# Majid Al Futtaim Properties LLC
# Consolidated Financial Statements

## For the year ended 31 December 2014

# Majid Al Futtaim Properties LLC
# Consolidated Financial Statements

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## Directors' Report

The Directors' Report and the audited consolidated financial statements of Majid Al Futtaim Properties LLC ("the Company") and its subsidiaries (collectively referred to as "MAFP Group") are presented for the year ended 31 December 2014. The consolidated financial statements were prepared by management. Management has taken responsibility for fairly presenting the consolidated financial statements in accordance with the applicable financial reporting framework and has given clearance for issuance of these statements on 5 March 2015.

### Activities

MAFP Group is made up of three business units; Shopping Malls, Hospitality and Communities. MAFP Group has been able to build and maintain a leading position in shopping malls development, operations and asset management within the MENA region, with over 167 million customer visits last year. MAFP Group continually seeks new opportunities for expansion of its three businesses into countries across the region and adjacent countries. The hospitality business focuses on the development and asset management of hotels attached to the MAFP Group shopping malls or within master-planned communities or stand-alone mid-scale and budget hotels and uses third party global operators for operational management of its hotels. The communities business focuses on developing a mix of land, residential and commercial properties throughout the region. MAFP Group's business units also provide fee-based advisory, development and management services to investee companies and related parties.

### 2014 significant developments

In February 2014 MAFP Group opened "My City Centre Nasseriya" which is MAFP Group's new neighbourhood retail concept that is focused on offering a balanced mix of practical and lifestyle-oriented stores for residents in local communities.

During the current year MAFP Group purchased a piece of land in the Kingdom of Saudi Arabia for AED 1,433.4 million.

### Financial results

MAFP Group's revenue for the year 2014 was AED 3,819 million, an 8% increase over 2013 revenue of AED 3,547 million.

- Shopping Malls business unit revenue increased 8% to AED 3,086 million, or 81% of total revenue (2013: AED 2,858 million or 81% of total revenue);
- Hotels business unit revenue increased 5% to AED 695 million, or 18% of total revenue (2013: AED 665 million or 19% of total revenue) and;
- Communities business unit revenue increased 58% to AED 38 million, or 1% of total revenue (2013: AED 24 million).

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. MAFP Group's EBITDA for 2014, based on MAFP Group's management reporting as explained in note 5.1(a), was AED 2,385 million, a 9% increase over 2013 MAFP Group's EBITDA (2013: AED 2,195 million).

- Shopping Malls EBITDA increased 7% to AED 2,329 million or 98% of MAFP Group's EBITDA (2013: AED 2,174 million or 99% of MAFP Group's EBITDA);
- Hotels EBITDA increased 9% to AED 290 million or 12% of MAFP Group's EBITDA (2013: AED 267 million or 12% of MAFP Group's EBITDA);
- Communities EBITDA had an EBITDA loss of AED 61 million or negative 3% of MAFP Group's EBITDA (2013: EBITDA loss of AED 51 million or negative 2%) and;

## Directors' Report (continued)

**Financial results (continued)**

- Corporate centre expenses amounted to AED 173 million or negative 7% of MAFP Group's EBITDA (2013: AED 195 million or negative 9% of MAFP Group's EBITDA).

The above operating results are primarily driven by the performance of its comparable like-for-like assets, sales from the Al Zahia project and reflect the partial results of the rebranded Westin and Le Meridien hotels in Bahrain.

The net profit of MAFP Group for the year ended 31 December 2014 was AED 2,756 million (2013: AED 2,491 million). The major items that are included in the net profit are as follows:

- Net valuation gain on land and buildings for the year 2014 amounted to AED 1,229 million (2013: AED 969 million);
- Depreciation and amortization for the year 2014 amounted to AED 346 million (2013: AED 321 million);
- Finance costs for the year 2014 amounted to AED 338 million (2013: AED 350 million);
- Impairment provision for the year 2014 amounted to AED 135 million (2013: Nil);
- Share of profit in joint ventures and associate for the year 2014 amounted to AED 42 million (2013: AED 8 million); and
- Income tax charge for the year 2014 amounted to AED 51 million (2013: AED 13 million).

**Dividend / Coupon**

In the current year the Company declared a coupon of AED 220 million (2013: AED 220 million), at the rate of 8% per annum on the amount outstanding towards the subordinated capital loan instrument for a one year period from 06 October 2013 to 05 October 2014. Furthermore the Company declared a dividend of AED 13 million during the year (2013: AED 60 million).

**Board of Directors**

Thom Wernink – (Appointed January 1st 2015)
Jaap Gillis
Abdullah Al Ghurair
Salem Al Ghurair - (Appointed February 1st 2014)
Richard North
Neil Jones
Guillaume Poitrinal - (Resigned June 30th 2014)
Alvaro Portela – (Resigned August 31st 2014)
George Kostas – (Resigned August 31st 2014)
Basel Noman Ahmed - (Appointed January 1st 2014 & resigned December 31st 2014)
Iyad Malas - (Resigned February 2nd 2015)

**Auditors**

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

On behalf of the Board of Directors

**Company Secretary**

**KPMG Lower Gulf Limited**
P.O.Box 341145
Level 12, IT Plaza
Dubai Silicon Oasis
Dubai
United Arab Emirates

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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 ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, 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 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 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Independent auditors' report (continued)

### Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; a physical count of inventories was carried out by management in accordance with established principles; and the contents of the Directors' report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2014, which may have had a material adverse effect on the business of the Company or its financial position.

KPMG

*KPMG Lower Gulf Limited*

*Date:* 05 MAR 2015

**Consolidated income statement**
**For the year ended 31 December 2014**

| | Note | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|---|
| Revenue | 6 | **3,818,675** | 3,547,071 |
| Operating expenses | 7 | **(1,727,790)** | (1,655,169) |
| Net valuation gain on land and buildings | 12(i) | **1,229,000** | 969,161 |
| Other expenses - net | 9 | **(77,548)** | (25,430) |
| Impairment provision | 10 | **(135,332)** | - |
| Share of profit in joint ventures and associate - net | 14 | **41,579** | 8,260 |
| Finance income | 8.1 | **15,400** | 8,966 |
| Finance costs | 8.2 | **(338,119)** | (350,089) |
| **Profit for the year before tax** | | **2,825,865** | 2,502,770 |
| Income tax charge - net | 23.1 | **(50,851)** | (12,847) |
| **Profit for the year** | | **2,775,014** | 2,489,923 |
| Profit / (loss) attributable to: | | | |
| Owners of the Company | | **2,756,038** | 2,490,777 |
| Non-controlling interest | | **18,976** | (854) |
| | | **2,775,014** | 2,489,923 |

The notes on pages 13 to 61 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 and 4.

**Consolidated statement of profit or loss and other comprehensive income**
**For the year ended 31 December 2014**

| | Note | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|---|
| **Profit for the year** | | **2,775,014** | 2,489,923 |
| **Other comprehensive income** | | | |
| ***Items that will never be reclassified to profit or loss*** | | | |
| Net valuation gain on land and buildings | 11(i) | **540,162** | 352,601 |
| ***Items that are or may be reclassified to profit or loss*** | | | |
| Foreign currency translation differences from foreign operations | | **(39,708)** | (111,164) |
| **Other comprehensive income for the year, net of tax** | | **500,454** | 241,437 |
| **Total comprehensive income for the year** | | **3,275,468** | 2,731,360 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **3,256,098** | 2,732,214 |
| Non-controlling interest | | **19,370** | (854) |
| | | **3,275,468** | 2,731,360 |

The notes on pages 13 to 61 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 2014

| | Note | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **4,263,804** | 3,549,977 |
| Investment property | 12 | **31,344,021** | 28,023,646 |
| | | **35,607,825** | 31,573,623 |
| **Other non-current assets** | | | |
| Investment in joint ventures and associate | 14 | **1,132,332** | 1,093,007 |
| Intangible asset | 15 | **92,729** | 112,603 |
| Long term receivables | 16.1 | **551,903** | 600,085 |
| Deferred tax asset | 23.3 | **4,154** | 4,142 |
| | | **1,781,118** | 1,809,837 |
| **Current assets** | | | |
| Development property | 13 | **797,771** | 76,105 |
| Inventories | | **21,416** | 21,501 |
| Receivables and prepayments | 16 | **358,978** | 367,048 |
| Due from related parties | 17.1 | **124,384** | 89,596 |
| Cash in hand and at bank | 18 | **474,841** | 409,341 |
| | | **1,777,390** | 963,591 |
| **Current liabilities** | | | |
| Payables and accruals | 19 | **2,313,853** | 1,911,611 |
| Provisions | 20 | **117,268** | 113,000 |
| Due to related parties | 17.1 | **91,306** | 83,402 |
| Loans and borrowings | 21 | **5,601,764** | 4,417,992 |
| | | **8,124,191** | 6,526,005 |
| **Net current liabilities** | | **(6,346,801)** | (5,562,414) |
| **Non-current liabilities** | | | |
| Loans and borrowings | 21 | **2,621,460** | 2,726,138 |
| Other long term liabilities | 22 | **119,219** | 60,349 |
| Deferred tax liabilities | 23.2 | **91,683** | 94,839 |
| Long term portion of provision for bonus | 20 | **634** | 5,933 |
| Provision for staff terminal benefits | 20.1 | **63,140** | 58,759 |
| | | **2,896,136** | 2,946,018 |
| **Net assets** | | **28,146,006** | 24,875,028 |

## Consolidated statement of financial position (continued)
### As at 31 December 2014

| | Note | 2014<br>AED'000 | 2013<br>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 | **13,988,075** | 13,447,913 |
| Other reserves | | **7,408,036** | 4,912,100 |
| **Equity attributable to owners of the Company** | | **27,834,541** | 24,798,443 |
| Non-controlling interest | | **311,465** | 76,585 |
| **Total equity** | | **28,146,006** | 24,875,028 |

The notes on pages 13 to 61 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 5 March 2015.

Chief Executive Officer

Chief Financial Officer

## Consolidated statement of cash flows
## For the year ended 31 December 2014

| | Note | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit for the year after tax** | | **2,775,014** | 2,489,923 |
| | | | |
| **Adjustments for:** | | | |
| Finance income | 8.1 | **(15,400)** | (8,966) |
| Finance cost | 8.2 | **338,119** | 350,089 |
| Provision for impairment | 10 | **135,332** | - |
| Net valuation gain on land and buildings | 12(i) | **(1,229,000)** | (969,161) |
| Depreciation | 11 | **325,934** | 301,460 |
| Net provisions / (reversals) for deferred tax | 23.1 | **16,958** | (7,430) |
| Amortisation of intangible asset | 15 | **19,874** | 19,785 |
| (Gain) / loss on sale of property, plant and equipment and investment properties | 9 | **(992)** | 196 |
| Fixed assets / project costs written off | 9 | **3,828** | 9,015 |
| Share of profit in joint ventures and associate - net | 14 | **(41,579)** | (8,260) |
| **Operating profit before working capital changes** | | **2,328,088** | 2,176,651 |
| | | | |
| **Changes in:** | | | |
| Inventories | | **85** | 6,339 |
| Receivables and prepayments | | **56,239** | (419,288) |
| Payables and accruals | | **379,793** | 31,827 |
| Due (from) / to related parties | | **88,680** | 1,621 |
| Provisions and employee benefits | | **3,353** | 14,842 |
| **Net cash from operating activities** | | **2,856,238** | 1,811,992 |
| | | | |
| **Investing activities** | | | |
| Additions to property, plant and equipment | 11 | **(416,096)** | (195,915) |
| Additions to investment property | 12 | **(2,419,044)** | (1,272,228) |
| Additions to development property | 13 | **(721,666)** | (9,769) |
| Investment in fixed deposits | 18 | **8,370** | 99,490 |
| Increase in finance lease liabilities | | **83,010** | - |
| Payment of liability for acquisition of intangible asset | 22(ii) | **(26,448)** | (24,489) |
| Interest received | | **6,466** | 8,966 |
| **Net cash used in investing activities** | | **(3,485,408)** | (1,393,945) |

**Consolidated statement of cash flows (continued)**
**For the year ended 31 December 2014**

| | Note | 2014 AED'000 | 2013 AED'000 |
|---|---|---|---|
| **Financing activities** | | | |
| Long term loans received | 21.1 & 21.2 | **2,566,457** | 1,953,473 |
| Long term loans repaid | 21.1 & 21.2 | **(1,798,433)** | (2,185,573) |
| Non-controlling interest equity injection | | **215,148** | - |
| Dividend paid | 17(iv) | **-** | (40,000) |
| Finance costs paid | | **(283,013)** | (273,460) |
| **Net cash from / (used in) financing activities** | | **700,159** | (545,560) |
| | | | |
| **Net increase / (decrease) in cash and cash equivalents** | | **70,989** | (127,513) |
| **Cash and cash equivalents at beginning of the year** | | **358,875** | 484,459 |
| Currency translation effect on cash held | | **567** | 1,929 |
| **Cash and cash equivalents at end of the year** | | **430,431** | 358,875 |
| Cash and cash equivalents comprise: | | | |
| Cash in hand and at bank (excluding deposits of AED 9.4 million (2013: AED 17.8) with maturity of more than 3 months) | 18 | **465,411** | 391,536 |
| Less: bank overdraft | 21 | **(34,980)** | (32,661) |
| | | **430,431** | 358,875 |

The notes on pages 13 to 61 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 2014

| | 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 2013 | 3,500,000 | 2,938,430 | 13,095,312 | 2,387,788 | 609,431 | (184,732) | 22,346,229 | 77,439 | 22,423,668 |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | - | - | - | 2,490,777 | - | - | 2,490,777 | (854) | 2,489,923 |
| *Other comprehensive income* | | | | | | | | | |
| Net valuation gain on land and building (refer note 11(i)) | - | - | 352,601 | - | - | - | 352,601 | - | 352,601 |
| Foreign currency translation differences from foreign operations | - | - | - | - | - | (111,164) | (111,164) | - | (111,164) |
| **Total comprehensive income for the year** | - | - | 352,601 | 2,490,777 | - | (111,164) | 2,732,214 | (854) | 2,731,360 |
| **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) | - | - | - | (162,415) | 162,415 | - | - | - | - |
| Coupon declared (refer notes 24.2.2 & 17(iv)) | - | - | - | (220,000) | - | - | (220,000) | - | (220,000) |
| Dividend declared (refer note 17(iv)) | - | - | - | (60,000) | - | - | (60,000) | - | (60,000) |
| **Total contributions by and distributions to the owners of the Company** | - | - | - | (442,415) | 162,415 | - | (280,000) | - | (280,000) |
| At 31 December 2013 | 3,500,000 | 2,938,430 | 13,447,913 | 4,436,150 | 771,846 | (295,896) | 24,798,443 | 76,585 | 24,875,028 |

**Consolidated statement of changes in equity**
**For the year ended 31 December 2014 (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 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 valuation 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** |

The notes on pages 13 to 61 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") and the requirements of the U.A.E. Federal Law No.8 of 1984 (as amended).

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 5 March 2015.

*(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) certain classes 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.

**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 supply of services or for administrative purposes.

## 2. Basis of preparation (continued)

*(d) Use of estimates and judgements (continued)*

**Judgements (continued)**

(i) Accounting for dual use properties (continued)

*Properties that 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 that cannot be sold or finance-leased separately*

Certain properties in the UAE have been developed on land gifted to the majority shareholder of the ultimate holding entity, personally, rather than the Company. These properties are held in the name of the majority shareholder for the beneficial interest of the Company.

Properties which are built on land gifted by the Ruler of Dubai, cannot currently be sold or finance-leased separately (without the prior consent of the ruler). On 15 March 2010, the Ruler of Dubai issued a decree which allows each UAE national, who has been granted industrial or commercial land, to apply to the Land and Properties Department ("the Department") to request for free ownership of the land (and obtain a title deed with freehold status for the plot), that is free from any restrictions over the use of the land by registering it in the real estate register for a fee of 30% of the market value of the land, which will be determined by the Department on the date of the transfer of ownership. Upon issuance of this decree, the Company can transfer the legal title and register the properties constructed on gifted land in its name. Management is of the view that these properties will not be treated as ones that can be sold or finance-leased separately until the decision to register the properties with freehold status is formally approved by the Board of Directors of the Company.

Furthermore, due to legal restrictions in Oman, properties cannot currently be sold or finance-leased separately.

Accordingly the properties held in Oman and those gifted by the Ruler of Dubai 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.

(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.

## 2. Basis of preparation (continued)

*(d) Use of estimates and judgements (continued)*

**Judgements (continued)**

(ii) Apportionment of fair values between land and buildings (continued)

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 the 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 the year ending 31 December 2015 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 | 4.0% |
| 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 aging review meetings are conducted by management.

*Shopping Malls business*

Past due debts are those debts which are outstanding beyond the agreed credit period. Accounts 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 aging 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% |

## 2. Basis of preparation (continued)

*(d) Use of estimates and judgements (continued)*

**Assumptions and estimation uncertainties (continued)**

(vi) Provision for bad debts (continued)

Where accounts receivable is identified as doubtful or bad then a provision shall be created on the basis of the percentage mentioned above.

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.

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).

## 2. Basis of preparation (continued)

*(d) Use of estimates and judgements (continued)*

(ix) Measurement of fair values (continued)

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(vii) 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. Refer note 16.1(iii) for further details.

*(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 2014.

*(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 depending on the level of influence retained.

*(iii) Interests in equity-accounted investees*

MAFP Group's interests in equity-accounted investees comprise interests in joint ventures and an associate.

## 3. Significant accounting policies (continued)

*(a) Basis of consolidation (continued)*

*(iii) Interests in equity-accounted investees (continued)*

Associates are those entities in which MAFP Group has significant influence, but not 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 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 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 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 to 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. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

*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 of 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.

*(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 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.

*(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, processing 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.

## 3. Significant accounting policies (continued)

*(f) Capital work in progress (continued)*

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, shopping malls 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*** | ***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.

*(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 book 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.

**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 in accordance with MAFP 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 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.

## 3. Significant accounting policies (continued)

*(l) Impairment (continued)*

*Financial assets (continued)*

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).

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 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.

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.

## 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.

*(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;
- 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.

**3. Significant accounting policies (continued)**

*(s) Income tax (continued)*

**(ii) Deferred tax (continued)**

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), 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 for 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 2014, 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.

**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.

## 3. Significant accounting policies (continued)

*(v) New standards and interpretations not yet adopted (continued)*

**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 2017 with early adoption permitted. Management is currently assessing the impact on its consolidated financial statements from the application of IFRS 15.

## 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 values for investment properties and property, plant and equipment have been determined for measurement and/or disclosure purposes based on the following methods.

(i) Investment properties and property, plant and equipment

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 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

Fair market value is determined using the discounted cash flow (DCF) methodology which is benchmarked against yield methodology. 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. Investment Properties Under Construction (IPUC) are measured at fair value once the valuer determines 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. 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 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 Company within a reasonable time scale.

## 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" and sustained by corporate centre functions such as business development, finance, human resources, project management, legal, valuation and risk management. Geographic segments are divided into UAE, Oman, Bahrain, Kingdom of Saudi Arabia ("KSA") combined as "GCC", Egypt and Lebanon.

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 three 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 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.

## 5. Segment information and reporting (continued)

### 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 2014 MAFP Group held an ownership interest and management of thirteen income producing properties in the United Arab Emirates, Oman, Bahrain, Egypt and Lebanon. As at the reporting date MAFP Group was in the process of constructing nine shopping malls (including three extensions to existing shopping malls in UAE, Egypt and Oman) which are expected to commence operations from 2015 to 2021. 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, leisure and entertainment assets, and management fees.

### 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 2014 MAFP Group held an ownership interest in eleven hotels located in the United Arab Emirates and Bahrain. As at the reporting date MAFP Group was in the process of constructing two hotels.

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. As at the reporting date MAFP Group was in the process of constructing one residential project.

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.

# 5. Segment information and reporting (continued)

## 5.1 EBITDA, Management Net Profit and Net Assets – By Business Unit

| 5.1(a) EBITDA and Management Net Profit | SMBU 2014 | SMBU 2013 | HOBU 2014 | HOBU 2013 | COBU 2014 | COBU 2013 | Total - BUs 2014 | Total - BUs 2013 | Corporate Centre 2014 | Corporate Centre 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *AED in millions* | | | | | | | | | | | |
| Revenue | **3,130.9** | 2,878.4 | **694.8** | 665.2 | **171.1** | 24.1 | **3,996.8** | 3,567.7 | **-** | - | **3,996.8** | 3,567.7 |
| Operating expenses | **(744.4)** | (570.8) | **(385.8)** | (379.9) | **(170.1)** | (30.6) | **(1,300.3)** | (981.3) | **-** | - | **(1,300.3)** | (981.3) |
| Asset EBITDA | **2,386.5** | 2,307.6 | **309.0** | 285.3 | **1.0** | (6.5) | **2,696.5** | 2,586.4 | **-** | - | **2,696.5** | 2,586.4 |
| Support Cost | **(57.3)** | (134.1) | **(19.4)** | (18.0) | **(61.7)** | (44.2) | **(138.4)** | (196.3) | **(173.2)** | (195.2) | **(311.6)** | (391.5) |
| **EBITDA** | **2,329.2** | 2,173.5 | **289.6** | 267.3 | **(60.7)** | (50.7) | **2,558.1** | 2,390.1 | **(173.2)** | (195.2) | **2,384.9** | 2,194.9 |
| Depreciation and amortisation | **(66.4)** | (68.2) | **(7.5)** | (14.2) | **(1.4)** | (1.4) | **(75.3)** | (83.8) | **(19.8)** | (1.9) | **(95.1)** | (85.7) |
| Capex write off / impairment | **(104.0)** | - | **(33.5)** | - | **(3.8)** | - | **(141.3)** | - | **-** | - | **(141.3)** | - |
| Share of gain/(loss) in JVs and associate | **-** | - | **-** | - | **47.3** | (5.3) | **47.3** | (5.3) | **-** | 5.8 | **47.3** | 0.5 |
| Profit on sale of assets | **(3.4)** | (0.6) | **(0.5)** | (0.2) | **-** | - | **(3.9)** | (0.8) | **0.3** | - | **(3.6)** | (0.8) |
| Noncontrolling interest | **(30.6)** | (18.0) | **-** | - | **16.6** | 10.6 | **(14.0)** | (7.4) | **-** | 22.6 | **(14.0)** | 15.2 |
| Net valuation (loss) / gain on land and building | **1,211.3** | 946.9 | **383.8** | 215.6 | **144.3** | (12.7) | **1,739.4** | 1,149.8 | **4.0** | 7.6 | **1,743.4** | 1,157.4 |
| Provisions write back / (write off) | **-** | (6.9) | **-** | - | **-** | (0.2) | **-** | (7.1) | **-** | (2.8) | **-** | (9.9) |
| **Operating profit / (loss)** | **3,336.1** | 3,026.7 | **631.9** | 468.5 | **142.3** | (59.7) | **4,110.3** | 3,435.5 | **(188.7)** | (163.9) | **3,921.6** | 3,271.6 |
| Income tax | **(17.2)** | (3.9) | **-** | - | **-** | - | **(17.2)** | (3.9) | **(33.7)** | (19.1) | **(50.9)** | (23.0) |
| Foreign exchange gain (loss) | **(0.3)** | (0.7) | **(0.1)** | (0.1) | **0.1** | 0.1 | **(0.3)** | (0.7) | **(10.9)** | (7.2) | **(11.2)** | (7.9) |
| Finance cost | **(30.3)** | (26.6) | **-** | - | **(1.8)** | 3.1 | **(32.1)** | (23.5) | **(503.7)** | (525.5) | **(535.8)** | (549.0) |
| **Net Profit as per management report** | **3,288.3** | 2,995.5 | **631.8** | 468.4 | **140.6** | (56.5) | **4,060.7** | 3,407.4 | **(737.0)** | (715.7) | **3,323.7** | 2,691.7 |

| **5.1(b) Segment assets and liabilities** | SMBU 2014 | SMBU 2013 | HOBU 2014 | HOBU 2013 | COBU 2014 | COBU 2013 | Total - BUs 2014 | Total - BUs 2013 | Corporate Centre 2014 | Corporate Centre 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Segment assets | **32,428.1** | 29,064.9 | **4,536.7** | 3,619.3 | **4,228.7** | 3,197.5 | **41,193.5** | 35,881.7 | **462.1** | 365.2 | **41,655.6** | 36,246.9 |
| Segment liabilities | **(3,647.2)** | (2,920.0) | **(174.9)** | (110.5) | **(933.7)** | (462.9) | **(4,755.8)** | (3,493.4) | **(7,424.1)** | (6,551.3) | **(12,179.9)** | (10,044.7) |
| **Net Assets (N-1)** | **28,780.9** | 26,144.9 | **4,361.8** | 3,508.8 | **3,295.0** | 2,734.6 | **36,437.7** | 32,388.3 | **(6,962.0)** | (6,186.1) | **29,475.7** | 26,202.2 |

**Notes:**

(N-1) - Intercompany balances have been excluded to arrive at the net assets

# 5. Segment information and reporting (continued)

## 5.2 EBITDA, Management Net Profit and Net Assets – Geographical

| 5.2(a) EBITDA and Management Net Profit | Geographical Performance | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | UAE | | Oman | | Bahrain | | KSA | | GCC Total | | Egypt | | Lebanon | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | *AED in millions* | | | | | | | | | | | | | | | |
| Revenue | 3,094.2 | 2,787.5 | 171.9 | 145.4 | 426.0 | 373.2 | - | - | 3,692.1 | 3,306.1 | 163.4 | 148.0 | 141.3 | 113.6 | 3,996.8 | 3,567.7 |
| Operating expenses | (993.8) | (723.4) | (47.3) | (19.0) | (148.6) | (138.8) | - | - | (1,189.7) | (881.2) | (22.9) | (24.9) | (87.7) | (75.2) | (1,300.3) | (981.3) |
| Asset EBITDA | 2,100.4 | 2,064.1 | 124.6 | 126.4 | 277.4 | 234.4 | - | - | 2,502.4 | 2,424.9 | 140.5 | 123.1 | 53.6 | 38.4 | 2,696.5 | 2,586.4 |
| Support Cost | (276.0) | (354.1) | - | - | - | - | (8.3) | (5.2) | (284.3) | (359.3) | (10.5) | (19.9) | (16.8) | (12.3) | (311.6) | (391.5) |
| **EBITDA** | 1,824.4 | 1,710.0 | 124.6 | 126.4 | 277.4 | 234.4 | (8.3) | (5.2) | 2,218.1 | 2,065.6 | 130.0 | 103.2 | 36.8 | 26.1 | 2,384.9 | 2,194.9 |
| Adjustments for: | | | | | | | | | | | | | | | | |
| Depreciation and amortisation | (79.7) | (67.7) | (1.4) | (1.2) | (9.0) | (12.6) | (0.1) | - | (90.2) | (81.5) | (2.9) | (2.7) | (2.0) | (1.5) | (95.1) | (85.7) |
| Impairment loss | (135.3) | - | - | - | - | - | - | - | (135.3) | - | - | - | - | - | (135.3) | - |
| Net valuation (loss) / gain on land and building | 1,442.4 | 1,150.0 | 65.1 | (5.6) | 165.1 | 88.0 | - | - | 1,672.6 | 1,232.4 | 70.8 | 18.3 | - | (93.3) | 1,743.4 | 1,157.4 |
| Provisions write back / (write off) | 0.9 | (1.5) | - | - | (0.9) | (0.1) | - | - | - | (1.6) | - | (8.3) | - | - | - | (9.9) |
| Share of gain in joint ventures and associate-net | 56.4 | (6.7) | - | - | - | - | - | - | 56.4 | (6.7) | - | - | (9.1) | 6.3 | 47.3 | (0.4) |
| Noncontrolling interest | (14.0) | 15.1 | - | - | - | - | - | - | (14.0) | 15.1 | - | - | - | - | (14.0) | 15.1 |
| Profit / (loss) on sale of assets | (4.6) | 0.2 | - | - | - | - | - | - | (4.6) | 0.2 | 0.1 | - | - | - | (4.5) | 0.2 |
| Other income / (expenses) | (1.2) | - | (0.2) | - | - | - | - | - | (1.4) | - | (3.7) | - | - | - | (5.1) | - |
| **Operating profit** | 3,089.3 | 2,799.4 | 188.1 | 119.6 | 432.6 | 309.7 | (8.4) | (5.2) | 3,701.6 | 3,223.5 | 194.3 | 110.5 | 25.7 | (62.4) | 3,921.6 | 3,271.6 |
| Income tax | (0.1) | - | - | - | - | - | - | - | (0.1) | - | (51.8) | (22.3) | 1.0 | (0.7) | (50.9) | (23.0) |
| Foreign exchange gain (loss) | (11.1) | (7.3) | - | - | (0.1) | - | - | - | (11.2) | (7.3) | (0.2) | (0.1) | 0.1 | (0.4) | (11.3) | (7.8) |
| Finance costs - net | (515.5) | (540.2) | 0.3 | 0.1 | 0.1 | 0.1 | - | - | (515.1) | (540.0) | 0.6 | 0.8 | (21.2) | (9.9) | (535.7) | (549.1) |
| **Net Profit as per management report** | 2,562.6 | 2,251.9 | 188.4 | 119.7 | 432.6 | 309.8 | (8.4) | (5.2) | 3,175.2 | 2,676.2 | 142.9 | 88.9 | 5.6 | (73.4) | 3,323.7 | 2,691.7 |

**5.2(b) Segment assets and liabilities**

| | UAE 2014 | UAE 2013 | Oman 2014 | Oman 2013 | Bahrain 2014 | Bahrain 2013 | KSA 2014 | KSA 2013 | GCC Total 2014 | GCC Total 2013 | Egypt 2014 | Egypt 2013 | Lebanon 2014 | Lebanon 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Segment non-current assets | 27,988.1 | 24,774.5 | 1,491.4 | 1,136.8 | 3,074.8 | 2,873.6 | 1,113.2 | 379.7 | 33,667.5 | 29,164.6 | 2,390.4 | 1,793.6 | 1,188.0 | 1,193.0 | 37,245.9 | 32,151.2 |
| Segment current assets | 1,438.5 | 2,051.8 | 85.7 | 125.8 | 111.3 | 179.2 | 723.0 | - | 2,358.5 | 2,356.8 | 294.8 | 297.8 | 1,756.4 | 1,441.1 | 4,409.7 | 4,095.7 |
| Segment liabilities | (9,415.2) | (7,700.9) | (275.1) | (169.8) | (202.0) | (271.4) | (5.9) | (41.6) | (9,898.2) | (8,183.7) | (807.6) | (640.1) | (1,474.1) | (1,220.9) | (12,179.9) | (10,044.7) |
| **Net Assets (N-1)** | 20,011.4 | 19,125.4 | 1,302.0 | 1,092.8 | 2,984.1 | 2,781.4 | 1,830.3 | 338.1 | 26,127.8 | 23,337.7 | 1,877.6 | 1,451.3 | 1,470.3 | 1,413.2 | 29,475.7 | 26,202.2 |

**Notes:**

(N-1) - Intercompany balances have been excluded to arrive at the net assets

## 5. Segment information and reporting (continued)

| 5.3 Reconciliation of management revenue | SMBU | | HOBU | | COBU | | Corporate Centre | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | *AED in millions* | | | | | | | | | |
| **Revenue as per financial statements** | **3,085.7** | 2,857.7 | **694.8** | 665.2 | **38.5** | 24.1 | **-** | - | **3,819.0** | 3,547.0 |
| *Reconciling items:* | | | | | | | | | | |
| Intercompany eliminations | **(2.8)** | (9.8) | **-** | - | **-** | - | **-** | - | **(2.8)** | (9.8) |
| Proportionate consolidation (N-1) | **33.4** | 32.5 | **-** | - | **132.6** | - | **-** | - | **166.0** | 32.5 |
| Non-cash IAS-17 lease adjustments | **14.6** | (2.0) | **-** | - | **-** | - | **-** | - | **14.6** | (2.0) |
| **Revenue as per management report** | **3,130.9** | 2,878.4 | **694.8** | 665.2 | **171.1** | 24.1 | **-** | - | **3,996.8** | 3,567.7 |

**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 | | Corporate Centre | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | *AED in millions* | | | | | | | | | |
| Net valuation changes recognised in income statement | **974.2** | 848.0 | **104.8** | 110.1 | **136.5** | (6.5) | **13.5** | 17.5 | **1,229.0** | 969.1 |
| Net valuation changes recognised in equity (IAS16) | **-** | - | **542.7** | 349.9 | **(2.6)** | 2.7 | **-** | - | **540.1** | 352.6 |
| **Net valuation changes reported in statutory financial statements** | **974.2** | 848.0 | **647.5** | 460.0 | **133.9** | (3.8) | **13.5** | 17.5 | **1,769.1** | 1,321.7 |
| *Reconciling items:* | | | | | | | | | | |
| Less: Fair value accounting adjustments (N-2) | **237.1** | 98.9 | **(263.7)** | (244.4) | **10.4** | (8.9) | **(9.5)** | (9.9) | **(25.7)** | (164.3) |
| Total fair value adjustments | **237.1** | 98.9 | **(263.7)** | (244.4) | **10.4** | (8.9) | **(9.5)** | (9.9) | **(25.7)** | (164.3) |
| **Net valuation changes reported in management report** | **1,211.3** | 946.9 | **383.8** | 215.6 | **144.3** | (12.7) | **4.0** | 7.6 | **1,743.4** | 1,157.4 |

**Notes:**

(N-2) 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 (a) Reconciliation of Management Segment assets and liabilities - By Business Unit | SMBU | | HOBU | | COBU | | Total - BUs | | Corporate Centre | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | *AED in millions* | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | |
| As reported in the management report | **32,428.1** | 29,064.9 | **4,536.7** | 3,619.3 | **4,228.7** | 3,197.5 | **41,193.5** | 35,881.7 | **462.1** | 365.2 | **41,655.6** | 36,246.9 |
| Adjustments and reconciling items | **(44.9)** | (57.9) | **(559.3)** | (186.6) | **(1,883.9)** | (1,667.3) | **(2,488.1)** | (1,911.8) | **(1.2)** | 11.9 | **(2,489.3)** | (1,899.9) |
| As reported in the financial statements | **32,383.2** | 29,007.0 | **3,977.4** | 3,432.7 | **2,344.8** | 1,530.2 | **38,705.4** | 33,969.9 | **460.9** | 377.1 | **39,166.3** | 34,347.0 |
| **Liabilities** | | | | | | | | | | | | |
| As reported in the management report | **(3,647.2)** | (2,920.0) | **(174.9)** | (110.5) | **(933.7)** | (462.9) | **(4,755.8)** | (3,493.4) | **(7,424.1)** | (6,551.3) | **(12,179.9)** | (10,044.7) |
| Adjustments and reconciling items | **207.5** | 30.1 | **31.0** | - | **921.1** | 448.9 | **1,159.6** | 479.0 | **-** | 93.7 | **1,159.6** | 572.7 |
| As reported in the financial statements | **(3,439.7)** | (2,889.9) | **(143.9)** | (110.5) | **(12.6)** | (14.0) | **(3,596.2)** | (3,014.4) | **(7,424.1)** | (6,457.6) | **(11,020.3)** | (9,472.0) |

| 5.5 (b) Reconciliation of Management Segment assets and liabilities - Geographical | UAE | | Oman | | Bahrain | | KSA | | GCC Total | | Egypt | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | *AED in millions* | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | |
| As reported in the management report | **29,426.6** | 26,826.3 | **1,577.1** | 1,262.6 | **3,186.1** | 3,052.8 | **1,836.2** | 379.7 | **36,026.0** | 31,521.4 | **2,685.2** | 2,091.4 |
| Adjustments and reconciling items | **(1,462.0)** | (1,201.5) | **(3.2)** | (42.9) | **(8.5)** | 34.2 | **-** | - | **(1,473.7)** | (1,210.2) | **1.7** | (8.0) |
| As reported in the financial statements | **27,964.6** | 25,624.8 | **1,573.9** | 1,219.7 | **3,177.6** | 3,087.0 | **1,836.2** | 379.7 | **34,552.3** | 30,311.2 | **2,686.9** | 2,083.4 |
| **Liabilities** | | | | | | | | | | | | |
| As reported in the management report | **(9,415.2)** | (7,700.9) | **(275.1)** | (169.8) | **(202.0)** | (271.4) | **(5.9)** | (41.6) | **(9,898.2)** | (8,183.7) | **(807.6)** | (640.1) |
| Adjustments and reconciling items | **420.3** | 124.0 | **-** | - | **-** | - | **-** | - | **420.3** | 124.0 | **-** | - |
| As reported in the financial statements | **(8,994.9)** | (7,576.9) | **(275.1)** | (169.8) | **(202.0)** | (271.4) | **(5.9)** | (41.6) | **(9,477.9)** | (8,059.7) | **(807.6)** | (640.1) |

| 5.5 (b) Reconciliation of Management Segment assets and liabilities - Geographical (continued) | Lebanon | | Total | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | *AED in millions* | | | |
| **Assets** | | | | |
| As reported in the management report | **2,944.4** | 2,634.1 | **41,655.6** | 36,246.9 |
| Adjustments and reconciling items | **(1,017.3)** | (681.7) | **(2,489.3)** | (1,899.9) |
| As reported in the financial statements | **1,927.1** | 1,952.4 | **39,166.3** | 34,347.0 |
| **Liabilities** | | | | |
| As reported in the management report | **(1,474.1)** | (1,220.9) | **(12,179.9)** | (10,044.7) |
| Adjustments and reconciling items | **739.3** | 448.7 | **1,159.6** | 572.7 |
| As reported in the financial statements | **(734.8)** | (772.2) | **(11,020.3)** | (9,472.0) |

(N-1) In the management report, major balance sheet reconciling items are Sharjah Holding Company JSC and Waterfront City SARL, which are MAFP Group's joint ventures and are proportionately consolidated.

# 5. Segment information and reporting (continued)

| 5.6 Reconciliation of Management Net Profit | SMBU 2014 | SMBU 2013 | HOBU 2014 | HOBU 2013 | COBU 2014 | COBU 2013 | Corporate Centre 2014 | Corporate Centre 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| | AED in millions | | | | | | | | | |
| **Net profit / (loss) as per financial statements - attributable to the owners of the company** | **3,039.0** | 2,907.7 | **103.5** | 132.1 | **131.7** | (51.6) | **(518.2)** | (497.4) | **2,756.0** | 2,490.8 |
| *Reconciling items:* | | | | | | | | | | |
| Fair value adjustments (refer table-5.4) | **237.1** | 98.9 | **(263.7)** | (244.4) | **10.4** | (8.9) | **(9.5)** | (9.9) | **(25.7)** | (164.3) |
| IAS-16 Fair value changes recognised in equity in financial statements, but in profit or loss in management report (refer table-5.4) | **-** | - | **542.7** | 349.9 | **(2.6)** | 2.7 | **-** | - | **540.1** | 352.6 |
| Depreciation on strategic assets (N-1) not recognized in management report | **-** | - | **249.3** | 230.8 | **1.1** | 1.1 | **10.7** | 11.6 | **261.1** | 243.5 |
| 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) | **14.6** | (2.0) | **-** | - | **-** | - | **-** | - | **14.6** | (2.0) |
| Minority interest adjustment | **(0.7)** | (4.5) | **-** | - | **-** | - | **-** | - | **(0.7)** | (4.5) |
| Other adjustments | **(1.7)** | (4.6) | **-** | - | **-** | 0.2 | **-** | - | **(1.7)** | (4.4) |
| Total reconciling items | **249.3** | 87.8 | **528.3** | 336.3 | **8.9** | (4.9) | **(218.8)** | (218.3) | **567.7** | 200.9 |
| **Management net profit / (loss)** | **3,288.3** | 2,995.5 | **631.8** | 468.4 | **140.6** | (56.5) | **(737.0)** | (715.7) | **3,323.7** | 2,691.7 |

**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 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.

| 5.7 Capital expenditure as reported in the internal management report | SMBU 2014 | SMBU 2013 | HOBU 2014 | HOBU 2013 | COBU 2014 | COBU 2013 | Corporate Centre 2014 | Corporate Centre 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| | AED in millions | | | | | | | | | |
| Capital expenditure as reported in the internal management report | **2,608** | 1,540 | **249** | 133 | **14** | 249 | **24** | 40 | **2,895** | 1,962 |

| 5.8 Major customer | 2014 | 2013 |
|---|---|---|
| | AED in millions | |
| Revenue earned from MAFP Group's related parties (N-3) | **254.0** | 229.5 |

**Notes:**

(N-3) - MAFP Group’s related parties have contributed 8% (2013: 8%) of the total revenue from the Shopping Malls BU for the year ended 31 December 2014.

## 6. Revenue

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Rental income | **2,829,125** | 2,607,284 |
| Hospitality revenue | **694,774** | 665,232 |
| Leisure and entertainment revenue | **280,779** | 261,632 |
| Others (refer note 17(v)) | **13,997** | 12,923 |
| | **3,818,675** | 3,547,071 |

## 7. Operating expenses

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Staff costs (refer note below) | **(499,296)** | (468,619) |
| Depreciation (refer note 11) | **(325,934)** | (301,460) |
| Legal, professional and consultancy fees | **(96,949)** | (46,390) |
| Selling and marketing expenses | **(107,268)** | (119,746) |
| Amortization charge for intangible asset (refer note 15) | **(19,874)** | (19,785) |
| Other operating expenses | **(678,469)** | (699,169) |
| | **(1,727,790)** | (1,655,169) |

Staff costs are net of costs capitalised to various projects amounting to AED 54.9 million (2013: AED 60.5 million).

## 8. Finance income / (costs) - net

| **Recognised in profit or loss** | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| **8.1 Finance income** | | |
| Interest income | **7,931** | 8,966 |
| Unwinding of the discounting of long term receivable from a joint venture (refer note 16.1) | **7,469** | - |
| Finance income | **15,400** | 8,966 |
| **8.2 Finance costs** | | |
| Arrangement and participation fees | **(19,532)** | (17,543) |
| Interest expense | **(367,997)** | (319,676) |
| Discounting of long term receivable from a joint venture (refer note 16.1) | **-** | (26,044) |
| Less: capitalised interest | **49,410** | 13,174 |
| Finance costs | **(338,119)** | (350,089) |
| Net finance cost recognised in profit or loss | **(322,719)** | (341,123) |

Capitalised interest arises on borrowings for development expenditure.

The capitalisation rate used to determine the amount of borrowing cost eligible for capitalization is approximately 4.4% to 12.25% (2013: 5.5% to 12%) depending on the effective interest rate over the tenure of the borrowing.

## 9. Other (expenses) / income - net

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Land transfer fee (refer note 20) | **(40,093)** | - |
| Foreign exchange loss | **(11,339)** | (7,897) |
| Gain / (loss) on disposal of property, plant and equipment and investment property - net | **992** | (196) |
| Service charges levied on related parties (refer note 17(v)) | **13,460** | 13,153 |
| Fixed assets / project costs written off | **(3,828)** | (9,015) |
| Development expenses written off | **(50,828)** | (34,200) |
| Other income - net | **14,088** | 12,725 |
| | **(77,548)** | (25,430) |

## 10. Impairment provision

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Impairment in relation to property, plant and equipment (refer note 11) | **(31,522)** | - |
| Impairment of capital work in progress in relation to investment properties (refer note 12) | **(96,017)** | - |
| Others | **(7,793)** | - |
| | **(135,332)** | - |

MAFP Group has performed impairment tests and analysis of its carrying value of capital work in progress and advances. Management is of the view that the carrying value of these assets, mainly representing design and construction costs has been eroded based on the revised business plan of MAFP Group. Accordingly an impairment provision of AED 135.3 million has been recognized in the current year (2013: AED Nil).

## 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 2013 | 2,825,900 | 5,338 | 521,605 | 351,116 | 46,493 | 3,750,452 |
| Additions | 83,011 | 1,269 | 28,449 | 11,203 | 71,983 | 195,915 |
| Reclassification | 31,460 | - | (31,460) | - | - | - |
| Disposals / write offs / reversals / other adjustments | (97) | (304) | - | - | - | (401) |
| Capitalized during the year (refer note (iii)) | - | - | 34,435 | - | (34,435) | - |
| Transferred from investment property (refer note (ii) below) | 22,735 | - | - | - | 33,881 | 56,616 |
| Accumulated depreciation eliminated on valuation | (246,746) | - | - | - | - | (246,746) |
| Net valuation gain on land and buildings (refer note (i) below) | 480,174 | - | - | - | - | 480,174 |
| Effect of foreign exchange movements | 35 | (12) | - | - | - | 23 |
| At 31 December 2013 | 3,196,472 | 6,291 | 553,029 | 362,319 | 117,922 | 4,236,033 |
| | | | | | | |
| 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 valuation 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** |
| | | | | | | |
| **Depreciation and impairment** | | | | | | |
| At 1 January 2013 | - | (4,486) | (324,444) | (302,658) | - | (631,588) |
| Depreciation charge for the year (refer note 7) | (246,746) | (569) | (51,387) | (2,758) | - | (301,460) |
| Accumulated depreciation & impairment eliminated on valuation | 246,746 | - | - | - | - | 246,746 |
| Disposals / write offs | - | 246 | - | - | - | 246 |
| At 31 December 2013 | - | (4,809) | (375,831) | (305,416) | - | (686,056) |
| | | | | | | |
| **Depreciation and impairment (continued)** | | | | | | |
| 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)** |
| | | | | | | |
| **Carrying amounts** | | | | | | |
| At 31 December 2013 | 3,196,472 | 1,482 | 177,198 | 56,903 | 117,922 | 3,549,977 |
| **At 31 December 2014** | **3,815,861** | **1,412** | **158,954** | **70,266** | **217,311** | **4,263,804** |

## 11. Property, plant and equipment (continued)

(i) During 2014, a revaluation gain of AED 658.4 million (2013: AED 480.2 million) has been recognised on property, plant and equipment of which valuation gain of AED 540.1 million (2013: AED 352.6 million) has been credited to other comprehensive income and gain of AED 118.3 million (2013: AED 127.6 million) has been credited to profit or loss (also refer note 12(i)).

(ii) In the previous year the Company has transferred a land amounting to AED 35 million from investment property to property, plant and equipment as it has begun construction of a hotel on that land.

(iii) In the previous year the Company has completed the implementation of its new accounting software amounting to AED 34.4 million which has been capitalized under furniture, fixtures and equipment.

(iv) Certain lands are held in the personal name of a majority shareholder of the ultimate holding entity for the beneficial interest of MAFP Group.

(v) If the properties had been measured under the historical cost basis the carrying amounts would have been as follows:

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **AED'000** | **AED'000** | AED'000 | AED'000 |
| | **Land** | **Buildings** | Land | Buildings |
| Cost | **206,010** | **3,463,670** | 205,996 | 3,357,861 |
| Accumulated depreciation | **-** | **(1,382,260)** | - | (1,150,109) |
| **Net carrying amount** | **206,010** | **2,081,410** | 205,996 | 2,207,752 |

(vi) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for property, plant and equipment of AED 3,815.9 million (2013: AED 3,196.5 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 | 2014 | 2013 |
|---|---|---|
| Discount rate: | 11.25% - 12.75% | 12.0% - 13.0% |
| Income return: | 7.5% - 13% | 4.0% - 14.0% |
| Average occupancy: | 75%* | 72%* |

| Significant unobservable inputs for offices | 2014 | 2013 |
|---|---|---|
| Net Initial Yield: | 8.50% | 12.00% |
| Income return: | 4% | 10% |
| Average occupancy: | 100% | 100% |

*This excludes the occupancy rate of a hotel in UAE which was under construction during the 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 2013 | 930,767 | 23,659,489 | 1,509,124 | 26,099,380 |
| Additions | - | 329,298 | 942,930 | 1,272,228 |
| Disposals / write offs / reversals | - | (4,135) | - | (4,135) |
| Reclassification | (275,803) | 50,450 | 225,353 | - |
| Transferred from / (to) property, plant and equipment | (35,000) | (22,735) | 1,119 | (56,616) |
| Capitalized during the year (refer note (ii) below) | - | 1,029,075 | (1,029,075) | - |
| Net valuation (loss) / gain on investment property (refer note (i) below) | (6,600) | 833,282 | 14,906 | 841,588 |
| Effect of foreign exchange movements | (3,781) | (81,371) | (43,647) | (128,799) |
| At 31 December 2013 | 609,583 | 25,793,353 | 1,620,710 | 28,023,646 |
| At 1 January 2014 | 609,583 | 25,793,353 | 1,620,710 | 28,023,646 |
| Additions (refer notes (viii) and (ix) 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 (loss) / 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** |

(i) The following fair value gains - net were recognized in profit or loss:

| | **2014 AED'000** | 2013 AED'000 |
|---|---|---|
| Net gain on valuation of property, plant and equipment (refer note 11(i)) | **118,272** | 127,573 |
| Net gain on valuation of investment property | **1,110,728** | 841,588 |
| **Total valuation gain - net** | **1,229,000** | 969,161 |

(ii) In the current year MAFP Group completed the construction of a community mall in the UAE amounting to AED 98.5 million which was reclassified from capital work in progress to land and buildings. In the previous year MAFP Group completed the construction of a shopping mall in Lebanon amounting to AED 1,029.1 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(e).

(iv) Certain land is held in the personal name of a majority shareholder of the ultimate holding entity of MAFP Group.

## 12. Investment property (continued)

(v) 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:

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Fair value of land and buildings | **27,717,969** | 25,991,420 |
| Less: adjustment for accrued operating lease income | **(178,860)** | (198,067) |
| **Net adjusted fair value** | **27,539,109** | 25,793,353 |

(vi) Rental income derived from investment property during the current year was AED 2,826.2 million (2013: AED 2,609.2 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 657.1 million (2013: AED 622.2 million).

(vii) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for investment property (excluding land) of AED 30,433 million (2013: AED 27,414 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 shopping malls | 2014 | 2013 |
|---|---|---|
| Discount rate: | 11.0% - 19.0% | 11.0% - 21.0% |
| Income return: | 6.0% - 15.0% | 8.0% - 14.0% |
| Average occupancy: | 98% | 99% |

| Significant unobservable inputs for offices | 2014 | 2013 |
|---|---|---|
| Net Initial Yield: | 8.0% - 9.5% | 9.0% |
| Income return: | 8.0% - 10.5% | 9.0% |
| Average occupancy: | 100% | 96% |

**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).

(viii) In the current 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. During the current year additions on the land lease capitalized amounted 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).

(ix) During 2014, MAFP Group purchased a piece of land of AED 1,433.4 million of which AED 716.7 million has been classified as investment property under construction with the intention of construction a shopping mall on the site. The remaining portion has been classified under development property (refer note 13).

## 13. Development property

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| As at 1 January | **76,105** | 66,336 |
| Additions during the year | **721,666** | 9,769 |
| **Carrying amount** | **797,771** | 76,105 |

Refer note 12(ix).

## 14. Investment in joint ventures and associate

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Investment in joint ventures (refer note 14.1) | **967,980** | 916,767 |
| Investment in an associate (refer note 14.2) | **164,352** | 176,240 |
| **At 31 December** | **1,132,332** | 1,093,007 |
| Share of profit / (loss) - net: | | |
| From joint ventures (refer note 14.1) | **53,519** | 24,295 |
| From associate (refer note 14.2) | **(11,940)** | (16,035) |
| | **41,579** | 8,260 |

### 14.1 Investment in joint ventures

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| At 1 January | **916,767** | 924,369 |
| Reclassification to long term receivable | **-** | (21,258) |
| Share of post acquisition profit accounted through profit or loss - net | **53,519** | 24,295 |
| Foreign currency translation differences | **(2,306)** | (10,639) |
| **At 31 December** | **967,980** | 916,767 |

(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 Majid Al Futtaim Properties LLC 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.

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 Majid Al Futtaim Properties LLC, 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.

## 14. Investment in joint ventures and associate (continued)

### 14.1 Investment in joint ventures (continued)

(iii) Summarised financial information in respect of MAFP Group's interest in material joint ventures, based on its financial statements prepared in accordance with IFRS, modified for differences in MAFP Group's accounting policies, is set out below:

| | Sharjah Holding Company JSC | | The Wave Muscat S.A.O.C | | Waterfront City SARL | |
|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **AED '000** | AED '000 | **AED '000** | AED '000 | **AED '000** | AED '000 |
| Revenue | **175,831** | 32,528 | **556,662** | 308,227 | **-** | - |
| Profit from continuing operations | **6,937** | 39,391 | **118,468** | 19,427 | **(18,366)** | (12,602) |
| Other comprehensive income | **-** | - | **-** | - | **-** | - |
| **Total comprehensive income** | **6,937** | 39,391 | **118,468** | 19,427 | **(18,366)** | (12,602) |
| Non-current assets | **155,244** | 263,169 | **223,640** | 8,788 | **1,403** | 2,188 |
| Other non-current assets | **-** | - | **-** | - | **33,897** | 66,362 |
| Current assets | **1,873,217** | 883,277 | **2,062,361** | 2,154,449 | **1,442,278** | 1,103,854 |
| Current liabilities | **(1,361,802)** | (494,253) | **(845,996)** | (828,047) | **(90,464)** | (76,507) |
| Non-current liabilities | **(63,770)** | (56,241) | **(1,007,785)** | (1,022,139) | **(698,960)** | (389,377) |
| **Net assets** | **602,889** | 595,952 | **432,220** | 313,051 | **688,154** | 706,520 |
| MAFP Group's interest in net assets of the investee at end of the year | **297,976** | 299,539 | **156,526** | 146,812 | **353,260** | 359,561 |
| Share of total comprehensive income | **3,469** | 19,695 | **59,233** | 9,714 | **(9,183)** | (6,301) |
| Reclassification to long term receivable | **-** | (21,258) | **-** | - | **-** | - |
| Carrying amount of interest in the investee at the end of the year | **301,445** | 297,976 | **215,759** | 156,526 | **344,077** | 353,260 |

(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:

| | 2014 | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Carrying amount of interests in immaterial joint ventures | **106,698** | 109,005 |
| MAFP Group's share of: | | |
| - Profit from continuing operations | **-** | 1,187 |
| - Other comprehensive income | **-** | - |
| - Total comprehensive income | **-** | 1,187 |

### 14.2 Investment in an associate

| | 2014 | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| At 1 January | **176,240** | 193,511 |
| Share of post acquisition loss accounted through profit or loss | **(11,940)** | (16,035) |
| Foreign currency translation differences from foreign operations | **52** | (1,236) |
| **At 31 December** | **164,352** | 176,240 |

(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 2014:

## 14. Investment in joint ventures and associate (continued)

### 14.2 Investment in an associate (continued)

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Revenue | **313,101** | 470,365 |
| Loss from continuing operations | **(46,030)** | (70,362) |
| Post-tax loss from discontinued operations | **(1,855)** | (2,474) |
| Add back loss attributable to non controlling interest | **5,901** | 16,454 |
| **Total comprehensive income** | **(41,984)** | (56,382) |
| MAFP Group's share of associates loss for the year | **(11,940)** | (16,035) |
| | | |
| Total assets | **3,934,742** | 3,732,609 |
| Total liabilities | **(3,356,853)** | (3,112,917) |
| **Net assets** | **577,889** | 619,692 |
| MAFP Group's share of associate's net assets | **164,352** | 176,240 |

## 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** | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| At 1 January | **198,743** | 198,743 |
| **At 31 December** | **198,743** | 198,743 |
| | | |
| **Amortisation** | | |
| At 1 January | **(86,140)** | (66,355) |
| Amortisation for the year (refer note 7) | **(19,874)** | (19,785) |
| **At 31 December** | **(106,014)** | (86,140) |
| | | |
| **Carrying amounts** | **92,729** | 112,603 |

## 16. Receivables and prepayments

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Trade receivables | **174,270** | 210,451 |
| Accrued income on operating leases | **178,860** | 197,976 |
| Advances | **92,315** | 57,757 |
| Prepayments | **59,168** | 86,600 |
| Other receivables | **18,449** | 12,240 |
| **At 31 December** | **523,062** | 565,024 |
| Less: Long term portion of accrued income on operating leases (refer note 16.1) | **(164,084)** | (197,976) |
| Current portion of receivables and prepayments | **358,978** | 367,048 |

## 16. Receivables and prepayments (continued)

### 16.1 Long term receivables

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Receivable from related parties (refer note (i)) | **82,162** | 82,162 |
| Less: discounting of receivable (refer note 8.2) | **(26,044)** | (26,044) |
| Add: unwinding of the discounting of receivable (refer note 8.1) | **7,469** | - |
| | **63,587** | 56,118 |
| Receivable from a minority shareholder (refer note (ii)) | **16,192** | 14,781 |
| Advances to contractors (refer note (iii)) | **308,040** | 331,210 |
| Long-term portion of accrued income on operating leases (refer note (iii)) | **164,084** | 197,976 |
| | **551,903** | 600,085 |

(i) At 31 December 2013, the long-term receivable was 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 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.

(iii) In the current year, the 2013 comparatives for advances to contractors and the long term portion of accrued income on operating leases have been reclassified in these consolidated financial statements from current to non-current for better presentation.

## 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.

(i) In the current year, MAFP Group recognized income of AED 7.5 million (2013: AED Nil) in relation to the unwinding of the discount of long term receivable from a joint venture (refer note 16.1).

(ii) Interest expenses on loans from related parties amounted to AED 208.4 million (2013: AED 162.3 million).

(iii) MAFP Group has provided corporate guarantees of AED 6,356.8 million (2013: AED 6,895.6 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 (2013: 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 (2013: AED 220 million), towards the subordinated capital loan instrument subscribed by MAFH.

In the current year the Company declared a dividend of AED 13 million which was settled against the loan due to MAFH. In the previous year the Company declared a dividend of AED 60 million of which AED 40 million was settled in cash (refer note 21.2).

## 17. Related party transactions (continued)

(v) Services provided to / by MAFP Group by / to related parties:

| Services provided to MAFP Group by related parties | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Treasury, corporate secretarial services, internal audit and others | **(5,033)** | (7,367) |
| Facility management services | **(78,613)** | (60,422) |
| | **(83,646)** | (67,789) |

| Services provided by MAFP Group to related parties | | |
|---|---|---|
| Provision of retail and office space | **254,011** | 229,453 |
| Asset management fees charged to a joint venture (refer note 6) | **2,853** | 1,902 |
| Sales commission charged to a joint venture (refer note 6) | **4,399** | 3,539 |
| Development management fees charged to a joint venture (refer note 6) | **6,745** | 7,482 |
| Charges for IT and other services (refer note 9) | **13,460** | 13,153 |
| | **281,468** | 255,529 |

## 17.1 Related party balances

Balances with related parties at 31 December are as follows:

| Due from related parties | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| The Egypt Emirates Malls Group JSC | **31,297** | 32,258 |
| Majid Al Futtaim Cinemas LLC | **29,473** | 5,960 |
| Sharjah Holding LLC | **28,479** | 9,944 |
| Waterfront City SARL | **25,577** | 27,927 |
| Majid Al Futtaim Leisure and Entertainment LLC | **22,816** | 32,167 |
| Yenkit Tourism Development LLC | **15,063** | 15,066 |
| Al Mamzar Islands Development LLC | **6,727** | 6,686 |
| The Wave Muscat S.A.O.C | **5,629** | - |
| Aya Real Estate Investment BSC | **4,322** | 4,326 |
| Arzanah Mall LLC | **3,171** | 3,171 |
| Majid Al Futtaim Ventures LLC | **2,576** | - |
| Majid Al Futtaim Trust LLC | **579** | 830 |
| Majid Al Futtaim Finance LLC | **-** | 101 |
| Majid Al Futtaim Dalkia Middle East LLC | **-** | 196 |
| Majid Al Futtaim Charity Foundation LLC | **-** | 23 |
| Other related parties | **658** | 1,157 |
| | **176,367** | 139,812 |
| Less: Provision for doubtful receivables | **(51,983)** | (50,216) |
| | **124,384** | 89,596 |

| Due to related parties | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Majid Al Futtaim Holding LLC | **75,030** | 44,885 |
| Majid Al Futtaim Retail LLC | **12,125** | 13,789 |
| Majid Al Futtaim Capital LLC | **3,601** | 6,645 |
| Majid Al Futtaim Dalkia Middle East LLC | **276** | - |
| Majid Al Futtaim Finance LLC | **274** | - |
| Majid Al Futtaim Ventures LLC | **-** | 15,410 |
| Other related parties | **-** | 2,673 |
| | **91,306** | 83,402 |

## 17. Related party transactions (continued)

### 17.2 Compensation to key management personnel

The aggregate compensation to key management personnel is disclosed as follows:

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Short term employee benefits (salaries and allowances including provision for bonus) | **32,642** | 32,635 |
| Provision for staff terminal benefits | **1,140** | 1,160 |
| | **33,782** | 33,795 |

## 18. Cash in hand and at bank

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Cash in hand | **6,940** | 3,595 |
| Fixed deposits | **40,499** | 43,394 |
| Call deposits and current accounts | **427,402** | 362,352 |
| **Cash in hand and at bank** | **474,841** | 409,341 |

Fixed deposits comprises of term deposits amounting to AED 9.4 million (2013: AED 17.8 million) with a maturity date of more than ninety days and are obtained at prevailing market interest rates.

## 19. Payables and accruals

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Trade payables | **114,337** | 71,627 |
| Accruals | **631,063** | 484,476 |
| Current portion of a long term liability (refer note 22(ii)) | **26,024** | 26,448 |
| Unearned rental income | **655,505** | 522,824 |
| Retention from contractor payments | **151,660** | 94,632 |
| Tenant related deposits and advances | **647,970** | 636,260 |
| Tax payable | **53,496** | 40,907 |
| Others | **33,798** | 34,437 |
| | **2,313,853** | 1,911,611 |

## 20. Provisions

| | At 1 January 2014 AED'000 | Charge / transfers AED'000 | Transfers / payments / write backs AED'000 | **At 31 December 2014 AED'000** |
|---|---|---|---|---|
| Provision for bonus | 66,968 | 62,206 | (70,345) | **58,829** |
| Long-term portion | (5,933) | - | 5,299 | **(634)** |
| Current portion of bonus provision | 61,035 | 62,206 | (65,046) | **58,195** |
| Other provisions | 51,965 | 42,510 | (35,402) | **59,073** |
| | 113,000 | 104,716 | (100,448) | **117,268** |

Long-term portion of bonus provision represent the deferred bonus plan for senior management staff, shown under non-current liabilities. Bonus pay-out is expected by the end of April 2015.

## 20. Provisions (continued)

Included within provisions in the current year is the expected fee payable for transferring and registering the assets in Oman to the new legal entities that have being incorporated as part of the re-organization of MAFP Group's corporate legal structure. The application of transfer has been submitted before the year end and the transfer of the assets to the new legal entities in Oman is expected to be completed by June 2015. Also refer note 9.

### 20.1 Provision for staff terminal benefits

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| At 1 January | **58,759** | 51,443 |
| Charge during the year | **18,768** | 15,654 |
| Payments / transfers | **(14,387)** | (8,338) |
| **At 31 December** | **63,140** | 58,759 |

## 21. Loans and borrowings

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Long-term portion of external loans (refer note 21.1) | **2,621,460** | 2,726,138 |
| **At 31 December** | **2,621,460** | 2,726,138 |

| | **2014** | 2,013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Bank overdraft | **34,980** | 32,661 |
| Current portion of external loans (refer note 21.1) | **24,148** | 343,224 |
| Current portion of related party loans (refer note 21.2) | **5,542,636** | 4,042,107 |
| **At 31 December** | **5,601,764** | 4,417,992 |

### 21.1 Loans and borrowings – external

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| At 1 January | **3,069,362** | 3,448,456 |
| Borrowed during the year | **376,859** | 769,713 |
| Repaid during the year | **(778,320)** | (1,148,807) |
| At 31 December | **2,667,901** | 3,069,362 |
| Amortization / (transaction costs incurred) (refer note (f) below) | **(22,293)** | - |
| | **2,645,608** | 3,069,362 |
| Current maturity of long term loans | **(24,148)** | (343,224) |
| **Long-term portion at 31 December** | **2,621,460** | 2,726,138 |

## 21. Loans and borrowings (continued)

### 21.1 Loans and borrowings – external (continued)

The details of long term loans are set out below:

| Loan facility In thousands | Loan amount at 31 December 2014 AED '000 | Loan amount at 31 December 2013 AED '000 | Repayment Interval | Repayment Commencement | Original Maturity date |
|---|---|---|---|---|---|
| USD 290,000 (AED 1,065,170) | - | 710,507 | Half-yearly (refer note (b)) | 31-May-13 | 30-Nov-2016 |
| EGP 146,400 (AED 91,075) | - | 11,058 | Half-yearly | 26-Jun-11 | 26-Jun-14 |
| EGP 3,000,000 (AED 1,543,200) | **425,605** | 54,294 | Unequal installments every year (refer note (f)) | 26-Jul-17 | 28-Apr-26 |
| AED 225,000 | **198,450** | 216,563 | Half-yearly (refer note (c)) | 29-Sep-13 | 29-Mar-21 |
| USD 55,000 (AED 201,960) and LBP 180,000,000 (AED 441,000) | **574,646** | 607,740 | Annual (refer note (a)) & Half-yearly | 05-Nov-15 | 20-Sep-22 |
| USD 400,000 (AED 1,469,200) | **1,469,200** | 1,469,200 | Bullet payment (refer note (d)) | NA | 07-Feb-17 |
| | **2,667,901** | 3,069,362 | | | |

These loans are obtained at margins ranging from 1.5% to 3.5% (2013: 1% to 3.5%) over the base lending rate, whilst Sukuk is fixed at 5.85% (2013: 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.

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 has voluntarily prepaid USD 10 million (AED 36.73 million) during the current year.

b) In 2012, MAFP Group obtained a revolving loan facility of USD 290 million (AED 1,065 million) which is secured by way of a corporate guarantee provided by MAFH. The loan balance was completely settled in the current year.

c) 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.

d) In February 2012, MAFP Group issued Sukuk certificates under its USD 1 billion Sukuk program, raising USD 400 million (AED 1,469 million). The Sukuk program is structured as a "Wakala". The 5 year senior unsecured bonds issued under this program are listed on the London Stock Exchange. Furthermore, in July 2013, it was listed on NASDAQ Dubai and Irish Stock Exchange. The terms of the arrangement include transfer of legal ownership of certain identified assets (the "Wakala assets") of the Company 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 Company and shall continue to be serviced by the Company. In case of any shortfall in cash flows, the Company and MAFH, as joint guarantors, have provided an undertaking to make good on such shortfall to the bond holders. The bond holders have no recourse to the assets. The Sukuk certificates mature during February 2017.

## 21. Loans and borrowings (continued)

### 21.1 Loans and borrowings – external (continued)

These bonds bear a fixed profit rate payable to the investors at the rate of 5.85% per annum on a semi-annual basis. The Issuer will service the profit from returns generated from the Wakala assets.

e) The carrying value of properties mortgaged against the above loans aggregates to AED 1,431.4 million at 31 December 2014 (2013: AED 1,274.5 million). Refer note 12(iii).

f) 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. 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.

### 21.2 Loans and borrowings - related parties

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| At 1 January | **4,042,107** | 3,655,113 |
| Interest payable to MAFH converted to long term loan | **98,044** | - |
| Borrowed during the year | **2,189,598** | 1,183,760 |
| Dividend and coupon payable to MAFH adjusted against long term loan (refer notes 17(iv) and 24.2.2) | **233,000** | 240,000 |
| Repaid during the year | **(1,020,113)** | (1,036,766) |
| At 31 December | **5,542,636** | 4,042,107 |
| Current maturity of long term loan | **(5,542,636)** | (4,042,107) |
| Long-term portion | **-** | - |

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, thereby, resulting in the loan being classified as a current liability.

The loan is obtained at a margin of 3.00% to 3.25% (2013: 3.22%) over EIBOR with true up of actual interest expense quarterly, based on underlying facilities obtained externally by MAFH.

## 22. Other long term liabilities

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Deferred liability (refer note (i)) | **4,943** | 6,176 |
| Other liability (refer note (ii)) | **31,266** | 54,173 |
| Finance lease liability (refer note (iii)) | **83,010** | - |
| | **119,219** | 60,349 |

(i) This represents the amount payable in relation to the termination of a contract with a hotel operator in the UAE.

## 22. Other long term liabilities (continued)

(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.

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| At 1 January | **80,621** | 100,692 |
| Interest accrued during the year | **3,117** | 4,418 |
| Less: payment made during the year | **(26,448)** | (24,489) |
| At 31 December | **57,290** | 80,621 |
| Current maturity (refer note 19) | **(26,024)** | (26,448) |
| **Long term portion** | **31,266** | 54,173 |

(iii) Finance lease liabilities are payable as follows:
(iv)

| | Future minimum lease payments | | Interest | | Present value of minimum lease payments | |
|---|---|---|---|---|---|---|
| | **2014 AED'000** | 2013 AED'000 | **2014 AED'000** | 2013 AED'000 | **2014 AED'000** | 2013 AED'000 |
| Less than one year | **-** | - | **5,397** | - | **(5,397)** | - |
| Between one and five years | **64,720** | - | **17,176** | - | **47,544** | - |
| More than five years | **128,920** | - | **88,057** | - | **40,863** | - |
| | **193,640** | - | **110,630** | - | **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(viii).

## 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*

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Current tax expense | | |
| - Current year | **(27,971)** | (20,883) |
| - Adjustment for prior years | **(5,922)** | 606 |
| | **(33,893)** | (20,277) |
| Deferred tax credit / (expense) | | |
| - Origination and reversal of temporary differences | **(17,093)** | 1,133 |
| - Change in recognized deductible temporary differences | **135** | 6,297 |
| | **(16,958)** | 7,430 |
| **Tax expense** | **(50,851)** | (12,847) |

MAFP Group believes that its 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.

## 23. Taxes (continued)

### 23.1 Income tax (continued)

*Reconciliation of effective tax rate*

| | | 2014<br>AED'000 | | 2013<br>AED'000 |
|---|---|---|---|---|
| Profit before tax from continuing operations | | **2,825,865** | | 2,502,770 |
| Income tax using the Company's domestic tax rate | **0.00%** | **-** | 0.00% | - |
| Effect of tax rates in foreign jurisdictions | **0.92%** | **(26,134)** | 1.27% | (19,000) |
| Reduction/increase in tax rate | **0.18%** | **(5,154)** | 0.00% | - |
| Non-deductible expenses | **-0.11%** | **3,215** | 0.26% | (1,883) |
| Change in recognized deductible temporary differences | **0.60%** | **(16,818)** | 1.94% | 7,430 |
| Change in estimates related to prior years | **0.21%** | **(5,960)** | 0.80% | 606 |
| | **1.80%** | **(50,851)** | 4.27% | (12,847) |

### 23.2 Deferred tax liabilities

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| At 1 January | **94,839** | 115,998 |
| Charged / (credited) to profit or loss | **17,093** | (7,118) |
| Reclassified / reversed during the year | **(16,955)** | 821 |
| Foreign currency translation difference from foreign operations | **(3,294)** | (14,862) |
| At 31 December | **91,683** | 94,839 |

Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains/losses on properties in Egypt and Lebanon. The tax rates in these countries are 30% (2013: 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.

For the year ended 31 December 2014, in respect of change in valuation of investment properties, a deferred tax credit of AED 1 million (2013: AED 11.3 million) is included in profit and loss on account of the deductible temporary differences of AED 10.5 million (2013: AED 106.8 million) and a deferred tax expense of AED 18.1 million (2013: AED 4.2 million) is included in profit and loss on account of the taxable temporary difference of AED 72.6 million (2013: AED 16.7 million).

### 23.3 Deferred tax asset

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| At 1 January | **4,142** | 3,276 |
| Credited to profit or loss | **135** | 1,133 |
| Foreign currency translation difference from foreign operations | **(123)** | (267) |
| At 31 December | **4,154** | 4,142 |

## 24. Share capital and reserves

### 24.1 Share capital

| | 2014<br>AED'000 | 2013<br>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. Share capital and reserves (continued)

### 24.2 Shareholder contribution

| | 2014 | 2013 |
|---|---|---|
| | **AED'000** | 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.

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 2013 to 5 October 2014 and 6 October 2012 to 5 October 2013 respectively. In the previous year the full amount of the coupon was settled in cash. In the current year the coupon was adjusted against long term loan payable to MAFH (refer note 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 as 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 131.2 million (2013: AED 162.4 million) has been transferred to this reserve.

## 24. Share capital and reserves (continued)

### 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.

### 25.1 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 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 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 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:

| | **2014**<br>**AED'000** | 2013<br>AED'000 |
|---|---|---|
| Trade receivables | **174,270** | 210,451 |
| Other receivables | **18,449** | 12,240 |
| Cash at bank | **467,901** | 405,746 |
| Long term receivables | **79,779** | 70,899 |
| Due from related parties | **124,384** | 89,596 |
| At 31 December | **864,783** | 788,932 |

## 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 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** |

At 31 December 2013

| | 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 | 1,534,810 | (1,971,842) | (82,368) | (84,026) | (217,790) | (979,837) | (607,821) |
| Unsecured loans and borrowings | 1,534,552 | (1,907,335) | (57,910) | (46,164) | (92,463) | (1,710,798) | - |
| Related party loans | 4,042,107 | (4,232,190) | (94,070) | (4,138,120) | - | - | - |
| Bank overdraft | 32,661 | (36,161) | (1,750) | (34,411) | - | - | - |
| Payables and accruals | 879,844 | (894,673) | (397,140) | (423,588) | (29,824) | (37,164) | (6,957) |
| Due to related parties | 83,402 | (83,402) | - | (83,402) | - | - | - |
| Total | 8,107,376 | (9,125,603) | (633,238) | (4,809,711) | (340,077) | (2,727,799) | (614,778) |

#### 25.3.1 Funding and liquidity

At 31 December 2014, MAFP Group has net current liabilities of AED 6,346.8 million (2013: AED 5,562.4 million) which includes loans and borrowings maturing in the short-term of AED 5,601.8 million (2013: AED 4,417.9 million). Furthermore, at 31 December 2014 debts maturing in the long term are AED 2,621.5 million (2013: AED 2,726.1 million). Also, from 01 January 2015 to 31 December 2015, MAFP Group expects to incur interest costs of AED 507.6 million and capital expenditure of AED 3,873.2 million of which AED 2,065 million is committed for the next twelve months.

To meet the above commitments MAFP Group has existing undrawn facilities of AED 7,505 million obtained from banks and MAFH, cash in hand and at bank at 31 December 2014 of AED 474.8 million and it expects to generate net cash from operations of about AED 2,803.1 million in the subsequent twelve months ending 31 December 2015. At 31 December 2014, 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. Financial instruments (continued)

### 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.

### 25.4.1 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 is not exposed to any foreign currency risk.

### 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. MAF Holding 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:

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| **Variable rate instruments** | | |
| Financial liabilities (loans and borrowings) | **(6,776,317)** | (5,674,930) |
| At 31 December | **(6,776,317)** | (5,674,930) |
| | | |
| **Fixed rate instruments** | | |
| Financial assets (fixed deposits) | **40,499** | 43,394 |
| Financial liabilities (loans) | **(1,469,200)** | (1,469,200) |
| Financial liabilities (finance lease liabilities) | **(83,010)** | - |
| Financial liabilities (other long term liabilities) | **(36,209)** | (60,349) |
| At 31 December | **(1,547,920)** | (1,486,155) |

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 2013.

**Sensitivity analysis for variable rate instruments**

| | **Increase / (decrease) in** | **Effect on profit or loss** | | **Effect on other comprehensive income** | |
|---|---|---|---|---|---|
| **AED'000** | **basis points** | **2014** | 2013 | **2014** | 2013 |
| Variable rate instrument | + 100 | **(60,987)** | (51,074) | - | - |
| Cash flow sensitivity (net) | | **(60,987)** | (51,074) | - | - |
| Variable rate instrument | - 100 | **60,987** | 51,074 | - | - |
| Cash flow sensitivity (net) | | **60,987** | 51,074 | - | - |

## 25. Financial instruments (continued)

### 25.5 Fair values

The fair value of MAFP Group's financial instruments 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.

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Loans and borrowings | **8,223,224** | 7,144,130 |
| **Total debt** | **8,223,224** | 7,144,130 |
| Share capital | **3,500,000** | 3,500,000 |
| Shareholder contribution | **2,938,430** | 2,938,430 |
| Revaluation reserve | **13,988,075** | 13,447,913 |
| Other reserves | **7,408,036** | 4,912,100 |
| **Total equity attributable to owners of the Company** | **27,834,541** | 24,798,443 |
| Gearing ratio | **30%** | 29% |

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

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Capital commitments of MAFP Group | **2,277,401** | 2,326,755 |
| MAFP Group's share of capital commitments in relation to its equity accounted investees. | **753,561** | 661,031 |
| | **3,030,962** | 2,987,786 |

## 27. Contingent liabilities

MAFP Group is contingently liable in respect of corporate guarantees of AED 6,356.8 million (2013: AED 6,895.6 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 (2013: AED 1,836.5 million) that has been issued by a subsidiary of MAFH. Furthermore, MAFP Group has provided other operational guarantees of AED 4.6 million (2013: AED 4.4 million).

## 28. Subsequent events

There have been no significant events subsequent to 31 December 2014 up to the date of authorisation of financial statements on 5 March 2015, 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:

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Less than one year | **2,284,084** | 1,814,311 |
| Between one and five years | **4,336,482** | 3,494,235 |
| More than five years | **2,650,561** | 1,165,628 |
| Total | **9,271,127** | 6,474,174 |

### Leases as lessee

Minimum lease payments under non-cancellable operating leases are as follows:

| | **2014** | 2013 |
|---|---|---|
| | **AED'000** | AED'000 |
| Less than one year | **5,861** | 5,845 |
| Between one and five years | **23,445** | 23,381 |
| More than five years | **34,288** | 40,040 |
| Total | **63,594** | 69,266 |

Above lease payments as lessee represent MAFP Group commitments for staff accommodation. 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% |
| City Centre Essa Town Co WLL * | Bahrain | 50% |

* Liquidated during the year

## 31. List of Subsidiaries

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% |
| International Property Services LLC | Oman | 100% |
| Majid Al Futtaim Properties Co. Oman 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% |
| Majid Al Futtaim Shopping Malls KSA | Saudi Arabia | 100% |
| *New subsidiaries incorporated in the current year:* | | |
| 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 Shopping Centre LLC | Oman | 100% |
| Majid Al Futtaim Commercial Facilities LLC | Oman | 100% |

## 31. List of Subsidiaries (continued)

| Subsidiaries | Country of incorporation / origin | Ownership % |
|---|---|---|
| **Active subsidiaries (continued)** | | |
| *New subsidiaries incorporated in the current year: (continued)* | | |
| Majid Al Futtaim Shopping Centers LLC | Oman | 100% |
| Majid Al Futtaim Commercial Centre LLC | Oman | 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% |
| **Dormant subsidiaries** | | |
| MAF Technological Systems LLC | UAE | 100% |
| MAF for Real Estate Investment S.A.E. (in liquidation) | Egypt | 100% |
| Bab Al Madinah Company Property Investment Limited | Yemen | 51% |
| Societe Tunisia WIFEK | Tunisia | 100% |

Shares of certain subsidiary companies are held by subsidiaries of MAFH for the beneficial interest of MAFP Group.

## 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% |