporting (continued)

5.7 Statutory segment assets and liabilities – By Geographical Segment

	UAE		Oman		Bahrain		KSA		GCC Total		Egypt		Lebanon		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions															
Segment assets	**31,808.4**	27,930.7	**2,075.0**	1,789.7	**3,315.1**	3,263.4	**1,855.0**	1,836.2	**39,053.5**	34,820.0	**3,188.0**	2,633.7	**1,757.0**	1,712.6	**43,998.5**	39,166.3
Segment liabilities	**(9,841.0)**	(9,070.6)	**(308.0)**	(220.7)	**(216.0)**	(198.7)	**(5.0)**	(5.9)	**(10,370.0)**	(9,495.9)	**(1,310.0)**	(789.7)	**(727.0)**	(734.7)	**(12,407.0)**	(11,020.3)
Net Assets (N-1)	**21,967.4**	18,860.1	**1,767.0**	1,569.0	**3,099.1**	3,064.7	**1,850.0**	1,830.3	**28,683.5**	25,324.1	**1,878.0**	1,844.0	**1,030.0**	977.9	**31,591.5**	28,146.0

Notes:
(N-1) - Intercompany balances have been excluded to arrive at the net assets

5.8 Capital expenditure as reported in the management report

	SMBU		HOBU		COBU		PMBU		Total - BUs		Corporate Centre		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	AED in millions													
Capital expenditure as reported in the internal management report	**2,492**	2,608	**521**	249	**8**	14	-	-	**3,021**	2,871	**23**	24	**3,044**	2,895

5.9 Major customer

	SMBU	
5.8 Major customer	**2015**	2014
	AED in millions	
Revenue earned from MAFP Group's related parties (N-1)	**280.1**	254.0

Notes:
(N-1) - MAFP Group's related parties have contributed 8% (2014: 8%) of the total revenue from the Shopping Malls BU for the year ended 31 December 2015.

6. Revenue

	2015 AED'000	2,014 AED'000
Rental income	**3,076,745**	2,829,125
Hospitality revenue	**682,133**	734,623
Leisure and entertainment revenue	**287,754**	280,779
Project management revenue (refer note 17(v))	**29,827**	-
Others (refer note 17(v))	**14,407**	13,997
	4,090,866	3,858,524

7. Operating expenses

	2015 AED'000	2014 AED'000
Staff costs (refer note below)	**(586,368)**	(574,646)
Depreciation (refer note 11)	**(344,230)**	(325,934)
Legal, professional and consultancy fees	**(71,752)**	(96,949)
Selling and marketing expenses	**(171,419)**	(107,268)
Utilities	**(111,293)**	(117,955)
Repairs and Maintenance	**(117,603)**	(112,235)
Amortization charge for intangible asset (refer note 15)	**(19,874)**	(19,874)
Other operating expenses	**(467,756)**	(421,607)
	(1,890,295)	(1,776,468)

Staff costs are net of costs capitalised to various projects amounting to AED 68.6 million (2014: AED 54.9 million).

8. Finance income / (costs) - net

Recognised in profit or loss	2015 AED'000	2014 AED'000
8.1 Finance income		
Interest income	**8,855**	7,931
Unwinding of the discounting of long term receivable from a joint venture (refer notes 17(i) and 17.1.3)	**6,790**	7,469
Finance income	**15,645**	15,400
8.2 Finance costs		
Arrangement and participation fees	**(2,121)**	(19,532)
Interest expense	**(404,823)**	(359,168)
Unwinding of the discounting of finance lease liabilities (refer note 22(iii))	**(5,395)**	-
Less: capitalised interest	**129,434**	49,410
Finance costs	**(282,905)**	(329,290)

Capitalised interest arises on borrowings for development expenditure.

The capitalisation rate used to determine the amount of borrowing cost eligible for capitalization is approximately 3.79% to 12.25% (2014: 4.4% to 12.25%) depending on the effective interest rate over the tenure of the borrowing.

9. Other expenses - net

	2015	2014
	AED'000	AED'000
Land transfer fee (refer note 20 (ii))	**(1,186)**	(40,093)
Foreign exchange loss	**(35,978)**	(11,339)
Gain on disposal of property, plant and equipment and investment property - net	**402**	992
Service charges levied on related parties (refer note 17(v))	**9,177**	13,460
Fixed assets / project costs written off	**(9,721)**	(3,828)
Development expenses written off	**(28,743)**	(50,828)
Other income - net	**33,115**	14,088
	(32,934)	(77,548)

10. Impairment reversal/ (provision)

	2015	2014
	AED'000	AED'000
Impairment of property, plant and equipment (refer note 11)	**(14,336)**	(31,522)
Impairment of capital work in progress in relation to investment property (refer note 12)	**-**	(96,017)
Reversal of impairment on investment (refer note (i) below)	**107,053**	-
Impairment of development properties (refer notes 12(xi) and 13)	**(19,720)**	-
Impairment of investment in joint venture (refer note 14.1)	**(16,000)**	-
Others	**-**	(7,793)
	56,997	(135,332)

(i) In prior years, MAFP Group had paid AED 389 million as an advance to a joint venture, as the Group's contribution against purchase of land. Subsequently, management reassessed the future prospects of the joint venture and an impairment provision was recognized against this advance. During the current year, MAFP Group has received AED 107 million in cash and accordingly the impairment provision has been reversed to that extent.

11. Property, plant and equipment

	Land and buildings AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Leisure rides and games AED'000	Capital work in progress AED'000	Total AED'000
Cost / valuation						
At 1 January 2014	3,196,472	6,291	553,029	362,319	117,922	4,236,033
Additions	156,340	358	-	15,627	243,771	416,096
Disposals / write offs / reversals / other adjustments	-	(341)	(26,086)	(1,510)	-	(27,937)
Capitalized during the year	63,544	-	50,034	-	(113,578)	-
Transfer	14,922	-	-	-	(14,922)	-
Accumulated depreciation eliminated on valuation	(258,211)	-	-	-	-	(258,211)
Net revaluation gain on land and buildings (refer note (i) below)	658,434	-	-	-	-	658,434
At 31 December 2014	3,831,501	6,308	576,977	376,436	233,193	5,024,415
At 1 January 2015	3,831,501	6,308	576,977	376,436	233,193	5,024,415
Additions	347,763	1,942	109,153	20,586	301,392	780,836
Disposals	-	-	-	(3,078)	-	(3,078)
Capitalized during the year (refer note (iii) below)	251,585	-	33,375	-	(284,960)	-
Accumulated depreciation & impairment eliminated on valuation	(280,831)	-	-	(15,454)	(15,882)	(312,167)
Transferred from / (to) investment properties (refer note (ii) below)	(26,002)	-	-	-	-	(26,002)
Net revaluation gain on land and buildings (refer note (i) below)	307,701	-	-	-	-	307,701
At 31 December 2015	**4,431,717**	**8,250**	**719,505**	**378,490**	**233,743**	**5,771,705**
Depreciation and impairment						
At 1 January 2014	-	(4,809)	(375,831)	(305,416)	-	(686,056)
Depreciation charge for the year (refer note 7)	(258,211)	(406)	(65,343)	(1,974)	-	(325,934)
Accumulated depreciation & impairment eliminated on valuation	258,211	-	-	-	-	258,211
Provision for impairment (refer note 10)	(15,640)	-	-	-	(15,882)	(31,522)
Disposals / write offs	-	319	23,151	1,220	-	24,690
At 31 December 2014	(15,640)	(4,896)	(418,023)	(306,170)	(15,882)	(760,611)
At 1 January 2015	(15,640)	(4,896)	(418,023)	(306,170)	(15,882)	(760,611)
Depreciation charge for the year (refer note 7)	(265,191)	(841)	(57,739)	(20,459)	-	(344,230)
Accumulated depreciation & impairment eliminated on valuation	265,191	-	-	13,970	-	279,161
Provision for impairment (refer note 10)	(442)	-	-	-	(13,894)	(14,336)
Disposals / write offs	-	-	-	1,718	-	1,718
At 31 December 2015	**(16,082)**	**(5,737)**	**(475,762)**	**(310,941)**	**(29,776)**	**(838,298)**
Carrying amounts						
At 31 December 2015	**4,415,635**	**2,513**	**243,743**	**67,549**	**203,967**	**4,933,407**
At 31 December 2014	3,815,861	1,412	158,954	70,266	217,311	4,263,804

(i) During 2015, a revaluation gain of AED 307.7 million (2014: AED 658.4 million) has been recognised on property, plant and equipment of which valuation gain of AED 280.6 million (2014: AED 540.2 million) has been credited to other comprehensive income and gain of AED 27.1 million (2014: AED 118.3 million) has been credited to profit or loss (also refer note 12(i)).

11. Property, plant and equipment (continued)

(ii) At 1 January 2015, MAFP Group reclassified one of its office buildings with a carrying value of AED 35.7 million from property, plant and equipment to investment property as the building is no longer owner occupied and has been rented out to external parties. In addition to this, a land amounting to AED 9.7 million was transferred from investment property to property, plant and equipment due to change in the business plans of the Company.

(iii) In the current year MAFP Group completed the construction of a hotel in UAE amounting to AED 251.6 million, which was reclassified from capital work in progress to the respective classes of assets under property, plant and equipment.

(iv) As at 31 December 2015, certain lands were held in the personal name of a majority shareholder of the ultimate holding entity for the beneficial interest of MAFP Group (refer note 2(d)(i)).

(v) If the properties had been measured under the historical cost basis the carrying amounts would have been as follows:

	2015		2014	
	AED'000	**AED'000**	AED'000	AED'000
	Land	**Buildings**	Land	Buildings
Cost	**330,157**	**3,915,291**	206,010	3,463,670
Accumulated depreciation	**-**	**(1,521,252)**	-	(1,382,260)
Net carrying amount	**330,157**	**2,394,039**	206,010	2,081,410

(vi) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for property, plant and equipment of AED 4,415.6 million (2014: AED 3,815.9 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

(b) Significant unobservable inputs

The following table shows the significant unobservable inputs used:

Significant unobservable inputs for hotels			**Significant unobservable inputs for offices**		
	2015	**2014**		**2015**	**2014**
Discount rate:	11.25% - 12.75%	11.25% - 12.75%	Net Initial Yield:	7.00%	8.50%
Income return:	5% - 13%	7.5% - 13%	Income return:	9%	4%
Average occupancy:	75%	75%*	Average occupancy:	97%	100%

*This excludes the occupancy rate of a hotel in UAE which was under construction during the previous year.

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase / (decrease) if:

- The occupancy rates were higher / (lower);
- The discount rates were lower / (higher); or
- The income returns were higher / (lower).

12. Investment property

	Land-undeveloped AED'000	Land and buildings AED'000	Capital work in progress AED'000	Total AED'000
At 1 January 2014	609,583	25,793,353	1,620,710	28,023,646
Additions (refer notes (ix) and (x) below)	-	787,334	1,631,710	2,419,044
Disposals / write offs / reversals	-	(61,543)	-	(61,543)
Reclassification	158,844	(20,324)	(138,520)	-
Capitalized during the year (refer note (ii) below)	-	98,469	(98,469)	-
Net valuation gain on investment property (refer note (i) below)	139,866	970,862	-	1,110,728
Provision for impairment (refer note 10)	-	-	(96,017)	(96,017)
Effect of foreign exchange movements	2,906	(29,042)	(25,701)	(51,837)
At 31 December 2014	911,199	27,539,109	2,893,713	31,344,021
At 1 January 2015	911,199	27,539,109	2,893,713	31,344,021
Additions	-	1,704,951	956,113	2,661,064
Disposals / write offs / reversals	-	(5,588)	(47)	(5,635)
Reclassification (refer note (v) below)		113,387	(113,387)	-
Transferred from development property (refer notes 12(x), 12(xi) and 13)	61,351	-	716,700	778,051
Transferred from / (to) property, plant and equipment	(9,688)	35,690	-	26,002
Capitalized during the year (refer note (ii) below)	-	320,429	(320,429)	-
Net valuation gain on investment property (refer note (i) below)	-	1,707,523	8,764	1,716,287
Effect of foreign exchange movements	(3,174)	(89,855)	(107,047)	(200,076)
At 31 December 2015	**959,688**	**31,325,646**	**4,034,380**	**36,319,714**

(i) The following fair value gains - net were recognized in profit or loss:

	2015 AED'000	2014 AED'000
Net gain on valuation of property, plant and equipment (refer note 11(i))	**27,079**	118,272
Net gain on valuation of investment property	**1,716,287**	1,110,728
Total valuation gain - net	**1,743,366**	1,229,000

(ii) In the current year MAFP Group completed the construction of a shopping mall in the UAE amounting to AED 320.4 million (2014: AED 98.5 million) which was reclassified from capital work in progress to land and buildings.

(iii) Certain properties of MAFP Group are mortgaged against bank borrowings. Certain term loans are secured by way of assignment of lease rentals. Also refer note 21.1(d).

(iv) As at 31 December 2015, certain lands were held in the personal name of a majority shareholder of the ultimate holding entity for the beneficial interest of MAFP Group (refer note 2(d)(i)).

(v) In the current year, the extension portion of certain shopping malls was fair valued along with the completed property and hence the capital work in progress was transferred to land and buildings.

12. Investment property (continued)

(vi) Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight line basis as per IAS 17 has been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2015	2014
	AED'000	AED'000
Fair value of land and buildings	**36,513,711**	27,717,969
Less: adjustment for accrued operating lease income	**(193,997)**	(178,860)
Net adjusted fair value	**36,319,714**	27,539,109

(vii) Rental income derived from investment property during the current year was AED 3,077.9 million (2014: AED 2,826.2 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 736.1 million (2014: AED 657.1 million).

(viii) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for investment property (excluding land) of AED 35,360 million (2014: AED 30,433 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

(b) Significant unobservable inputs used:

Significant unobservable inputs for shopping malls		
	2015	**2014**
Discount rate:	11.0% - 19.0%	11.0% - 19.0%
Income return:	8.0% - 12.0%	6.0% - 15.0%
Average occupancy:	98%	98%

Significant unobservable inputs for offices		
	2015	**2014**
Net Initial Yield:	7.0% – 7.5%	8.0% - 9.5%
Income return:	8.0% - 10.5%	8.0% - 10.5%
Average occupancy:	100%	100%

Inter-relationship between key unobservable inputs and fair value measurement
The estimated fair value would increase / (decrease) if:
- The occupancy rates were higher / (lower);
- The discount rates were lower / (higher) ; or
- The income returns were higher / (lower).

(ix) In the previous year a subsidiary of the Company entered into an usufruct contract with the Government of Sultanate of Oman which has provided the subsidiary usufruct rights over two plots of land in Oman for a period of fifty years. The leasehold interest meets the recognition criteria of an investment property and accordingly the Group has accounted for the lease as a finance lease. The land lease capitalized amounts to AED 116.4 million. The land is restricted to be used for commercial purposes in relation to MAFP businesses and the right to renew the lease is reserved with the Government of Sultanate of Oman only. If the lease is not renewed the land and building will be transferred to the Government of Sultanate of Oman at the end of the lease term. Also refer note 22(iii).

(x) In the previous year, MAFP Group purchased a piece of land of AED 1,433.4 million of which AED 716.7 million was classified as investment property under construction with the intention of developing a shopping mall on the site. The remaining portion was classified under development property (refer note 13). Due to change in business plans, this portion of the land has been reclassified back to investment property under construction, at its fair value, as at 31 December 2015.

12. Investment property (continued)

(xi) In 2012 a subsidiary of MAFP Group had transferred a portion of a land amounting to AED 61.3 million from investment property to development property as the subsidiary had begun construction of residential apartments for sale in the ordinary course of business. During the year, management has decided to discontinue the project due to political instability in the country where the project was being constructed and accordingly has recognized an impairment provision on the capital work in progress capitalized and has reclassified the land from development property to investment property, under land undeveloped, at its fair value, as at 31 December 2015 (refer notes 10 and 13).

13. Development property

	2015 AED'000	2014 AED'000
As at 1 January	**797,771**	76,105
Additions during the year (refer note 12 (x))	**-**	721,666
Transferred to investment properties (refer note 12 (x))	**(716,700)**	-
Transferred to investment properties (refer note 12 (xi))	**(61,351)**	-
Provision for impairment (refer notes 10 and 12 (xi))	**(19,720)**	-
Carrying amount	**-**	797,771

14. Investment in joint ventures and associate

	2015 AED'000	2014 AED'000
Investment in joint ventures	**1,321,064**	1,387,837
Less: provision for impairment	**(312,854)**	(419,857)
Net investment in joint ventures (refer note 14.1)	**1,008,210**	967,980
Investment in an associate (refer note 14.2)	**90,968**	164,352
At 31 December	**1,099,178**	1,132,332
Share of profit / (loss)		
From joint ventures (refer note 14.1)	**30,435**	53,519
From associate (refer note 14.2)	**(73,384)**	(11,940)
	(42,949)	41,579

14.1 Investment in joint ventures

	2015 AED'000	2014 AED'000
At 1 January	**967,980**	916,767
Reclassified from due from a related party	**24,504**	-
Share of post acquisition profit accounted through profit or loss - net	**30,435**	53,519
Provision for impairment (refer note 10)	**(16,000)**	-
Foreign currency translation differences	**1,291**	(2,306)
At 31 December	**1,008,210**	967,980

(i) Investments in various entities include capital contributions made by MAFP Group in its capacity as a shareholder. These balances are unsecured and interest free in nature and will not be called for repayment, except at the sole discretion of the respective joint venture entities.

(ii) Sharjah Holding Co. P.J.S.C is a closely held private joint stock company incorporated in the Emirate of Sharjah, U.A.E. and was formed as an equal joint venture between the Company and the Government of Sharjah. The principal activities of this joint venture are planning, investment, development and management of shopping malls, real estate and all other services associated therewith.

14. Investment in joint ventures and associate (continued)

14.1 Investment in joint ventures (continued)

The Wave Muscat S.A.O.C is a closely held joint stock company registered and incorporated in the Sultanate of Oman and was formed as a joint venture between the Company, holding 50%, Waterfront Investments SAOC holding 40% and National Investment Funds Company holding 10% of the shares. This joint venture is primarily engaged in developing an integrated tourism, housing, and commercial property development known as "The Wave – Muscat" situated in the Wilayat of Bausher at Al Azaiba North in Muscat.

Waterfront City S.A.R.L. is a company domiciled in Lebanon and was incorporated as a result of a joint venture agreement between Societe Joseph Khoury et Fils Holding SAL and MAF Lebanon Holding SAL, a subsidiary of MAFP Group. This joint venture is primarily engaged in the development of real estate property, including the construction, sale and management of such real estate properties.

(iii) Summarised financial information in respect of MAFP Group's interest in material joint ventures, based on their financial statements prepared in accordance with IFRS, modified for differences in MAFP Group's accounting policies, is set out below:

	Sharjah Holding Company PJSC		**The Wave Muscat S.A.O.C**		**Waterfront City SARL**	
	2015	2014	**2015**	2014	**2015**	2014
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Revenue	**36,735**	175,831	**507,491**	556,662	**-**	-
Profit/(loss) from continuing operations	**(9,558)**	6,937	**77,792**	118,468	**(7,058)**	(18,366)
Other comprehensive income	**-**	-	**-**	-	**-**	-
Total comprehensive income	**(9,558)**	6,937	**77,792**	118,468	**(7,058)**	(18,366)
Non-current assets	**279,972**	270,018	**297,728**	223,640	**27,233**	35,300
Current assets	**2,485,100**	1,758,443	**2,039,585**	2,062,361	**1,876,014**	1,442,278
Current liabilities	**(2,101,181)**	(1,361,802)	**(938,160)**	(845,996)	**(74,908)**	(90,464)
Non-current liabilities	**(70,558)**	(63,770)	**(892,587)**	(1,007,785)	**(1,098,236)**	(698,960)
Net assets	**593,333**	602,889	**506,566**	432,220	**730,103**	688,154
MAFP Group's interest in net assets of the investee at the year end	**301,445**	297,976	**215,759**	156,526	**344,077**	353,260
Reclassified from due from a related party	**-**	-	**-**	-	**24,504**	-
Share of total comprehensive income/ (loss)	**(4,779)**	3,469	**38,896**	59,233	**(3,529)**	(9,183)
Provision for impairment (refer note 10)	**(16,000)**	-	**-**	-	**-**	-
Others	**-**	-	**(1,372)**	-	**-**	-
Carrying amount of interest in the investee at the year end	**280,666**	301,445	**253,283**	215,759	**365,052**	344,077

(iv) The following is summarized financial information for MAFP Group's interest in immaterial joint ventures, based on amounts reported in MAFP Group's consolidated financial statements:

	2015	2014
	AED'000	AED'000
Carrying amount of interests in immaterial joint ventures	**109,209**	106,698
MAFP Group's share of:		
- Loss from continuing operations	**(154)**	-
- Other comprehensive income	**-**	-
- Total comprehensive income	**(154)**	-

14. Investment in joint ventures and associate (continued)

14.2 Investment in an associate

	2015 AED'000	2014 AED'000
At 1 January	**164,352**	176,240
Share of post acquisition loss accounted through profit or loss	**(73,384)**	(11,940)
Foreign currency translation differences from foreign operations	**-**	52
At 31 December	**90,968**	164,352

(i) Enshaa PSC was registered as a private joint stock company and its principal activities are to deal in and own properties, and to invest in other entities.

(ii) Summarised financial information in respect of MAFP Group's interest in the associate is set out below. The financial information for the current year represents amounts for the nine-month period ended 30 September 2015:

	2015 AED'000	2014 AED'000
Revenue	**2,266,370**	313,101
Loss from continuing operations	**(281,944)**	(46,030)
Post-tax loss from discontinued operations	**-**	(1,855)
Add back loss attributable to non controlling interest	**23,914**	5,901
Total comprehensive income	**(258,030)**	(41,984)
MAFP Group's share of associates loss for the year	**(73,384)**	(11,940)
Total assets	**2,496,674**	3,934,742
Total liabilities	**(2,176,814)**	(3,356,853)
Net assets	**319,860**	577,889
MAFP Group's share of associate's net assets	**90,968**	164,352

15. Intangible asset

During 2008, the Company entered into an agreement with a Government entity in Dubai to acquire naming rights for two stations of Dubai Metro for a 10 year period. As per the agreement, a payment schedule is agreed over the life of the contract. In 2009, upon the Metro becoming operational, management recorded the present value of the total future payments to be made as an intangible asset. The asset is being amortised over the contract period of 10 years.

The intangible asset is measured by discounting the estimated cash flows using the incremental borrowing cost of MAFP Group at 4.5%.

Intangible asset - cost	2015 AED'000	2014 AED'000
At 1 January	**198,743**	198,743
At 31 December	**198,743**	198,743
Amortisation		
At 1 January	**(106,014)**	(86,140)
Amortisation for the year (refer note 7)	**(19,874)**	(19,874)
At 31 December	**(125,888)**	(106,014)
Carrying amounts	**72,855**	92,729

16. Receivables and prepayments

	2015 AED'000	2014 AED'000
Trade receivables, net of provision for doubtful receivables of AED 48.0 million (2014: AED 42.8 million) (refer notes 16.1 and 16.2)	**224,861**	174,270
Accrued income on operating leases	**193,997**	178,860
Advances	**116,335**	92,315
Prepayments	**69,995**	56,076
Other receivables	**20,756**	21,541
At 31 December	**625,944**	523,062
Less: Long term portion of accrued income on operating leases (refer note 16.3)	**(190,284)**	(164,084)
Current portion of receivables and prepayments	**435,660**	358,978

Refer note 17(vi).

16.1 Provision for doubtful receivables

	2015 AED'000	2014 AED'000
At 1 January	**(42,843)**	(47,188)
Net (charge)/ reversal during the year	**(5,385)**	4,163
Write offs during the year	**64**	123
Foreign exchange differences	**149**	59
At 31 December	**(48,015)**	(42,843)

16.2 Ageing of trade receivables

	2015 AED'000	2014 AED'000
Neither past due nor impaired	**178,373**	143,857
Past due 31 - 60 days	**30,571**	17,707
Past due 61 - 90 days	**8,370**	8,971
Past due 91 - 180 days	**10,872**	6,578
Past due over 180 days	**44,690**	40,000
Total trade receivables	**272,876**	217,113
Less provision for doubtful receivables (refer note 16.1)	**(48,015)**	(42,843)
Net trade receivables	**224,861**	174,270

16.3 Long term receivables

	2015 AED'000	2014 AED'000
Advances to contractors	**151,016**	308,040
Long term prepayment	**10,500**	-
Long term portion of accrued income on operating leases	**190,284**	164,084
	351,800	472,124

17. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the ultimate parent company, Majid Al Futtaim Capital LLC, its subsidiaries, associates, joint ventures, key management personnel and / or their close family members. Transactions with related parties are carried at agreed terms.

17. Related party transactions (continued)

(i) In the current year, MAFP Group recognized income of AED 6.8 million (2014: AED 7.5 million) in relation to the unwinding of the discount on long term receivable from a joint venture (refer notes 8.1 and 17.1.3).

(ii) Interest expenses on loans from related parties amounted to AED 201.0 million (2014: AED 208.4 million).

(iii) MAFP Group has provided corporate guarantees of AED 5,732.1 million (2014: AED 6,356.8 million) to various banks in respect of loans obtained by MAFH. MAFP Group has also co-guaranteed hybrid perpetual note instruments of AED 1,836.5 million (2014: AED 1,836.5 million) that has been issued by a subsidiary of MAFH. Also refer note 27.

(iv) In the current year the Company declared a coupon of AED 220 million (2014: AED 220 million), towards the subordinated capital loan instrument subscribed by MAFH (refer note 24.2.2). Furthermore, in the previous year, the Company declared a dividend of AED 13 million which was settled against the loan due to MAFH (refer note 21.2).

(v) Services provided to / by MAFP Group by / to related parties:

	2015	2014
Services provided to MAFP Group by related parties	**AED'000**	AED'000
Treasury, corporate secretarial services, internal audit and others	**(5,109)**	(5,033)
Facility management services	**(89,561)**	(78,613)
	(94,670)	(83,646)
Services provided by MAFP Group to related parties		
Provision of retail and office space	**280,678**	254,011
Asset management fees charged to a joint venture (refer note 6)	**2,533**	2,853
Sales commission charged to a joint venture (refer note 6)	**1,550**	4,399
Development management fees charged to a joint venture (refer note 6)	**10,324**	6,745
Project management fees charged to joint ventures (refer note 6)	**29,827**	-
Charges for IT and other services (refer note 9)	**9,177**	13,460
	334,089	281,468

(vi) Included within trade receivables, are related party balances amounting to AED 31.9 million (2014: AED 5.1 million) on account of the lease rentals and other tenant receivables.

17.1 Related party balances

17.1.1 Due from related parties	**2015**	2014
	AED'000	AED'000
Sharjah Holding LLC	**24,388**	28,479
Yenkit Tourism Development LLC	**15,063**	15,063
Al Mamzar Islands Development LLC	**6,727**	6,727
Aya Real Estate Investment BSC	**4,387**	4,322
The Wave Muscat S.A.O.C	**4,028**	5,629
Arzanah Mall LLC	**3,171**	3,171
Majid Al Futtaim Ventures LLC	**1,618**	2,576
Waterfront City SARL	**1,332**	25,577
The Egypt Emirates Malls Group PJSC	**-**	31,297
Majid Al Futtaim Cinemas LLC	**-**	29,473
Majid Al Futtaim Leisure and Entertainment LLC (refer note below)	**-**	22,816
Other related parties	**1,392**	1,237
	62,106	176,367
Less: Provision for doubtful receivables (refer note below)	**(26,518)**	(51,983)
	35,588	124,384

In the current year, the provision for doubtful receivables amounting to AED 24.5 million was written off against the receivable balance from Majid Al Futtaim Leisure and Entertainment LLC.

17. Related party transactions (continued)

17.1 Related party balances (continued)

17.1.2 Due to related parties	**2015**	2014
	AED'000	AED'000
Majid Al Futtaim Holding LLC	**49,985**	75,030
Majid Al Futtaim Capital LLC	**2,063**	3,601
Majid Al Futtaim Retail LLC	**772**	12,125
Majid Al Futtaim Dalkia Middle East LLC	**562**	276
Majid Al Futtaim Finance LLC	**-**	274
Majid Al Futtaim Leisure and Entertainment LLC	**1,422**	-
	54,804	91,306

17.1.3 Long term receivables from related parties	**2015**	2014
	AED'000	AED'000
Receivable from related parties (refer note (i))	**111,000**	82,162
Less: discounting of receivable	**(26,044)**	(26,044)
Add: unwinding of the discounting of receivable (refer notes 8.1 and 17(i))	**14,259**	7,469
	99,215	63,587
Receivable from a minority shareholder (refer note (ii))	**17,526**	16,192
	116,741	79,779

(i) This comprises of balance receivables from two related parties amounting to AED 82 million and AED 29 million respectively. Of this, the balance receivable of AED 82 million was measured at fair value, at 31 December 2013, being the present value of the expected future cash flows, by using a discount rate of 10%. The differential between the carrying amount and the fair value was recognized within profit or loss.

(ii) A subsidiary of MAFP Group and its minority shareholder ("the minority shareholder") have entered into a loan agreement on 25 November 2010 according to which both the parties have agreed on a special arrangement for funding the substation in relation to the shopping mall, whereby the subsidiary will settle on behalf of the minority shareholder its share of the substation costs. According to the loan agreement the minority shareholder shall repay to the subsidiary the aggregate principal amount together with all accrued interest therein on the final maturity date of 31 December 2020. Accordingly the balance has been classified as long term in these consolidated financial statements. Interest has been accrued at the rate of 6 months EIBOR plus a margin of 7% p.a. compounded on a monthly basis.

17.2 Compensation to key management personnel

The aggregate compensation to key management personnel is disclosed as follows:

	2015	2014
	AED'000	AED'000
Directors' fees and expenses	**7,082**	7,288
Short term employee benefits (salaries and allowances including provision for bonus)	**29,850**	32,642
Provision for staff terminal benefits	**1,140**	1,140
	38,072	41,070

18. Cash in hand and at bank

	2015	2014
	AED'000	AED'000
Cash in hand	**12,643**	6,940
Fixed deposits	**44,034**	40,499
Call deposits and current accounts	**542,218**	427,402
Cash in hand and at bank	**598,895**	474,841

Fixed deposits comprises of term deposits amounting to AED 8.3 million (2014: AED 9.4 million) with a maturity date of more than ninety days and are obtained at prevailing market interest rates.

19. Payables and accruals

	2015	2014
	AED'000	AED'000
Trade payables	**64,321**	114,337
Accruals	**732,105**	631,063
Current portion of a long term liability (refer note 22(ii))	**11,427**	26,024
Current portion of a finance lease liability (refer note 22(iii))	**27,688**	-
Unearned rental income	**683,323**	655,505
Retention from contractor payments	**194,119**	151,660
Tenant related deposits and advances	**761,893**	647,970
Tax payable	**45,413**	53,496
Others	**49,015**	33,798
	2,569,304	2,313,853

20. Provisions

	At 1 January 2015 AED'000	Charge / transfers AED'000	Transfers / payments / write backs AED'000	**At 31 December 2015 AED'000**
Provision for bonus (refer note (i) below)	58,829	75,268	(65,919)	**68,178**
Long-term portion	(634)	(18,576)	-	**(19,210)**
Current portion of bonus provision	58,195	56,692	(65,919)	**48,968**
Other provisions (refer note (ii) below)	59,073	13,960	(40,584)	**32,449**
	117,268	70,652	(106,503)	**81,417**

(i) Long-term portion of bonus provision represents the deferred bonus plan for senior management staff, shown under non-current liabilities. Bonus pay-out is expected by the end of March 2016.

(ii) In the previous year the Group has recognised a provision for the expected fee payable for transferring and registering the assets in Oman to the new legal entities that have been incorporated as part of the re-organization of MAFP Group's corporate legal structure. The transfer of the assets to the new legal entities in Oman was completed on 1 December 2015 and accordingly the provision has been adjusted. Also refer note 9.

20.1 Provision for staff terminal benefits

	2015	2014
	AED'000	AED'000
At 1 January	**63,140**	58,759
Charge during the year	**17,946**	18,768
Payments / transfers	**(11,309)**	(14,387)
At 31 December	**69,777**	63,140

21. Loans and borrowings

	2015 AED'000	2014 AED'000
Long-term portion of external loans (refer note 21.1)	**4,761,767**	2,621,460
Long-term portion of related party loans (refer note 21.2)	**4,372,446**	-
At 31 December	**9,134,213**	2,621,460

	2015 AED'000	2,014 AED'000
Bank overdraft	**-**	34,980
Current portion of external loans (refer note 21.1)	**65,309**	24,148
Current portion of related party loans (refer note 21.2)	**131,544**	5,542,636
At 31 December	**196,853**	5,601,764

21.1 Loans and borrowings – external

	2015 AED'000	2014 AED'000
At 1 January	**2,667,901**	3,069,362
Borrowed during the year	**415,443**	375,962
Loan adjusted against related party loan	**1,829,154**	-
Repaid during the year	**(24,148)**	(776,408)
Currency translation adjustment	**(42,123)**	(1,015)
At 31 December	**4,846,227**	2,667,901
Net unamortized transaction costs incurred	**(19,151)**	(22,293)
	4,827,076	2,645,608
Current maturity of long term loans	**(65,309)**	(24,148)
Long-term portion at 31 December	**4,761,767**	2,621,460

The details of long term loans are set out below:

Loan facility In thousands	Loan amount at 31 December 2015 AED '000	Loan amount at 31 December 2014 AED '000	Repayment Interval	Repayment Commencement	Original Maturity date
USD 53,200 (AED 195,404) and LBP 170,633,264 (AED 418,052)	**570,974**	574,646	Annual (refer note (a)) & Half-yearly	05-Nov-15	20-Sep-22
AED 225,000	**177,975**	198,450	Half-yearly (refer note (b))	29-Sep-13	29-Mar-21
USD 900,000 (AED 3,305,700)	**3,305,700**	1,469,200	Bullet payment (refer note (c))	NA	07-Feb-17 & 03-Nov-25
EGP 3,000,000 (AED 1,543,200)	**791,578**	425,605	Unequal installments every year (refer note (d))	26-Jul-17	28-Apr-26
	4,846,227	2,667,901			

These loans are obtained at margins ranging from 1.5% to 3.5% (2014: 1.5% to 3.5%) over the base lending rate, whilst Sukuk is fixed at 5.85% and 4.5% respectively (2014: 5.85%). 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.

21. Loans and borrowings (continued)

21.1 Loans and borrowings – external (continued)

a) The loan facilities of LBP 180 billion (AED 441 million) and USD 55 million (AED 202 million) were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which the shopping mall is constructed, assignment of lease rentals of the shopping mall and a corporate guarantee provided by MAFH. The repayments of the loan principal are scheduled from November 2015. The subsidiary had voluntarily prepaid USD 10 million (AED 36.73 million) in the previous year.

b) During 2011, a loan facility of AED 225 million was obtained by a subsidiary in the UAE. The facility is secured by way of a first degree mortgage over land and building of a shopping mall in the UAE, assignment of insurance policies of the property and lease rentals of the shopping mall.

c) In February 2012 MAFP Group had issued five year Sukuk certificates ("bonds") under its USD 1 billion Sukuk program (structured as a "Wakala"), raising USD 400 million (AED 1,469 million). The five year senior unsecured bonds issued in 2012 under this program are listed on the London Stock Exchange and on the NASDAQ Dubai, UAE. The terms of the arrangement include transfer of ownership of certain identified assets (the "Wakala assets") of the MAFP Group to a Special Purpose Vehicle, MAF Sukuk Ltd. (the "Issuer"), formed for the issuance of bonds. In substance, the Wakala assets remain in control of MAFP Group and shall continue to be serviced by MAFP Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 5.85% per annum on a semi-annual basis to be serviced from returns generated from the Wakala assets.

   In 2015, the size of the Sukuk Trust Certificate Issuance Program was increased to USD 1.5 billion and the structure of the Program was amended to incorporate a Commodity Murabaha Investment option within the "Wakala" structure.

   In November 2015, MAFP Group issued ten year Sukuk certificates ("bonds") under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,836.5 million). The ten year senior unsecured bonds issued in November under this program are listed on the NASDAQ Dubai, UAE and on the Irish Stock Exchange. The terms of the arrangement include payment to MAFP Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the "Wakala Portfolio".

   In substance, the Wakala Portfolio remains in control of MAFP Group and shall continue to be serviced by MAFP Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 4.5% per annum on a semi-annual basis to be serviced from returns generated from the Wakala Portfolio.

   The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Irish Stock Exchange and on the NASDAQ Dubai, UAE.

d) In 2013, a loan facility of EGP 3 billion (AED 1,543 million) was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall and secured through assignment of lease proceeds and insurance contracts. The loan obtained by a subsidiary in Egypt is initially recognised at the consideration received less directly attributable transaction costs. Subsequently, the loan is measured at amortized cost using the effective interest method.

e) The carrying value of properties mortgaged against the above loans aggregates to AED 1,300.5 million at 31 December 2015 (2014: AED 1,286.3 million). Refer note 12(iii).

21. Loans and borrowings (continued)

21.2 Loans and borrowings - related parties

	2015	2014
	AED'000	AED'000
At 1 January	**5,542,636**	4,042,107
Interest payable to MAFH converted to long term loan	**43,874**	98,044
Borrowed during the year	**1,367,968**	2,189,598
Dividend and coupon payable to MAFH adjusted against long term loan (refer notes 17(iv) and 24.2.2)	**220,000**	233,000
Net external loan adjusted against related party loan	**(1,829,154)**	-
Repaid during the year	**(841,032)**	(1,020,113)
Currency translation adjustment	**(302)**	-
At 31 December	**4,503,990**	5,542,636
Current maturity of long term loan	**(131,544)**	(5,542,636)
Long-term portion	**4,372,446**	-

The above balance comprises of two loans obtained by the MAFP Group as at the reporting date.

Of the total balance, AED 4,372.4 million relates to the loan received from MAFH. Effective 15 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. The loan agreement is valid for a period of four years from April 2014, to be renewed annually at the option of both parties. However, as the loan will not be called upon twelve months from the balance sheet date, it has been classified as long-term in these consolidated financial statements.

The remaining balance of AED 131.5 million was received from MAF for Installation and Management of Hypermarkets S.A.E., a related party, based on an agreement between it and a subsidiary of the Company for a facility amount of EGP 150 million. On 20 October 2015, the agreement was amended to increase the loan amount from EGP 150 million to EGP 300 million. The loan shall be repaid twelve months from the first drawdown date resulting in it being classified as a current liability.

22. Other long term liabilities

	2015	2014
	AED'000	AED'000
Deferred liability (refer note (i))	**3,683**	4,943
Other liability (refer note (ii))	**19,450**	31,266
Finance lease liability (refer note (iii))	**60,717**	83,010
	83,850	119,219

(i) This represents the amount payable in relation to the termination of a contract with a hotel operator in the UAE.

(ii) The balance represents the net present value of the liability to a Government entity for the Metro naming rights, which has been booked as follows. Also refer note 15.

	2015	2014
	AED'000	AED'000
At 1 January	**57,290**	80,621
Interest accrued during the year	**2,151**	3,117
Less: payment made during the year	**(28,564)**	(26,448)
At 31 December	**30,877**	57,290
Current maturity (refer note 19)	**(11,427)**	(26,024)
Long term portion	**19,450**	31,266

22. Other long term liabilities (continued)

(iii) Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015	2014	**2015**	2014	**2015**	2014
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Less than one year	**33,434**	-	**5,746**	5,396	**27,688**	(5,396)
Between one and five years	**31,289**	62,093	**11,434**	14,526	**19,855**	47,567
More than five years	**128,921**	131,552	**88,059**	90,713	**40,862**	40,839
At 31 December	**193,644**	193,645	**105,239**	110,635	**88,405**	83,010
Current maturity (refer note 19)	**(33,434)**	-	**(5,746)**	(5,396)	**(27,688)**	-
Long term portion	**160,210**	193,645	**99,493**	105,239	**60,717**	83,010

The imputed finance cost on the liability was determined based on the Company's subsidiary's incremental borrowing rate (6.5%). Refer note 12(ix).

23. Taxes

23.1 Income tax

MAFP Group is subject to income tax due to its operations in Oman, Egypt and Lebanon.

Tax (expense) / credit recognized in profit or loss

	2015	2014
	AED'000	AED'000
Current tax expense		
- Current year	**(20,840)**	(27,971)
- Adjustment for prior years	**(193)**	(5,922)
	(21,033)	(33,893)
Deferred tax credit / (expense)		
- Origination and reversal of temporary differences	**(109,915)**	(17,093)
- Change in recognized deductible temporary differences	**-**	135
	(109,915)	(16,958)
Tax expense	**(130,948)**	(50,851)

MAFP Group believes that accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Reconciliation of effective tax rate

		2015		2014
		AED'000		AED'000
Profit before tax from continuing operations		**3,657,791**		2,825,865
Income tax using the Company's domestic tax rate	**0.00%**	**-**	0.00%	-
Effect of tax rates in foreign jurisdictions	**0.49%**	**(18,036)**	0.92%	(26,134)
Reduction/increase in tax rate	**0.00%**	**-**	0.18%	(5,154)
Non-deductible expenses	**0.07%**	**(2,706)**	-0.11%	3,215
Change in recognized deductible temporary differences	**3.01%**	**(110,013)**	0.60%	(16,818)
Change in estimates related to prior years	**0.01%**	**(193)**	0.21%	(5,960)
	3.58%	**(130,948)**	1.80%	(50,851)

23. Taxes (continued)

23.2 Deferred tax liabilities

	2015 AED'000	2014 AED'000
At 1 January	**91,683**	94,839
Charged to profit or loss	**102,504**	17,093
Reclassified from deferred tax asset / reversed during the year	**12,969**	(16,955)
Foreign currency translation difference from foreign operations	**(9,404)**	(3,294)
At 31 December	**197,752**	91,683

Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains/losses on properties in Oman, Egypt and Lebanon. The tax rates in these countries are 12%, 22.5% (2014: 25%) and 10% respectively. The corresponding valuation gain or loss has been recognised in profit or loss. Accordingly, the resulting net deferred tax expense / (credit) has been recognized in profit or loss.

23.3 Deferred tax asset

	2015 AED'000	2014 AED'000
At 1 January	**4,154**	4,142
(Debited)/ credited to profit or loss	**(7,411)**	135
Foreign currency translation difference from foreign operations	**(321)**	(123)
Transferred to deferred tax liability	**12,969**	-
At 31 December	**9,391**	4,154

24. Share capital and reserves

24.1 Share capital

	2015 AED'000	2014 AED'000
Authorised, issued and fully paid:		
3,500,000 shares of AED 1,000 each	**3,500,000**	3,500,000
At 31 December	**3,500,000**	3,500,000

24.2 Shareholder contribution

	2015 AED'000	2014 AED'000
Subordinated capital loan instruments (refer note 24.2.1)	**2,750,000**	2,750,000
Contribution from MAFH (refer note 24.2.3)	**188,430**	188,430
At 31 December	**2,938,430**	2,938,430

24.2.1 Subordinated capital loan instrument

In 2009, the Company issued subordinated capital loan instruments of AED 2,500 million in five loan instruments of AED 500 million each. During 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. The hybrid instruments carry a coupon payment, payable semi-annually, at a fixed rate of 8% per annum up to 7 October 2019 and at a floating rate of EIBOR + 5% thereafter.

24. Share capital and reserves (continued)

24.2 Shareholder contribution (continued)

24.2.1 Subordinated capital loan instrument (continued)

The hybrid instrument has a first par call date on 7 October 2019, at the election of the Company, without any obligation. 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 the parent company 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 were accounted for as equity instruments. The hybrid instruments were subscribed to through a debt to equity swap transaction.

24.2.2 Coupons

In the current and previous year the Company declared a coupon of AED 220 million on these instruments. The coupon was calculated at the rate of 8% per annum on the amount outstanding for the 12 month period from 6 October 2014 to 5 October 2015 and 6 October 2013 to 5 October 2014 respectively. In the current and previous year the coupon was adjusted against long term loan payable to MAFH (refer notes 17(iv) and 21.2).

24.2.3 Contribution from MAFH

In 2012 MAFP Group had novated derivative instruments with a negative fair value of AED 188.4 million to MAFH. MAFH waived its contractual obligation of recovering the liability from MAFP Group and accordingly this balance was classified within shareholder contribution.

24.3 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment, including the accumulated revaluation reserve in respect of any properties that were reclassified to investment property.

24.4 Statutory reserve

In accordance with the Articles of Association of companies in MAFP 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 utilised only in the manner specified under the relevant laws and is not available for distribution. During the year, AED 237.2 million (2014: AED 131.2 million) has been transferred to this reserve.

24.5 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations.

25. Financial instruments

Financial assets of MAFP Group include cash at bank and in hand, receivables and amounts due from related parties. Financial liabilities of MAFP Group include amounts due to related parties, short term loans, long term loans, bank overdrafts, payables and provisions. Accounting policies for financial assets and liabilities are set out in note 3.

25. Financial instruments (continued)

25.1 Financial risk management objectives and policies

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 Committee within the Board of the Company which is required to review and assess the risk management process. It ensures that internal risk management framework is effective and that a sound system of risk management is in place to safeguard shareholder's interests. All MAFP Group's entities are required to report on risk management on a regular basis including self-certification indicating that they have reviewed the risks identified within their area, and they are satisfied that the controls are operating effectively.

The main risks arising from MAFP 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 centralised treasury function of MAFH on behalf of the Company.

25.2 Credit risk

Credit risk is the risk of financial loss to MAFP Group if the counter-party fails to meet its contractual obligations and arises principally from MAFP Group's receivables.

The entities in MAFP Group have credit policies in place and the exposure to credit risk is monitored on an on-going basis. A majority of MAFP Group's income is by way of cash and 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 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 as at the reporting date and consider them to be recoverable. Due from related parties (net of provisions) are considered recoverable by management.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015	2014
	AED'000	AED'000
Trade receivables	**224,861**	174,270
Other receivables	**20,756**	21,541
Cash at bank	**586,252**	467,901
Long term receivables	**116,741**	79,779
Due from related parties	**35,588**	124,384
At 31 December	**984,198**	867,875

25.3 Liquidity risk

Liquidity risk is the risk that MAFP Group will not be able to meet its financial obligations as they fall due. MAFP Group's approach to managing liquidity is to ensure, in so far as it is reasonably possible, that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to MAFP Group's reputation. MAFP Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and credit facilities.

25. Financial instruments (continued)

25.3 Liquidity risk (continued)

At 31 December 2015

	Carrying amount AED'000	Contractual cash flows AED'000	6 months or less AED'000	6-12 months AED'000	1-2 years AED'000	2-5 years AED'000	More than 5 years AED'000
Secured loans and borrowings	**1,540,527**	**2,424,047**	**93,286**	**110,365**	**265,949**	**957,449**	**996,998**
Unsecured loans and borrowings	**3,305,700**	**4,261,048**	**84,295**	**84,295**	**1,594,817**	**247,928**	**2,249,713**
Related party loans	**4,503,990**	**5,434,009**	**211,451**	**93,570**	**209,877**	**4,919,111**	**-**
Payables and accruals	**1,276,633**	**1,384,920**	**650,347**	**549,879**	**39,442**	**15,134**	**130,118**
Due to related parties	**54,804**	**54,804**	**27,402**	**27,402**	**-**	**-**	**-**
Total	**10,681,654**	**13,558,828**	**1,066,781**	**865,511**	**2,110,085**	**6,139,622**	**3,376,829**

At 31 December 2014

	Carrying amount AED'000	Contractual cash flows AED'000	6 months or less AED'000	6-12 months AED'000	1-2 years AED'000	2-5 years AED'000	More than 5 years AED'000
Secured loans and borrowings	1,198,701	1,813,225	43,944	68,943	160,426	776,944	762,968
Unsecured loans and borrowings	1,469,200	1,684,070	42,974	42,974	85,948	1,512,174	-
Related party loans	5,542,636	5,593,767	5,593,767	-	-	-	-
Bank overdraft	34,980	34,991	34,991	-	-	-	-
Payables and accruals	1,183,906	1,306,254	532,344	536,144	47,052	53,694	137,020
Due to related parties	91,306	91,306	45,653	45,653	-	-	-
Total	9,520,729	10,523,613	6,293,673	693,714	293,426	2,342,812	899,988

25.3.1 Funding and liquidity

At 31 December 2015, MAFP Group has net current liabilities of AED 1,806.8 million (2014: AED 6,346.8 million) which includes debt maturing in the short-term of AED 196.8 million (2014: AED 5,601.8 million). Further, at 31 December 2015 debt maturing in the long term is AED 9,134.2 million (2014: AED 2,621.5 million).

At 31 December 2015, MAFP Group has existing undrawn facilities of AED 3,050 million obtained from banks and MAFH and cash in hand and at bank of AED 598.9 million to cover its liquidity needs for at least the next twelve months.

On the basis of the above, management has concluded that MAFP Group will be able to meet its financial commitments in the foreseeable future.

25.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect MAFP Group's income or the value of its holdings of financial instruments. MAFP Group seeks to apply hedge accounting to manage volatility in its income statement in relation to its exposure to interest rate risk.

25. Financial instruments (continued)

25.4 Market risk (continued)

25.4.1 Foreign currency risk

A significant portion of MAFP Group's foreign currency borrowings and balances are denominated in US Dollar ("USD") and other currencies linked to USD. Hence, MAFP Group's exposure to any foreign currency risk is not significant

25.4.2 Interest rate risk

As mentioned in note 25.1, interest rate risk is managed by MAFH on behalf of the Company within the framework of the interest rate risk management policy. MAFHadopts a policy of maintaining a target duration on its liability portfolio of about half year to three years. This is achieved through cash and / or by using IAS 39 compliant derivative financial instruments.

At the reporting date the interest rate profile of MAFP Group's interest-bearing financial instruments was:

	2015	2014
	AED'000	AED'000
Variable rate instruments		
Financial liabilities (loans and borrowings)	**(6,025,366)**	(6,754,024)
Financial assets (Long term receivable from minority shareholder)	**17,526**	16,192
At 31 December	**(6,007,840)**	(6,737,832)
Fixed rate instruments		
Financial assets (fixed deposits)	**44,034**	40,499
Financial liabilities (loans)	**(3,305,700)**	(1,469,200)
Financial liabilities (finance lease liabilities)	**(88,405)**	(83,010)
Financial liabilities (other long term liabilities)	**(23,133)**	(36,209)
At 31 December	**(3,373,204)**	(1,547,920)

The contractual maturities of the financial liabilities are disclosed in note 25.3.

Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity of MAFP Group's profit before tax and MAFP Group's equity to a reasonably possible change in interest rates, assuming all other variables in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2014.

Sensitivity analysis for variable rate instruments

	Increase / (decrease) in	**Effect on profit or loss**		**Effect on other comprehensive income**	
AED'000	**basis points**	**2015**	2014	**2015**	2014
Variable rate instrument	+ 100	**(54,071)**	(60,640)	-	-
Cash flow sensitivity (net)		**(54,071)**	(60,640)	-	-
Variable rate instrument	- 100	**54,071**	60,640	-	-
Cash flow sensitivity (net)		**54,071**	60,640	-	-

25. Financial instruments (continued)

25.5 Fair values

The Sukuk certificates are carried at Level 2 (2014: Level 2) of the fair value hierarchy. At 31 December 2015, the fair value is AED 1,520 million (2014: AED 1,589 million) for Sukuk certificates maturing in 2017 and AED 1,823 million for Sukuk certificates maturing in 2025.

The management believes that the fair value of the remaining financial assets and liabilities at the reporting date approximates their carrying amounts.

25.6 Capital management

The primary objective of MAFP Group's capital management is to ensure that it maintains healthy capital and liquidity ratios in order to support its operations and future developments.

The following ratios are used to monitor the business performance:
(i) Net debt to equity ratio
(ii) Interest coverage ratio
(iii) Debt service coverage ratio

These ratios are monitored in accordance with MAFH's capital management policy.

	2015	2014
	AED'000	AED'000
Loans and borrowings	**9,331,066**	8,223,224
Total debt	**9,331,066**	8,223,224
Share capital	**3,500,000**	3,500,000
Shareholder contribution	**2,938,430**	2,938,430
Revaluation reserve	**14,268,688**	13,988,075
Other reserves	**10,552,265**	7,408,036
Total equity attributable to owners of the Company	**31,259,383**	27,834,541
Gearing ratio	**30%**	30%

MAFP Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratios. Apart from these requirements neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

26. Capital commitments

	2015	2014
	AED'000	AED'000
Capital commitments of MAFP Group	**2,664,716**	2,277,401
MAFP Group's share of capital commitments in relation to its equity accounted investees.	**731,454**	753,561
	3,396,170	3,030,962

27. Contingent liabilities

MAFP Group is contingently liable in respect of corporate guarantees of AED 5,732.1 million (2014: AED 6,356.8 million) to various banks (also refer note 17(iii)). MAFP Group has also co-guaranteed hybrid perpetual note instruments of AED 1,836.5 million (2014: AED 1,836.5 million) that has been issued by a subsidiary of MAFH (refer note 17(iii). Furthermore, MAFP Group has provided other operational guarantees of AED 4.6 million (2014: AED 4.6 million).

28. Subsequent events

There has been no significant event subsequent to 31 December 2015 up to the date of authorisation of financial statements on 2 March 2016, which would have a material effect on these consolidated financial statements.

29. Operating leases

Leases as lessor

MAFP Group leases out its properties under operating leases. Minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	AED'000	AED'000
Less than one year	**2,628,620**	2,284,084
Between one and five years	**6,403,464**	4,336,482
More than five years	**1,366,124**	2,650,561
Total	**10,398,208**	9,271,127

Leases as lessee

Minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	AED'000	AED'000
Less than one year	**7,452**	5,861
Between one and five years	**27,422**	23,445
More than five years	**23,445**	34,288
Total	**58,319**	63,594

Above lease payments as lessee represent MAFP Group commitments for staff accommodation and office premises. In addition to this MAFP Group also enters into operating leases, which typically run for a period of one year with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

30. List of joint ventures

The consolidated financial statements include MAFP Group's share of the results of the following joint venture companies:

Joint ventures	Country of incorporation / origin	Ownership %
Active joint ventures		
Sharjah Holding Company JSC	UAE	50%
Al Mamzar Islands Developments LLC	UAE	50%
The Wave Muscat S.A.O.C	Oman	50%
Waterfront City SARL	Lebanon	50%
The Egypt Emirates Malls Group S.A.E	Egypt	50%
Dormant joint ventures		
Aya Real Estate Investment BSC	Bahrain	50%
Arzanah Mall LLC	UAE	50%
Yenkit Tourism Development LLC	Oman	60%
Bab Al Madina for Development and Management of Business Centers Company LLC	Libya	50%

31. List of Subsidiaries

Shares of certain subsidiary companies are held by subsidiaries of MAFH for the beneficial interest of MAFP Group.

The consolidated financial statements include the results of the following subsidiaries:

Subsidiaries	Country of incorporation / origin	Ownership %
Active subsidiaries		
Majid Al Futtaim Investments Mirdif LLC	UAE	100%
MAM Investments LLC	UAE	100%
Majid Al Futtaim Properties Lebanon LLC	UAE	100%
Fujairah City Centre Investment Company LLC	UAE	62.5%
Majid Al Futtaim Properties Saudia LLC	UAE	100%
Majid Al Futtaim Properties Al Riyadh LLC	UAE	100%
Majid Al Futtaim Hospitality LLC	UAE	100%
Majid Al Futtaim Developments LLC	UAE	100%
Majid Al Futtaim Shopping Malls LLC	UAE	100%
Majid Al Futtaim Properties Asset Management LLC	UAE	100%
Majid Al Futtaim Shopping Malls Investments LLC	UAE	100%
Majid Al Futtaim Communities Investments LLC	UAE	100%
Majid Al Futtaim Hospitality Investments LLC	UAE	100%
Majid Al Futtaim Shopping Malls Operation LLC	UAE	100%
Majid Al Futtaim Communities Operation LLC	UAE	100%
Majid Al Futtaim Hospitality Operation LLC	UAE	100%
Majid Al Futtaim Emirati Shopping Malls Investments LLC	UAE	100%
Majid Al Futtaim Emirati Communities Investments LLC	UAE	100%
Majid Al Futtaim Emirati Hospitality Investments LLC	UAE	100%
Majid Al Futtaim Emirati Shopping Malls Operation LLC	UAE	100%
Majid Al Futtaim Emirati Communities Operation LLC	UAE	100%
Majid Al Futtaim Emirati Hospitality Operation LLC	UAE	100%
Majid Al Futtaim Investment Contributions LLC	UAE	100%
Majid Al Futtaim Shopping Malls Investments A R E LLC	UAE	100%
Majid Al Futtaim Real Estate Investments LLC	UAE	100%
Majid Al Futtaim Shopping Centre LLC	Oman	100%
Majid Al Futtaim Commercial Facilities LLC	Oman	100%
International Property Services LLC	Oman	100%
Majid Al Futtaim Properties Co. Oman LLC	Oman	100%
Majid Al Futtaim Shopping Centers LLC	Oman	100%
Majid Al Futtaim Commercial Centre LLC	Oman	100%
Majid Al Futtiam Properties Egypt SAE	Egypt	100%
Majid Al Futtaim Properties Bahrain BSC	Bahrain	100%
MAF Lebanon for Commercial and Real Estate Investment SARL	Lebanon	100%
MAF Lebanon Holding SAL	Lebanon	100%
Suburban Development Company SAL	Lebanon	96.8%
Majid Al Futtaim Properties Lebanon Holding SAL	Lebanon	100%
Majid Al Futtaim Properties Management Services SARL	Lebanon	100%

31. List of Subsidiaries (continued)

Subsidiaries	Country of incorporation / origin	Ownership %
Active subsidiaries (continued)		
Majid Mohamed Al Futtaim Properties LLC	Saudi Arabia	100%
Aswaq Al Narjis Trading LLC	Saudi Arabia	100%
Majid Mohamed Al Futtaim Trading LLC	Saudi Arabia	100%
Majid Mohamed Al Futtaim Real Estate Development LLC	Saudi Arabia	100%
Mabanee Al Fanar Trading JSC	Saudi Arabia	100%
Aswaq Al Emarat Trading CJSC	Saudi Arabia	85%
Majid Mohd Al Futtaim Properties Asset Management LLC	Saudi Arabia	100%
Majid Al Futtaim Shopping Malls KSA	Saudi Arabia	100%
New subsidiaries incorporated in the current year		
Majid Al Futtaim Shopping Malls Projects LLC	UAE	100%
Majid Al Futtaim Shopping Malls Development LLC	UAE	100%
Majid Al Futtaim Commercial Centers LLC	UAE	100%
Majid Al Futtaim City Centre Meaisem LLC	UAE	100%
Majid Al Futtaim Shopping Malls Meaisem FZ LLC	UAE	100%
Majid Al Futtaim My City Centre Al Barsha FZ LLC	UAE	100%
Majid Al Futtaim Mall Of The Emirates LLC	UAE	100%
Majid Al Futtaim City Centre Al Shindagha Co LLC	UAE	100%
Majid Al Futtaim City Centre Deira LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Co. LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha First LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Second LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Third LLC	UAE	100%
Majid Al Futtaim Hospitality Barsha Fourth LLC	UAE	100%
Majid Al Futtaim Hospitality Al Rigga LLC	UAE	100%
Majid Al Futtaim Hospitality Al Zahia LLC	UAE	100%
Majid Al Futtaim Hospitality Mirdif First LLC	UAE	100%
Majid Al Futtaim Hospitality Mirdif LLC	UAE	100%
Majid Al Futtaim Hospitality Deira LLC	UAE	100%
Majid Al Futtaim Hospitality Deira First LLC	UAE	100%
Majid Al Futtaim Hospitality Deira Second LLC	UAE	100%
Dormant subsidiaries		
MAF Technological Systems LLC	UAE	100%
Bab Al Madinah Company Property Investment Limited	Yemen	51%
Societe Tunisia WIFEK	Tunisia	100%

32. Associate

The consolidated financial statements include MAFP Group's share of the results of the following associate company:

Associate	Country of incorporation / origin	Ownership %
Active associate		
Enshaa PSC	UAE	28.44%

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