Majid Al Futtaim Properties LLC and its subsidiaries
Consolidated Financial Statements

For the year ended 31 December 2016

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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 2016. The consolidated financial statements were prepared by management. Management has taken responsibility for the fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards and the UAE Company Law No. 2 of 2015 and has given clearance for issuance of these consolidated financial statements on 15 February 2017.

Activities

MAFP Group is made up of four business units: Shopping Malls ("SMBU"), Hospitality ("HBU"), Communities ("CBU") and Project Management ("PMBU"). 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 175 million customer visits last year. MAFP Group continually seeks new opportunities for expansion of its four 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. The Project Management business focuses on providing fee-based advisory and project management services to Shopping Malls, Hospitality and Communities business units. MAFP Group's business units also provide fee-based advisory, development and management services to its investee companies and related parties.

2016 significant developments

In September 2016, MAFP Group officially opened its 20th mall, My City Centre Al Barsha, a neighbourhood retail destination located in Dubai Science Park and tailored to the needs of nearby residential communities. MAFP Group invested AED 57 million in My City Centre Al Barsha which is MAFP Group's second mall under the 'My City Centre' brand after My City Centre Nasseriya.

During the year, MAFP Group purchased a plot of land in Dubailand, for AED 751 million which was fair valued at AED 725 million as at the reporting date, and has been allocated between the communities and shopping mall business units. The MAFP Group is also in the process of constructing a hotel near City Centre Deira and has capitalized AED 122 million of costs as at the reporting date.

MAFP Group continues to make significant progress with expansion plans across the United Arab Emirates, as well as in Egypt, Saudi Arabia, and Oman. The Company announced plans to develop two new shopping malls, Mall of Saudi and City Centre Ishbiliyah, in Riyadh. Both malls will bring global luxury fashion brands to the country for the first time, as well as unique entertainment and leisure offerings. Majid Al Futtaim also announced additional investments in Oman and the projects include Mall of Oman, City Centre Sohar and My City Centre Sur. Investments in the United Arab Emirates include both new projects and the expansion of existing assets and businesses. The Mall of Egypt is set to open in Q1 2017 and will feature Ski Egypt and the country's first VOX Cinemas. In addition, City Centre Almaza, the third City Centre in Egypt, is due to open in 2019.

During the current year the Central Bank of Egypt floated its tightly controlled currency which led to a sharp devaluation of the Egyptian Pound. As MAFP Group has significant net assets denominated in Egyptian Pound, the devaluation has resulted in a significant impact of AED 1,348 million on the currency translation reserve in the current year.

Directors' report (continued)

Financial results

	2016	2015	% Variance
	AED in millions		
Statutory reporting:			
Revenue	**4,491**	4,091	9.8%
EBITDA	**2,825**	2,605	8.4%
Net profit (attributable to owners of the Company)	**2,342**	3,506	(33.2%)
Management reporting:			
Revenue	**4,765**	4,153	14.7%
EBITDA	**2,770**	2,559	8.2%
Net income	**2,447**	3,910	(37.4%)

Key financial points:

Revenue / EBITDA:

- Revenue (as per statutory reporting) increased by AED 400 million from AED 4,091 million for the year ended 31 December 2015 ("the previous year") to AED 4,491 million for the year ended 31 December 2016 ("the current year"). Furthermore EBITDA (as per statutory reporting) increased by AED 220 million from AED 2,605 million in the previous year to AED 2,825 million in the current year.
- The increase in EBITDA of AED 220 million versus previous year is mainly due to an increase in EBITDA of SMBU by AED 241 million slightly offset by a decrease in HBU EBITDA of AED 13 million.
- The increase in SMBU EBITDA is primarily attributable to the annualized impacts of Mall of Emirates expansion of AED 148 million, City Centre Me'aisem of AED 21 million, City Centre Muscat expansion of AED 19 million and the opening of City Centre Al Shindagha contributing AED 14 million. Also the improved performance of the Big four malls (i.e., City Center Deira, Mall of Emirates, City Centre Mirdiff and City Centre Bahrain) and savings in tenant incentives in City Centre Beirut resulted in the increase in SMBU EBITDA.
- This increase in EBITDA has been offset by a decrease in HBU's EBITDA of AED 13 million. Since 2014 the Dubai hotel market RevPAR has declined over 40% against a backdrop of supply outpacing demand, a shift in tourists from Europe to Asia, competition from new accommodation providers such as Air BnB and weaker economic conditions in the Middle East as a result of weak oil prices. However, in the current year HBU outperformed the market and on a like for like basis achieved a RevPAR of negative 9.7% for the Dubai properties versus market's RevPAR of negative 10.1% and the Bahrain properties achieved a RevPAR of negative 2.1% versus market's RevPAR of negative 8.8%.

Net profit:

- Net profit (as per statutory reporting) decreased by AED 1,164 million from AED 3,506 million in the previous year to AED 2,342 million in the current year.
- The EBITDA increase of AED 220 million has been more than offset by reduction in valuation gain of AED 1,351 million. Valuation gain in 2016 stands at AED 392 million versus AED 1,743 million in 2015. Key drivers behind the decrease are mainly on account of decrease in valuation gain of Mall of Emirates of AED 794 million and City Centre Mirdif of AED 89 million. Valuation loss of AED 246 million was recognized on Mall of Egypt (currently under construction) and AED 77 million was recognized on City Centre Al Shindagha. Furthermore, the gross fair value of the hotel portfolio decreased by AED 84 million.

Directors' report (continued)

Key financial points (continued):

Net profit (continued):

- Impairment in 2016 is AED 118 million mainly in investment in associate. In 2015, impairment amounted to AED 50 million that was more than offset by reduction in prior year estimate of AED 107 million resulting in a positive profit or loss impact of AED 57 million.
- Net share of profit in joint ventures in 2016 is AED 127 million mainly on account of handover of 169 units in Al Zahia resulting in an increase in MAFP's share of profit from Sharjah Holding Co. PJSC and higher share of profit earned from Al Mouj Muscat S.A.O.C. In 2015, net share of loss in joint ventures and associates amounted to AED 43 million.

Coupon

In the current year the Company declared a coupon of AED 220 million (2015: 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 6 October 2015 to 5 October 2016.

Board of Directors

Richard North
Thom Wernink (Resigned 15 February 2016)
Jaap Gillis (Resigned 31 March 2016)
Abdullah Al Ghurair
Salem Al Ghurair
Neil Jones
Philip Bowman (Appointed 1 August 2016)
Robert Welanetz (Appointed 16 February 2016)

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
Level 12, IT Plaza
Dubai Silicon Oasis, Dubai, UAE
Tel. +971 (4) 356 9500, Fax +971 (4) 326 3788

Independent auditors' report

To the Shareholders of Majid Al Futtaim Properties LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Majid Al Futtaim Properties LLC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Valuation of properties

Refer to notes 3 (f), (h), (i), 4, 11 and 12 to the consolidated financial statements

The Group's accounting policy is to state its properties (primarily comprising of shopping malls, hotels, and offices) at fair value at each reporting date. The property portfolio is valued at AED 41,446 million.

The valuation of the property portfolio is a significant area of judgment and is underpinned by a number of assumptions. The existence of significant estimation uncertainty and lack of comparable transactions warrants specific audit focus on this area.

The Group engaged professionally qualified external valuers to fair value its property portfolio performing their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards.

The property portfolio (excluding properties under development where the external valuers stated that fair value is not reliably determinable) was valued by using discounted cashflows. Key inputs into the valuation process included discount rates, yield rates and contracted lease rent, forecasted operating expenses and cost to complete estimates, which are influenced by prevailing market forces and the specific characteristics, such as property location, income return, growth rate, occupancy rate and development progress, of each property in the portfolio.

Properties under construction, where the fair value cannot be measured reliably, is accounted for using the cost model until the earlier of the date on which the fair value of the property can be measured reliably or the date on which the construction is completed. Management assesses the potential for impairment in relation to the carrying value of these investment properties held at cost.

- We assessed the competence, independence and integrity of the external valuers and whether the valuation approach was suitable for use in determining the value in the consolidated statement of financial position.
- We carried out procedures on the largest properties of the portfolio to test whether property specific standing data supplied to the external valuers by management reflects the underlying property records held by the Group which has been tested during our audit.
- We met with the external valuers of the property portfolio to discuss the results of their work. We discussed and challenged the valuation process, overall performance of the portfolio and the significant assumptions and critical areas of judgment.
- In relation to those investment properties held at cost where an impairment analysis was required to be performed, we considered the Group's procedures used to develop the forecasts and the principles and integrity of the Group's discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and challenged the significant assumptions and critical areas of judgment.

Key audit matter *(continued)*	**How our audit addressed the key audit matter** *(continued)*

Valuation of properties (continued)

- We evaluated year-on-year movements in capital value with reference to published benchmarks. Where assumptions were outside the expected range or otherwise deemed unusual, and/or valuations appeared to experience unexpected movements, we undertook further investigations and, where necessary, held further discussions with the external valuers in order to challenge the assumptions.
- Based on the outcome of our evaluation, we assessed the adequacy of the disclosures in the consolidated financial statements.

Impairment provision

Refer to notes 3 (e), 10 and 14 to the consolidated financial statements.

The Group has investments in joint ventures and associates. There is a risk that the carrying value of these and other assets may not be reflective of their recoverable amounts as at the reporting date which would require an impairment provision. Where there are indicators of an impairment, the Group undertakes impairment testing using free cash flow projections based on ten year forecasts estimated by management. There is inherent uncertainty involved in forecasting and discounting future cash flows, which forms the basis of the assessment of recoverability.

- We examined underperforming assets, assessed for indicators of impairment and evaluated management's impairment assessment including performing sensitivity analysis on the key assumptions used; and
- We held discussions with management on the status of ongoing and completed projects by the Group's joint ventures and associates, including future plans. Where an indicator of impairment existed, we reviewed management's impairment analysis and we considered the Group's procedures used to develop the forecasts, and discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and challenged the significant assumptions and critical areas of judgment.

Other information

Management is responsible for the other information. The other information comprises the information included in in the Directors' Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

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

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

iii) the Group has maintained proper books of accounts;

iv) the financial information included in the Directors' Report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Group;

v) as disclosed in note 14.1 to the consolidated financial statements, the Group has purchased shares during the financial year ended 31 December 2016;

vi) note 17 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Articles of Association of the Company, which would materially affect its activities or its consolidated financial position as at 31 December 2016; and

viii) note 7 (ii) to the consolidated financial statements discloses the social contributions made during the year.

On Behalf of KPMG Lower Gulf Limited

Fawzi AbuRass
Registration Number: 968
Dubai, United Arab Emirates

Date: 15 FEB 2017

Consolidated statement of profit or loss
For the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Revenue	6	**4,490,628**	4,090,866
Operating expenses	7	**(2,137,179)**	(1,890,295)
Other expenses - net	9	**(45,472)**	(32,934)
Impairment (charge) / reversal	10	**(118,395)**	56,997
Share of profit / (loss) from joint ventures and an associate - net	14	**127,018**	(42,949)
Finance income	8.1	**10,281**	15,645
Finance costs	8.2	**(371,981)**	(282,905)
Profit before net valuation gain on land and buildings and tax		**1,954,900**	1,914,425
Net valuation gain on land and buildings	12(i)	**392,273**	1,743,366
Profit for the year before tax		**2,347,173**	3,657,791
Tax credit / (charge) - net	23.1	**12,551**	(130,948)
Profit for the year		**2,359,724**	3,526,843
Profit attributable to:			
Owners of the Company		**2,342,476**	3,506,375
Non-controlling interest		**17,248**	20,468
		2,359,724	3,526,843

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Profit for the year		**2,359,724**	3,526,843
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net revaluation gain on land and buildings	11(i)	**138,618**	280,613
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences from foreign operations	24.5	**(1,347,626)**	(142,026)
Other comprehensive income for the year - net of tax		**(1,209,008)**	138,587
Total comprehensive income for the year		**1,150,716**	3,665,430
Total comprehensive income attributable to:			
Owners of the Company		**1,133,240**	3,644,842
Non-controlling interest		**17,476**	20,588
		1,150,716	3,665,430

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of financial position
As at 31 December 2016

	Note	2016 AED'000	2015 AED'000
Non-current assets			
Property, plant and equipment	11	**5,083,656**	4,933,407
Investment property	12	**37,132,029**	36,319,714
		42,215,685	41,253,121
Other non-current assets			
Investments in joint ventures and an associate	14	**1,141,077**	1,099,178
Long term receivables from related parties	17.1.3	**67,557**	116,741
Long term receivables	16.3	**464,496**	290,634
Intangible asset	15	**52,981**	72,855
Deferred tax assets	23.3	**8,994**	9,391
		1,735,105	1,588,799
Current assets			
Development property	13	**245,436**	-
Inventories		**26,306**	25,387
Receivables and prepayments	16	**538,597**	485,373
Due from related parties	17.1.1	**65,142**	34,165
Short term loan to a related party	17.1.4	**23,994**	-
Cash in hand and at bank	18	**435,500**	598,895
		1,334,975	1,143,820
Current liabilities			
Payables and accruals	19	**2,507,695**	2,569,304
Provisions	20	**121,617**	81,417
Due to related parties	17.1.2	**11,159**	53,382
Loans and borrowings	21	**1,691,629**	196,853
		4,332,100	2,900,956
Net current liabilities		**(2,997,125)**	(1,757,136)
Non-current liabilities			
Loans and borrowings	21	**8,111,062**	9,122,759
Other long term liabilities	22	**156,746**	83,850
Deferred tax liabilities	23.2	**70,224**	197,752
Long term portion of provision for bonus	20	**10,768**	19,210
Provision for staff terminal benefits	20.1	**82,713**	69,777
		8,431,513	9,493,348
Net assets		**32,522,152**	31,591,436

Consolidated statement of financial position (continued)
As at 31 December 2016

	Note	2016 AED'000	2015 AED'000
Equity:			
Share capital	24.1	**3,500,000**	3,500,000
Shareholder contribution	24.2	**2,938,430**	2,938,430
Revaluation reserve	24.3	**14,407,306**	14,268,688
Other reserves		**11,326,887**	10,552,265
Equity attributable to owners of the Company		**32,172,623**	31,259,383
Non-controlling interest		**349,529**	332,053
Total equity		**32,522,152**	31,591,436

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

By Order of the Board on 15 February 2017.

Chief Executive Officer

Chief Financial Officer

Ahmed ElShamy

Consolidated statement of cash flows
For the year ended 31 December 2016

	Note	**2016 AED'000**	2015 AED'000
Operating activities			
Profit for the year		**2,359,724**	3,526,843
Adjustments:			
Finance income	8.1	**(10,281)**	(15,645)
Finance cost	8.2	**371,981**	282,905
Net charge / (reversal) of impairment	10	**118,395**	(56,997)
Net valuation gain on land and buildings	12(i)	**(392,273)**	(1,743,366)
Tax (credit) / charge – net	23.1	**(12,551)**	130,948
Depreciation	11	**459,517**	344,230
Amortisation of intangible asset	15	**19,874**	19,874
(Gain) / loss on disposal of property, plant and equipment and investment property	9	**(171)**	402
Fixed assets / project costs written - off	9	**9,910**	9,721
Bad and doubtful debts expense – net		**18,352**	5,321
Share of (profit) / loss in joint ventures and an associate – net	14	**(127,018)**	42,949
Operating profit before working capital changes		**2,815,459**	2,547,185
Changes in working capital:			
Inventories		**(919)**	(3,971)
Receivables and prepayments		**(230,922)**	43,619
Payables and accruals		**106,929**	295,645
Due from/to related parties – net		**(119,949)**	35,293
Provisions and employee benefits		**12,936**	(10,638)
Tax paid		**(26,118)**	(38,199)
Net cash generated from operating activities		**2,557,416**	2,868,934
Investing activities			
Additions to property, plant and equipment	11	**(329,605)**	(780,836)
Additions to investment property	12	**(2,587,202)**	(2,661,064)
Additions to development property	13	**(2,436)**	-
Proceeds from sale of fixed assets		**15,880**	1,761
Partial recovery of fully-impaired investment	10	**-**	107,053
(Investment in) / encashment of fixed deposits	18	**(299)**	1,099
Payment of liability for acquisition of intangible asset	22(ii)	**(12,341)**	(28,564)
Interest received		**10,355**	7,563
Net cash used in investing activities		**(2,905,648)**	(3,352,988)

Consolidated statement of cash flows (continued)
For the year ended 31 December 2016

	Note	2016 AED'000	2015 AED'000
Financing activities			
Long term loans received	21.1 & 21.2	**2,849,038**	1,783,411
Long term loans repaid	21.1 & 21.2	**(2,309,614)**	(865,180)
Loan granted to a related party	17.1.4	**(23,994)**	-
Payments against finance lease liabilities		**(52,670)**	-
Finance costs paid		**(309,360)**	(268,520)
Net cash generated from financing activities		**153,400**	649,711
Net (decrease) / increase in cash and cash equivalents		**(194,832)**	165,657
Cash and cash equivalents at beginning of the year		**590,594**	430,431
Currency translation effect on cash held		**(24,388)**	(5,494)
Cash and cash equivalents at end of the year		**371,374**	590,594
Cash and cash equivalents comprise:			
Cash in hand and at bank (excluding deposits of AED 8.6 million (2015: AED 8.3 million) with maturity of more than 3 months)	18	**426,900**	590,594
Less: bank overdraft	21	**(55,526)**	-
		371,374	590,594

The notes on pages 18 to 73 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 4 to 9.

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Attributable to the owners of the Company								
			----------------Other reserves------------------------						
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2015	3,500,000	2,938,430	13,988,075	6,841,000	903,034	(335,998)	27,834,541	311,465	28,146,006
Total comprehensive income for the year									
Profit for the year	-	-	-	3,506,375	-	-	3,506,375	20,468	3,526,843
Other comprehensive income	-	-	280,613	-	-	(142,146)	138,467	120	138,587
Total comprehensive income for the year	-	-	280,613	3,506,375	-	(142,146)	3,644,842	20,588	3,665,430
Transactions with owners of the Company, recorded directly in equity									
Contributions by and distributions to owners of the Company and other movements in equity									
Transfer to statutory reserve (refer note 24.4)	-	-	-	(237,246)	237,246	-	-	-	-
Coupon declared (refer notes 24.2.2 & 17(iv))	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
Total contributions by and distributions to the owners of the Company	-	-	-	(457,246)	237,246	-	(220,000)	-	(220,000)
At 31 December 2015	**3,500,000**	**2,938,430**	**14,268,688**	**9,890,129**	**1,140,280**	**(478,144)**	**31,259,383**	**332,053**	**31,591,436**

The notes on pages 18 to 73 form part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2016

	Attributable to the owners of the Company								
				---Other reserves---					
	Share capital AED'000	Share-holder contribution AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Statutory reserve AED'000	Currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2016	3,500,000	2,938,430	14,268,688	9,890,129	1,140,280	(478,144)	31,259,383	332,053	31,591,436
Total comprehensive income for the year									
Profit for the year	-	-	-	2,342,476	-	-	2,342,476	17,248	2,359,724
Other comprehensive income	-	-	138,618	-	-	(1,347,854)	(1,209,236)	228	(1,209,008)
Total comprehensive income for the year	-	-	138,618	2,342,476	-	(1,347,854)	1,133,240	17,476	1,150,716
Transactions with owners of the Company, recorded directly in equity									
Contributions by and distributions to owners of the Company and other movements in equity									
Transfer to statutory reserve (refer note 24.4)	-	-	-	(297,175)	297,175	-	-	-	-
Coupon declared (refer notes 24.2.2 & 17(iv))	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
Total contributions by and distributions to the owners of the Company	-	-	-	(517,175)	297,175	-	(220,000)	-	(220,000)
At 31 December 2016	**3,500,000**	**2,938,430**	**14,407,306**	**11,715,430**	**1,437,455**	**(1,825,998)**	**32,172,623**	**349,529**	**32,522,152**

The notes on pages 18 to 73 form part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

Majid Al Futtaim Properties LLC ("the Company") was registered as a limited liability company in the Emirate of Dubai, United Arab Emirates ("UAE") on 5 February 1994.

The principal activities of the Company and its subsidiaries are investing in and operating and managing commercial projects including shopping malls, hotels, residential, leisure and entertainment and investing in joint ventures and associates. The Company and its subsidiaries are collectively referred to as "MAFP Group". The registered address of the Company is P.O. Box 60811, Dubai, UAE. The Company is a wholly owned subsidiary of Majid Al Futtaim Holding LLC ("MAFH"), which in turn is a wholly owned subsidiary of Majid Al Futtaim Capital LLC ("MAFC"), the ultimate holding entity. The registered address of MAFC is P.O. Box 91100, Dubai, UAE.

These consolidated financial statements include the financial information of the Company and its subsidiaries (refer note 31) and its share of interests in joint ventures and associate (refer notes 14 and 30).

2. Basis of preparation

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

UAE Federal Law No. 2 of 2015, being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on 1 April 2015 and has come into force on 1 July 2015. As companies are allowed until 30 June 2017 to ensure compliance with the new UAE Companies Law of 2015, per the transitional provisions contained therein, the Company and its UAE registered entities are deemed to be in compliance as at the reporting date.

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 15 February 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured at fair value:

(i) investment properties; and
(ii) property, plant and equipment (only land and buildings).

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency, and are rounded to the nearest thousands, except wherever stated otherwise.

(d) Use of estimates and judgements

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

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

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements

Information about critical judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these consolidated financial statements are described below:

(i) Accounting for dual use properties

Investment property is property held to either earn rental income or capital appreciation or for both. Certain properties of MAFP Group include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use by MAFP Group in the supply of services or for administrative purposes. Such properties are called "dual use properties".

Dual use properties where portions can be sold or finance-leased separately

In the UAE, Law No. 27 of 2007 Regulating the Ownership of Jointly Owned Properties in the Emirate of Dubai ("the Strata Law") came into effect from 1 April 2008. Based on the terms of the Strata Law and clarification obtained by the MAFP Group from independent legal advisors, management is of the view that:

- it is possible to divide developed property, such as shopping malls, into separate units;
- strata title can validly be created within the shopping malls and individual units or parts may be sold or subject to long leases; and
- the Dubai Lands Department and the Strata Law both support the above concept.

In the UAE and countries other than UAE, wherever similar laws exist, the respective dual use properties are split between property, plant and equipment and investment properties based on the leasable value of each portion.

Dual use properties where portions cannot be sold or finance-leased separately

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

Due to legal restrictions in Oman, portions of dual use properties cannot currently be sold or finance leased separately. Accordingly, the properties held in Oman cannot be split between property, plant and equipment and investment properties. Consequently, the entire property is classified as investment property only if an insignificant portion is held for own use.

MAFP Group estimates the level of own use of properties that cannot be sold or finance-leased separately using leasable value of the self-occupied and let out portions of the respective properties. If the level of own use of a property, as determined by leasable value, is insignificant, the property is classified as investment property, otherwise, it is classified as property, plant and equipment.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements (continued)

(ii) Apportionment of fair values between land and buildings

Where the fair value of a property comprises the aggregate value of land and buildings, the fair value is apportioned between land and buildings based on the reinstatement cost of the building as computed by an external appraiser, unless another appropriate basis is available for allocation.

Change in fair value apportioned to buildings is then allocated to the building structure as it is impracticable to obtain detailed fair value information at each component level of the building from the valuer or to use any other reasonable method of approximation to internally estimate such component values. Consequently, any increase in fair values is allocated to the structure of the buildings and depreciated over the remaining useful lives of the respective buildings.

(iii) Classification of joint arrangement – refer note 3(a)(iii).

(iv) Lease classification – refer notes 3(c) and 22(iii).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in subsequent years are described below:

(v) Staff terminal benefits

MAFP Group's obligation to pay for staff terminal benefits qualifies as a defined benefit plan under IAS 19. MAFP Group's net liability in respect of staff terminal benefits is calculated by estimating the amount of future benefits that employees have earned in return for their services in the current and prior years, and is discounted to determine the present value of the obligation. The discount rate used is the yield at the reporting date on premium bonds that have maturity dates approximating the terms of MAFP Group's obligations. The principal assumptions for calculation of the provision for staff terminal benefits at the reporting date are as follows:

Discount rate*	2.6% (2015:4%)
Future salary increase	5% (2015:5%)
Probability of employees staying for a full service period**	50% (2015:75%)

* The change in the discount rate is due to the change in the approximated maturity dates of MAFP Group's obligations. These obligations are approximated to be of a shorter tenor compared to the previous year.

**A demographic analysis of employees was undertaken which takes into account the age of the employee. Based on this an assumption of the estimated length of the employee's service period was determined. A key assumption in this determination is that a lower percentage of employees in the age bracket of 40 and under are expected to serve the full service period and this has led to the revised assumption number this year.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

(vi) Provision for bad and doubtful debts

Accounts receivables are monitored on a monthly basis for their status of recoverability. Bi-monthly receivables analysis and ageing review meetings are conducted by management.

Shopping Malls business

Past due debts are those debts which are outstanding beyond the agreed credit period. Account receivables are classified according to one of the three categories shown in the table below. The identification shall be on the basis of ageing of the overdue amount. Each ageing bucket is linked to a certain percentage of receivable amounts to be taken as provision. Such percentages reflect the best estimate of unresolved disputed items and potential bad debts. Disputed items may include those related to pricing, delivery quantity or service rendered, and discounts or allowances.

Category of debt	Past due (payment date)	Provision to be created
Good	1 - 30	0%
Doubtful	31 - 60	10%
Doubtful	61 - 90	20%
Doubtful	91 - 180	50%
Bad	Over 180	100%

Where accounts receivable are identified as doubtful or bad then a provision shall be created on the basis of the percentage mentioned above. Refer notes 16.1 and 16.2.

Furthermore, a provision for doubtful/bad debts is also created for receivables that are classified as good but which become doubtful/bad as a result of certain business circumstances such as customer going into liquidation or bankruptcy, litigation, financial difficulties, etc. Such specific incidents are determined on a case-to-case basis.

The calculated provision amounts whether based on above percentage or specific cases will be recognized after netting off against the bank guarantees in hand or the security deposits received provided the Company has the legal right to liquidate such bank guarantees or adjust such deposits against the outstanding receivables.

Communities business

A payment schedule is defined for each customer which is based on construction milestones for the property unit. Uncertainty may arise regarding collectability of receivables if the same is outstanding for a long period and may get classified as doubtful or bad and accordingly a provision for the receivable balance is created.

With respect to cases where possession is already handed over to the customer and payment for the same is still outstanding, management assesses facts and circumstances on a case by case basis and considers an accelerated rate of provision or write off.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

(vii) Recognition and measurement of provisions

Key assumptions about the likelihood and magnitude of an outflow of resources is explained in note 20.

(viii)Impairment test

Key assumptions underlying recoverable amounts, including the recoverability of development costs is explained in notes 3(l) and 10.

(ix) Measurement of fair values

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

When measuring the fair value, MAFP Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11(v) property, plant and equipment
- Note 12(xiv) investment property
- Note 4 determination of fair values

(x) Forecasting cost to complete ("CTC") on main contracts under execution

There are a number of principles that apply to all contracts regardless of size, scale or location. All projects have a Project Cost Review ("PCR") on a regular basis where project management issues the forecast to complete the project. The PCR is attended by all relevant stakeholders. This forecast to complete includes input from all budget stakeholders and they review the Total Development Cost ("TDC") and not just construction related cost. The construction forecast, where available, includes the independent quantity surveyors ("QS") cost report which is reviewed and analyzed for completeness. Any gaps in the report (early warnings, leasing changes etc. that the QS is not aware of) are adjusted within the forecast to complete. The PCR is the forum for the business to review the cost to complete to ensure the costs reflect an accurate view of the costs to complete.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

(x) Forecasting cost to complete ("CTC") on main contracts under execution (continued)

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

3. Significant accounting policies

MAFP Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Certain comparative amounts in the consolidated statement of financial position have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

These consolidated financial statements present the results of operations and financial position of MAFP Group for the year ended 31 December 2016.

(i) Subsidiaries

Subsidiaries are entities controlled by MAFP Group. MAFP Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in these consolidated financial statements on a line by line basis from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by MAFP Group. The accounting year end for all of MAFP Group's subsidiaries is 31 December.

(ii) Loss of control

On the loss of control, MAFP Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If MAFP Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or an investment depending on the level of influence retained. Changes in MAFP Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Interests in joint arrangements

MAFP Group classifies its interest in joint arrangements as either joint ventures or joint operations depending on its rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, MAFP Group considers the structure of the arrangements, the legal form, the contractual terms and other facts and circumstances. Joint arrangements are arrangements in which MAFP Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' return.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Interests in equity-accounted investees

MAFP Group's interests in equity-accounted investees comprise interests in joint ventures and an associate. Associates are those entities in which MAFP Group has significant influence, but no control or joint control, over the financial and operating policies. A joint venture is an arrangement in which MAFP Group has joint control, whereby MAFP Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. MAFP Group accounts for its interests in associates and joint ventures using the equity method which are recognized initially at cost including transaction costs.

These consolidated financial statements include MAFP Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of MAFP Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(v) Non-controlling interests

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

(vi) Interest in other entities

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

(vii)Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of MAFP Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) Business combinations involving entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls MAFP Group are accounted for as if the acquisition has occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. MAFP Group applies the book value measurement method to all common control transactions. The assets and liabilities acquired or transferred are recognized or de-recognized at the carrying amounts recognized or de-recognized previously in the ultimate holding entity's consolidated financial statements. The components of other comprehensive income of the acquired entities are added to the same components within MAFP Group's other comprehensive income. Any gain/loss arising is recognised directly in other comprehensive income. When a common control entity is sold or transferred, the cumulative amount in the translation reserve related to that entity is reclassified to profit or loss in line with the accounting policy on foreign operations (refer note 3(b)).

3. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated to the respective functional currencies of MAFP Group entities at exchange rates at the date of the transactions.

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

Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. Share capital is translated at historical rate. The income and expenses of foreign operations are translated into functional currency at average rates of exchange during the year. Foreign currency differences arising from retranslation are recognised in other comprehensive income, and accumulated in the currency translation reserve in equity except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When MAFP Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When MAFP Group disposes off only part of its investment in an associate or joint venture that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

(c) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, MAFP Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, MAFP Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If MAFP Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using MAFP Group's incremental borrowing rate.

3. Significant accounting policies (continued)

(c) Leases (continued)

Leased assets

Assets held by MAFP Group under leases that transfer to MAFP Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in MAFP Group's consolidated statement of financial position.

Lease payments

Lease payments incurred as lessee under operating leases are recognised as an expense in profit or loss on a straight line basis over the lease term. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Increases in rentals which are considered to be due to inflation are regarded as contingent rent and are recognized in the year in which that they occur. Differences between rentals on the straight-line basis and contracted rentals are recognized as 'accrued lease rentals', as an asset or a liability, as the case may be. Lease rentals which are considered contingent at the inception of the lease but are confirmed at a subsequent date during the period of the lease are accounted for in the period in which they are incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

Capitalisation of borrowing costs continues until the assets are substantially ready for the intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds.

(e) Finance income and finance costs

Finance income comprises interest income on funds deposited with banks and unwinding of the discount on long term related party receivables. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense, arrangement fees, participation fees and similar charges on borrowings, unwinding of the discount on provisions and deferred consideration that are recognised in profit or loss.

3. Significant accounting policies (continued)

(f) Capital work in progress

Work in progress in respect of capital expenditure including land is classified as capital work in progress. Interest and other overheads directly attributable to the projects are included in capital work in progress until completion thereof.

Capital work in progress for properties that are being constructed with an intention of building an investment property is carried at fair value.

For other properties that are developed with an intention of constructing an owner occupied property, both the capital expenditure and land are carried at cost, less impairment, if any, until the property is fully developed.

Development expenses are capitalized after successful initial feasibility is conducted and before a site is acquired, subject to an approved budget and formal sign-off of a summary scoping document by management. These development costs are shown as assets under capital work in progress. Development costs carried forward are reviewed in subsequent periods to ensure that circumstances have not changed such that the criteria for capitalization still holds good. However in circumstances where the criteria has changed, the costs are written-off or provided for to the extent they are believed to be irrecoverable. Regardless of the foregoing, if management has not obtained the Company's Board of Directors approval to proceed to the next development stage within 24 months after its inception, the project will be deemed impaired and the full accumulated work in progress balance of that project (excluding land value, if land has been acquired) will be written off and charged to profit or loss.

(g) Intangible assets

Goodwill

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

Other intangible assets

Intangible assets that are acquired by MAFP Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Where the payment term is deferred, the cost of the intangible asset is the cash price equivalent, which is the discounted amount of cash over the payment term.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative years is as follows:

	Life
Metro naming rights	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if management deems necessary.

3. Significant accounting policies (continued)

(h) Property, plant and equipment

Recognition and measurement

Following initial recognition at cost, developed properties (land and building), mainly comprising hotels and offices, are stated at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and any impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

Land on which development work has started with the intention of constructing property, plant and equipment is fair valued at the date when significant development commences. During the construction period, land is held at its carrying value and development expenditure is carried at cost. Upon completion of construction, the entire property (that is land and building) is carried at revalued amount.

All other items of property, plant and equipment, mainly comprising administrative assets, are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as an investment property. Any gain arising on re-measurement is recognised directly in equity. Any loss is recognised immediately in profit or loss except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to equity.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to MAFP Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is charged to profit or loss so as to write off the cost / revalued amounts of property, plant and equipment by equal instalments on a straight line basis over their estimated useful lives. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed asset, from the date that asset is completed and ready for use.

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

3. Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Depreciation (continued)

Useful lives of assets for the current and comparative years are as follows:

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

Valuation surplus relating to buildings is allocated to the building structure and is depreciated over the remaining useful lives of the respective building structures which range from 35 to 50 years.

Revaluation reserve

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

A decrease in carrying amount arising on the revaluation of properties is charged to profit and loss except to the extent that it reverses a previously recognised revaluation gain on the property in which case it is debited to revaluation reserve in equity.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in profit and loss in the period the asset is derecognised. On subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

(i) Investment property

Recognition and measurement

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

Where the fair value of an investment property under development is not reliably determinable, such property is carried at its carrying value and any development cost incurred to date; until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.

Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise. An investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period the property is derecognised. When investment property which was previously classified as property, plant and equipment is sold, any related amount in the revaluation reserve is transferred to retained earnings.

3. Significant accounting policies (continued)

(i) Investment property (continued)

Reclassification to property plant and equipment

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost. Change in fair value up to the date of reclassification is recognised directly in profit or loss.

Leased asset

In case of an operating lease, MAFP Group classifies its leasehold interest as investment property, provided that the leasehold interest meets the rest of the definition of an investment property. In such cases, MAFP Group accounts for the lease as if it were a finance lease (refer note 3(c) for accounting policy on leases).

(j) Development property

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

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

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

(k) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss previously recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

3. Significant accounting policies (continued)

(l) Impairment (continued)

Financial assets (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying amount of MAFP Group's non-financial assets, other than property, plant and equipment and investment properties that are fair valued and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date in order to assess impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(m) Inventories

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

(n) Staff terminal and retirement benefits

Provision for staff terminal benefits is calculated in accordance with the labour laws of the respective country in which they are employed. MAFP Group's net obligation in respect of staff terminal benefits is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, and is discounted to determine the present value of the obligation. The discount rate used is the yield at the reporting date on premium bonds that have maturity dates approximating the terms of MAFP Group's obligation. Also refer note 2(d)(v).

Under the UAE Federal Law No.7 of 1999 for pension and social security law, employers are required to contribute 12.5% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. MAFP Group's contribution is recognised as an expense in profit or loss as incurred.

(o) Revenue recognition

Revenue comprises amounts derived from the provision of services falling within MAFP Group's ordinary activities and encompasses hospitality services, rental income and leisure and entertainment activities.

Revenue from hospitality services and leisure and entertainment activities is recognised on rendering the services. Revenue from services is recognised on a uniform basis as the right to use the facilities is made available to the customers.

3. Significant accounting policies (continued)

(o) Revenue recognition (continued)

Rental income received as lessor from properties under operating leases is recognised in profit or loss on a straight line basis over the lease term. Lease incentives granted to lessees are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents are recorded as income in the period in which they are earned.

(p) Alcohol

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

(q) Financial instruments

(i) Non-derivative financial assets

MAFP Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

MAFP Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or if MAFP Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset are transferred. Any interest in such transferred financial assets that is created or retained by MAFP Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MAFP Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

MAFP Group classifies non-derivative financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and related party receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

(ii) Non-derivative financial liabilities

MAFP Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that MAFP Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

(q) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

MAFP Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

MAFP Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables, accruals, retention payables, long-term loans, income tax payable, bank borrowings and related party balances.

(r) Provisions

A provision is recognised in the statement of financial position when MAFP Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(s) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

3. Significant accounting policies (continued)

(s) Income tax (continued)

(ii) Deferred tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(t) Operating segments

An operating segment is a component of MAFP Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of MAFP Group's other components. All operating segments' operating results are reviewed regularly by MAFP Group's Board of Directors and senior management to assess performance.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily Company's head office) and head office expenses.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have accordingly not been applied in preparing these consolidated financial statements. Those which may be relevant to the MAFP Group are set out below. MAFP Group does not plan to adopt these standards early.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financials assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. The application of IFRS 9 may have an impact on amounts reported and disclosures made in MAFP Group's consolidated financial statements in respect of MAFP Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until MAFP Group performs a detailed review.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. Management has conducted an initial assessment of the above and is in the process of quantifying the impact on these consolidated financial statements.

3. Significant accounting policies (continued)

(u) New standards and interpretations not yet adopted (continued)

IFRS 16 Leases

IFRS 16 Leases, published in January 2016 supersedes the existing standard, IAS 17 Leases. Mandatory application of IFRS 16 is required with effect from 1 January 2019. The Group can choose to apply IFRS 16 before that date but only if it applies IFRS 15 Revenue from Contracts with Customers. The new standard requires the lessee to recognise operating lease commitments on the balance sheet. IFRS 16 does not require a lessee to recognise assets and liabilities for short-term leases (12 months or less), for leases ending within 12 months of the date of first applying the new standard and for leases of low value assets. A lessee can choose to apply the standard retrospectively to all accounting periods or as a single large adjustment at the date of initial application. The Group is not required to reassess whether existing contracts contain a lease but can choose to apply IFRS 16 to leases already applying IAS 17 as at the date of application, and not apply IFRS 16 to other contracts.

As at 31 December 2016, MAFP Group has non-cancellable operating lease commitments of AED 57 million. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence MAFP Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. Management will assess the potential impact of the adoption of IFRS 16 for non-cancellable operating lease.

In cases where MAFP Group is a lessor (for both operating and finance leases), management does not anticipate that the application of IFRS 16 will have significant impact on the amounts recognised in MAFP Group’s consolidated financial statements. For finance leases where MAFP Group is the lessee, MAFP Group has already recognised an asset and a related finance lease liability for the lease arrangement.

4. Determination of fair values

A number of MAFP Group’s accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

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

The fair value of the investment properties and land and buildings included within property, plant and equipment is determined twice a year at the reporting date (i.e. 31 December and 30 June) by independent external RICS Chartered Surveyors and Valuers having sufficient current local and national knowledge of the respective property markets. The valuation has been prepared in accordance with the RICS Valuation - Professional Standards (2014) (the “Red Book”). Internal valuations are carried out quarterly, based on the methods and assumptions used by the external valuer, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Valuation techniques

The following table shows the valuation technique used in measuring the fair value of investment properties and land and buildings included within property, plant and equipment:

4. Determination of fair values (continued)

Valuation techniques (continued)

Property Type	Valuation Technique
Shopping Malls	Discounted Cash Flows (DCF): The DCF approach determines the present value of the estimated future net cash flows, generally for a period of ten years, for each property adopting an asset specific discount rate. An exit yield that reflects the specific risks inherent in the asset is then applied to the final cash flow to arrive at the property valuation. The fair value derived using DCF for Shopping Malls is benchmarked against net initial yield methodology.
Hotels	Discounted Cash Flows (DCF): The fair value derived using DCF for Hotels is benchmarked against capital value per key.
Offices	Income capitalization approach: Fair value is derived by applying asset specific capitalization rate on the net operating income of the property.
Properties Under Construction (PUC)	Carrying Value: PUC are measured at fair value once the valuer determines that a substantial part of the project's uncertainty has been eliminated, such that a reliable value can be determined. PUC are valued by estimating the fair value of the completed property using the income capitalization approach and deducting the estimated costs to complete the construction. When the value is deemed not to be reliably determinable, the PUC is carried at cost of the land plus work in progress less impairment until the earlier of the date that construction is completed or the date at which fair value becomes reliably measurable.
Lands	Comparable Market Transactions: Properties held for future development (land bank) are valued using comparable methodology which involves analysing other relevant market transactions. Comparable methodology can involve a parcelisation approach where it is assumed a larger plot is subdivided and sold in smaller lot sizes over a period of time.

5. Segment information and reporting

MAFP Group's goal is the creation of long-term sustainable shareholder value. It does this through the entrepreneurial development and management of fully owned or partially owned shopping malls and synergistic hotel and mixed-use projects where these add value to its shopping malls. It is organized to achieve these goals through three business units; Shopping Malls Business Unit "SMBU", Hotels Business Unit "HBU" and Communities Business Unit "CBU". With effect from 1 January 2015, Project Management has developed into a fourth Business Unit of MAFP Group, commonly referred to as "PMBU".

Furthermore in the previous year, a number of organizational changes were made in order to strengthen the businesses, reinforce their operating independence and autonomy and focus the efforts towards a successful and sustainable path for growth. As a result the human capital function, the legal team and accounting and finance teams were embedded in the business units. The corporate human capital function, the legal team and accounting and finance teams continue to drive the standards, policies and procedures for its respective functions embedded in the business units and form part of the corporate support functions.

The performance of the business units, as included in the internal management reports, is reviewed by the Board of Directors (the Chief Operating Decision Maker or "CODM"). The Board is collectively responsible for the success of the Company and addresses both routine and non-routine matters such as approving strategy, plans, mergers and acquisitions, developments and expenditures. The Board also oversees budgets and debt or equity funding as well as monitoring performance, key executives and organization structure decisions including delegations of authority.

5. Segment information and reporting (continued)

MAFP Group's four business units are responsible for managing owned assets as well as strategic equity investments or joint ventures defined as those that MAFP Group has management agreements such as asset management agreements or development management agreements. Equity investments or joint ventures without such agreements are considered as non-strategic and governed by corporate centre functions**.**

Management Reporting

In conjunction with IFRS financial and other financial indicators, MAFP Group relies on non-GAAP profitability measures together with statistical and operating key performance indicators to achieve its business unit and corporate goals. These non-GAAP financial measures are used to supplement IFRS reporting so as to align business reporting with operating performance:

Management Revenue: Statutory reported revenues are adjusted to exclude the non-cash IAS 17 lease accounting impacts, revenue from leisure and entertainment units and include the consolidated revenues of managed equity investments or joint ventures revenues.

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

MAFP Group's EBITDA: is considered to be the key measure of MAFP Group's operating performance and cash generation. It is defined as the aggregate of business unit EBITDA less corporate centre overhead expenses, and excludes all finance costs (net), taxes, depreciation, amortization, impairment charges, fair value gains / (losses), share of losses from joint ventures and associate, IAS 17 lease adjustments, foreign exchange gains / (losses), capital expenditure write offs and loss on disposal of subsidiaries.

Business unit Operating Profit: This business unit financial measure is defined as business unit EBITDA after impacts of gross asset fair value changes (irrespective of IAS 16 or IAS 40 classification); non-cash charges such as depreciation, amortization, impairment and asset write-offs; MAFP Group share in non-managed equity investments' or joint ventures' net profit or loss; minority share of managed equity investments' or joint ventures' net profit or loss; and any gains or losses on asset disposals.

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

Segment Assets and Liabilities: Relate to assets or liabilities that are directly attributable to business unit or corporate centre functions.

Shopping Malls Business Unit (SMBU)

This business unit leads and manages all aspects of the retail development and management of shopping malls, from regional and super regional shopping malls to smaller community centers. As of 31 December 2016, MAFP Group managed and held an ownership interest in 20 income producing shopping malls (of which 16 malls are fully owned by MAFP Group and 4 malls are held in joint venture) in the United Arab Emirates, Oman, Bahrain, Egypt and Lebanon. As at the reporting date, MAFP Group's five year plans (2017-2021) include the development of 14 new shopping malls in the UAE, Oman, Egypt, and Saudi Arabia (of which 10 malls will be fully owned) and re-development activities in 11 existing shopping malls. The business unit conducts its activities through dedicated regional management organizations with support from centralized functions such as development, asset management, leasing, marketing, property management, human capital and finance. The business unit also owns a number of leisure and entertainment operations located within its shopping malls.

5. Segment information and reporting (continued)

Shopping Malls Business Unit (SMBU) (continued)

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

Hotels Business Unit (HBU)

This business unit is responsible for leading the development of hotel assets and asset management of these assets with third-party hotel operators. As of 31 December 2016 MAFP Group held an ownership interest in twelve hotels located in the United Arab Emirates and Bahrain. As at the reporting date, MAFP Group's five year plans (2017-2021) include development of one new hotel.

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

Communities Business Unit (CBU)

This business unit is responsible for master development of larger master planned lifestyle developments that comprise multiple asset classes, and is responsible for infrastructure, residential and commercial assets within these developments. The business unit is also responsible for managing MAFP Group's portfolio of three office buildings in Dubai, UAE. As of 31 December 2016 MAFP Group held a joint ownership interest in three master developments, located in the United Arab Emirates, Oman and Lebanon and shall continue to work on these as part of its five year plans (2017-2021). Additionally, MAFP Group's five year plans include four new master developments located in the United Arab Emirates and the MENA region (of which two will be managed by MAFP Group and are directly owned by the Ultimate Holding entity).

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

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

Project Management Business Unit (PMBU)

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

5. Segment information and reporting (continued)

5.1 Management revenue, EBITDA, net profit and project capital expenditure – by business unit

	SMBU		HBU		CBU		PMBU		Corporate		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions											
Revenue	**3,476**	3,358.7	**713**	682.1	**438**	28.6	**138**	83.9	**-**	-	**4,765**	4,153.3
Operating expenses	**(763)**	(818.0)	**(438)**	(400.6)	**(350)**	(55.9)	**(138)**	(83.9)	**-**	-	**(1,689)**	(1,358.4)
Asset EBITDA	**2,713**	2,540.7	**275**	281.5	**88**	(27.3)	**-**	-	**-**	-	**3,076**	2,794.9
Support Cost	**(138)**	(77.2)	**(24)**	(19.5)	**(93)**	(83.6)	-	-	**(51)**	(55.9)	**(306)**	(236.2)
EBITDA	**2,575**	2,463.5	**251**	262.0	**(5)**	(110.9)	**-**	-	**(51)**	(55.9)	**2,770**	2,558.7
Adjustments for: Depreciation and amortization	**(86)**	(78)	**(6)**	(4.9)	**(1)**	(2.4)	-	-	**(31)**	(23.8)	**(124)**	(109.1)
Net Valuation (loss)/gain on land and building	**680**	1991.90	**(179)**	85.2	**1**	13.8	-	-	**-**	-	**502**	2,090.90
Capex write off/impairment-net	**(10)**	(10.6)	**(22)**	(11.9)	**(91)**	(19.8)	-	-	**(4)**	107	**(127)**	64.70
Share of gain/(loss) in JVs and associate – net	**-**	(0.2)	**-**	-	**78**	(34.40)	-	-	**-**	-	**78**	(34.6)
Non-controlling interest	**(35)**	(19.1)	**-**	-	**(39)**	22.7	-	-	**-**	-	**(74)**	3.6
Profit on asset disposal and other income/(expenses)	**(2)**	(20.5)	**-**	0.3	**-**	-	-	-	**-**	-	**(2)**	(20.2)
Operating profit/(loss)	**3,122**	4,327	**44**	330.7	**(57)**	(131.0)	-	-	**(86)**	27.3	**3,023**	4,554
Income/deferred tax	**13**	(74.5)	**-**	-	**6**	6.2	-	-	**-**	(56.5)	**19**	(124.8)
Foreign exchange gain/(loss)	**(26)**	(5.6)	**-**	0.2	**1**	0.1	-	-	**(1)**	(30.5)	**(26)**	(35.8)
Finance (cost)/income - net	**(10)**	(23.9)	**-**	-	**11**	4.4	-	-	**(570)**	(464.1)	**(569)**	(483.6)
Net profit as per management report	**3,099**	4,223.0	**44**	330.9	**(39)**	(120.3)	**-**	-	**(657)**	(523.8)	**2,447**	3,909.8
Project capital expenditure	**2,666**	2,492	**152**	521	**257**	8	**-**	-	**28**	23	**3,103**	3,044

5. Segment information and reporting (continued)

5.2 Management Revenue – by geographical segment

	UAE		Oman		Bahrain		KSA		GCC Total		Egypt		Lebanon		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions															
Revenue	**3,593.0**	3,176.4	**387.0**	179.7	**468.3**	446.7	**-**	-	**4,448.3**	3,802.8	**148.7**	180.0	**167.8**	170.5	**4,764.8**	4,153.3

Geographical segments continue to be divided into UAE, Oman, Bahrain, Kingdom of Saudi Arabia ("KSA") combined as "GCC", Egypt and Lebanon. This table is not presented to the CODM on a regular basis; however, it is disclosed in these consolidated financial statements for the readers' information.

5.3 Reconciliation of revenue

	SMBU		HBU		CBU		PMBU		Corporate		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions											
Revenue as per consolidated financial statements	**3,720.9**	3,339.9	**713.3**	682.1	**42.2**	39.0	**14.2**	30.0	**-**	-	**4,490.6**	4,091.0
Reconciling items:												
- Net results of Leisure and Entertainment units excluded from Management accounts (N-2)	**(281.7)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(281.7)**	-
- PMBU Elimination	**-**	-	**-**	-	**-**	-	**123.4**	53.9	**-**	-	**123.4**	53.9
- Intercompany eliminations	**(2.5)**	(2.5)	**-**	-	**(12.9)**	(12.9)	**-**	-	**-**	-	**(15.4)**	(15.4)
- Line by line consolidation of MAFP managed joint ventures (N-1)	**35.4**	35.2	**-**	-	**408.9**	2.5	**-**	-	**-**	-	**444.3**	37.7
- Other adjustments	**3.6**	(13.9)	**-**	-	**-**	-	**-**	-	**-**	-	**3.6**	(13.9)
Revenue as per management report	**3,475.7**	3,358.7	**713.3**	682.1	**438.2**	28.6	**137.6**	83.9	**-**	-	**4,764.8**	4,153.3

Notes:

(N-1) In the management accounts, Sharjah Holding Company JSC and Waterfront City SARL, which are MAFP Group's joint ventures are consolidated on a line by line basis. However, joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

(N-2) With effect from 1 January 2016, in the management accounts, CDE, I-FLY, Ski Dubai, Wahoo Waterpark and Ski Egypt ("the Leisure & Entertainment units"), are not consolidated on a line by line basis. However, in these consolidated financial statements, the Leisure & Entertainment units are consolidated in accordance with IFRS 10.

5. Segment information and reporting (continued)

5.4 Reconciliation of fair value changes in properties

	SMBU		HBU		CBU		Corporate		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions									
Net valuation changes recognised in profit or loss	**366.3**	1,708.5	**35.7**	16.8	**(15.9)**	7.8	**6.1**	10.2	**392.2**	1,743.3
Net valuation changes recognised in equity (IAS16)	**-**	-	**138.6**	280.6	**-**	-	**-**	-	**138.6**	280.6
Net valuation changes reported in consolidated financial statements	**366.3**	1,708.5	**174.3**	297.4	**(15.9)**	7.8	**6.1**	10.2	**530.8**	2,023.9
Reconciling items:										
Add/(less): Fair value accounting adjustments (N-1)	**313.6**	283.3	**(353.6)**	(212.2)	**16.9**	6.1	**(6.1)**	(10.2)	**(29.2)**	67.0
Net valuation changes reported as per management report	**679.9**	1,991.8	**(179.3)**	85.2	**1.0**	13.9	**-**	-	**501.6**	2,090.9

Notes:
(N-1) For calculation of management report net profit, gross changes in fair value from one reporting date to another are reported in the income statement as compared to the net accounting valuation change computed as per the requirements of IAS 16 or IAS 40 for financial statement purposes (primarily relating to depreciation, IAS 17 adjustments).

5. Segment information and reporting (continued)

5.5 Reconciliation of management net profit

	SMBU		HBU		CBU		Corporate Centre		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions									
Net profit/(loss) as per consolidated financial statements - attributable to the owners of the company	**2,906.8**	3,956.9	**(66.1)**	(19.5)	**(55.8)**	(126.4)	**(442.5)**	(304.6)	**2,342.4**	3,506.4
Reconciling items:										
- Fair value adjustments (refer table-5.4)	**313.6**	283.3	**(353.6)**	(212.2)	**16.9**	6.1	**(6.1)**	(10.2)	**(29.2)**	67.0
- IAS-16 Fair value changes recognised in equity in financial statements, but in profit or loss in management report (refer table-5.4)	**-**	-	**138.6**	280.6	**-**	-	**-**	-	**138.6**	280.6
- Depreciation on strategic assets (N-1) not recognized in management report	**-**	-	**323.8**	254.1	**-**	-	**11.0**	11.0	**334.8**	265.1
- Coupons declared to MAFH (N-2) on the subordinated capital loan instruments	**-**	-	**-**	-	**-**	-	**(220.0)**	(220.0)	**(220.0)**	(220.0)
- Net results of Leisure and Entertainment units excluded from Management accounts (refer note N-2 on table-5.3)	**(120.6)**	-	**-**	-	**-**	-	**-**	-	**(120.6)**	-
- Non-cash IAS-17 lease adjustments	**(0.6)**	(14.1)	**-**	-	**-**	-	**-**	-	**(0.6)**	(14.1)
- Minority interest adjustment	**-**	(0.2)	**-**	-	**-**	-	**-**	-	**-**	(0.2)
- Other adjustments	**-**	(2.9)	**1.6**	27.9	**(0.2)**	-	**-**	-	**1.4**	25.0
Total reconciling items	**192.4**	266.1	**110.4**	350.4	**16.7**	6.1	**(215.1)**	(219.2)	**104.4**	403.4
Net profit/(loss) as per management report	**3,099.2**	4,223.0	**44.3**	330.9	**(39.1)**	(120.3)	**(657.6)**	(523.8)	**2,446.8**	3,909.8

Notes:

(N-1) - For the management report net profit calculation, depreciation is not charged on strategic assets which are subject to fair valuation. Gross changes in fair value are reported in the management income statement. For the financial statements all assets which are classified under IAS-16 are depreciated and any accumulated depreciation at the date of revaluation is eliminated against the gross carrying value of the asset and the net book value is restated to the revalued amount.

(N-2) - For management report net profit calculation, coupons declared during the year on the subordinated capital loan instruments are shown as a deduction from net profit. For the financial statements, coupons are shown as an appropriation of distributable profit and are adjusted in equity.

5. Segment information and reporting (continued)

5.6 Statutory segment assets and liabilities – by business unit

	SMBU		HBU		CBU		Corporate Centre		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions									
Segment assets	**37,421.6**	36,845.3	**4,780.9**	4,599.5	**2,721.5**	2,185.2	**361.7**	368.5	**45,285.7**	43,998.5
Segment liabilities	**(3,815.7)**	(4,325.0)	**(211.7)**	(188.0)	**(34.2)**	(32.3)	**(8,702.0)**	(7,861.7)	**(12,763.6)**	(12,407.0)
Net Assets (N-1)	**33,605.9**	32,520.3	**4,569.2**	4,411.5	**2,687.3**	2,152.9	**(8,340.3)**	(7,493.2)	**32,522.1**	31,591.5

Notes:
(N-1) – Intra-company balances have been excluded to arrive at the net assets.

5.7 Statutory segment assets and liabilities – By geographical segment

	UAE		Oman		Bahrain		KSA		GCC Total		Egypt		Lebanon		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	AED in millions															
Segment assets	**34,052.9**	31,808.4	**2,158.2**	2,075.0	**3,396.6**	3,315.1	**1,890.8**	1,855.0	**41,498.5**	39,053.5	**1,722.1**	3,188.0	**2,065.1**	1,757.0	**45,285.7**	43,998.5
Segment liabilities	**(10,862.4)**	(9,841.0)	**(203.6)**	(308.0)	**(240.4)**	(216.0)	**(15.6)**	(5.0)	**(11,322.0)**	(10,370.0)	**(757.4)**	(1,310.0)	**(684.2)**	(727.0)	**(12,763.6)**	(12,407.0)
Net Assets (N-1)	**23,190.5**	21,967.4	**1,954.6**	1,767.0	**3,156.2**	3,099.1	**1,875.2**	1,850.0	**30,176.5**	28,683.5	**964.7**	1,878.0	**1,380.9**	1,030.0	**32,522.1**	31,591.5

Notes:
(N-1) – Intra-company balances have been excluded to arrive at the net assets.

5.8 Major customer

	SMBU	
	2016	2015
	AED in millions	
Revenue earned from MAFP Group's related parties (N-1)	**349.5**	280.1

Notes: (N-1) - MAFP Group’s related parties have contributed 10% (2015: 8%) of the total revenue from the Shopping Malls BU for the year ended 31 December 2016.

6. Revenue

	2016	2015
	AED'000	AED'000
Rental income	**3,466,069**	3,076,745
Hospitality revenue	**713,318**	682,133
Leisure and entertainment revenue	**281,675**	287,754
Project management revenue (refer note 17(vi))	**14,175**	29,827
Others (refer note 17(vi))	**15,391**	14,407
	4,490,628	4,090,866

7. Operating expenses

	2016	2015
	AED'000	AED'000
Staff costs (refer note (i) below)	**(610,423)**	(586,368)
Depreciation (refer note 11)	**(459,517)**	(344,230)
Selling and marketing expenses	**(174,713)**	(171,419)
Repairs and maintenance	**(133,126)**	(117,603)
Utilities	**(124,291)**	(111,293)
Legal, professional and consultancy expenses	**(82,937)**	(71,752)
Hotel operator fee and sales commission	**(75,820)**	(77,108)
Housekeeping and cleaning expenses	**(68,558)**	(64,721)
IT related costs	**(42,984)**	(32,285)
Service charges and other recharges	**(41,044)**	(21,929)
Security expenses	**(39,779)**	(37,243)
Hotels food and beverage expenses	**(39,855)**	(35,893)
Bad and doubtful debts expense	**(30,801)**	(5,385)
Leisure and entertainment units' cost of operations	**(20,770)**	(24,975)
Amortization charge for intangible asset (refer note 15)	**(19,874)**	(19,874)
Insurance expense	**(19,774)**	(16,483)
Built up property tax expense	**(19,504)**	(20,650)
Travel expenses	**(16,892)**	(11,192)
Office supplies	**(15,149)**	(16,422)
Rent expenses	**(6,233)**	(6,950)
Other operating expenses	**(95,135)**	(96,520)
	(2,137,179)	(1,890,295)

(i) Staff costs are net of costs capitalised to various projects amounting to AED 99.1 million (2015: AED 68.6 million).

(ii) During the year ended 31 December 2016, MAFP Group has paid AED 6 million (2015: AED 4.8 million) for various social contribution purposes.

8. Finance income/(costs) - net

	2016	2015
Recognised in profit or loss	**AED'000**	AED'000
8.1 Finance income		
Interest income	**11,890**	8,855
Unwinding of the discounting of long term receivable from a joint venture (refer note 17(i))	**(1,609)**	6,790
Finance income	**10,281**	15,645

8. Finance income/(costs) – net (continued)

Recognised in profit or loss	2016 AED'000	2015 AED'000
8.2 Finance costs		
Arrangement and participation fees	**(2,801)**	(2,121)
Interest expense (refer note 17 (ii))	**(519,029)**	(404,823)
Unwinding of the discounting of finance lease liabilities (refer note 22(iii))	**(17,893)**	(5,395)
Less: capitalised interest (refer note below)	**167,742**	129,434
Finance costs	**(371,981)**	(282,905)

Capitalised interest arises on borrowings for development expenditure. The capitalisation rate range used to determine the amount of borrowing cost eligible for capitalization was 4.11% - 17.75% (2015: 3.79% - 12.25%) depending on the effective interest rate over the tenure of the borrowings for individual developments.

9. Other expenses - net

	2016 AED'000	2015 AED'000
Land transfer fee reversal of provision	**(1,557)**	(1,186)
Foreign exchange loss - net	**(24,743)**	(35,978)
Gain / (loss) on disposal of property, plant and equipment and investment property - net	**171**	(402)
Service charges levied on related parties (refer note 17(vi))	**4,649**	9,177
Fixed assets / project costs written off	**(9,910)**	(9,721)
Development expenses written off	**(33,644)**	(28,743)
Other income - net	**19,562**	33,919
	(45,472)	(32,934)

10. Impairment (charge)/reversal

	2016 AED'000	2015 AED'000
Impairment of property, plant and equipment	**(18,859)**	(14,336)
Impairment of capital work in progress in relation to investment property	**(8,067)**	-
Reversal of impairment on investment (refer note (i) below)	**-**	107,053
Impairment of development properties (refer notes 12(vii) and 13)	**-**	(19,720)
Impairment of investment in joint venture (refer note 14.1)	**-**	(16,000)
Impairment of investment in associate (refer note (ii) below and note 14.2)	**(90,968)**	-
Other	**(501)**	-
	(118,395)	56,997

(i) In the earlier years, MAFP Group had paid AED 389 million as an advance to a joint venture, as the MAFP Group's contribution against purchase of land. Subsequently, management reassessed the future prospects of that joint venture and an impairment provision was recognized against this advance in full. In 2015, MAFP Group had received AED 107 million in cash and accordingly the impairment provision has been reversed to that extent.

10. Impairment (charge)/reversal (continued)

(ii) MAFP Group has performed an analysis of its carrying value of investment in an associate. Based on the results of this analysis, the management is of the view that the carrying value of the investment has been eroded due to adverse market and business conditions and has, therefore, recognized an impairment loss of AED 90.9 million in the current year. In the previous year the impairment provision was recognized by the associate in its profit or loss and accordingly this was accounted for under the line item of share of profit/(loss) from joint ventures and an associate – net, within MAFP Group's profit or loss.

11. Property, plant and equipment

	Land and buildings AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Leisure rides and games AED'000	Capital work in progress AED'000	Total AED'000
Cost / valuation						
At 1 January 2015	3,815,861	6,308	576,977	376,436	233,193	5,008,775
Additions	347,763	1,942	109,153	20,586	301,392	780,836
Disposals / write offs / impairment provision	(16,082)	-	-	(18,532)	(15,882)	(50,496)
Capitalized during the year (refer note (iii) below)	251,585	-	33,375	-	(284,960)	-
Transferred from / (to) investment properties (refer note (ii) below)	(26,002)	-	-	-	-	(26,002)
Accumulated depreciation and impairment eliminated on valuation	(265,191)	-	-	-	-	(265,191)
Net revaluation gain on land and buildings (refer note (i) below)	307,701	-	-	-	-	307,701
At 31 December 2015	4,415,635	8,250	719,505	378,490	233,743	5,755,623
At 1 January 2016	4,415,635	8,250	719,505	378,490	233,743	5,755,623
Additions	45,897	2,509	102,737	5,808	185,179	342,130
Disposals /write offs/reversals/other adjustments / impairment reversal	3,290	(1,229)	(13,448)	(250,405)	(10,907)	(272,699)
Capitalized during the year	-	-	58,392	-	(58,392)	-
Accumulated depreciation & impairment eliminated on valuation	(334,823)	-	-	-	-	(334,823)
Transferred from investment properties - net (refer note 12(v))	3,874	-	-	-	137,933	141,807
Transferred to a related party	-	-	-	-	(4,540)	(4,540)
Net revaluation gain on land and buildings (refer note (i) below)	180,370	-	-	-	-	180,370
Effect of foreign exchange movements	-	(386)	(13,323)	-	(9,181)	(22,890)
At 31 December 2016	**4,314,243**	**9,144**	**853,863**	**133,893**	**473,835**	**5,784,978**
Depreciation and impairment						
At 1 January 2015	-	(4,896)	(418,023)	(306,170)	(15,882)	(744,971)
Depreciation charge for the year (refer note 7)	(265,191)	(841)	(57,739)	(20,459)	-	(344,230)
Accumulated depreciation & impairment eliminated on valuation	265,191	-	-	-	-	265,191
Provision for impairment	-	-	-	-	(13,894)	(13,894)
Disposals / write offs	-	-	-	15,688	-	15,688
At 31 December 2015	-	(5,737)	(475,762)	(310,941)	(29,776)	(822,216)
At 1 January 2016	-	(5,737)	(475,762)	(310,941)	(29,776)	(822,216)
Depreciation charge for the year (refer note 7)	(334,823)	(1,030)	(119,608)	(4,056)	-	(459,517)
Accumulated depreciation & impairment eliminated on valuation	334,823	-	-	-	-	334,823
Provision for impairment	-	-	-	-	(22,149)	(22,149)
Disposals / write offs/other adjustments	-	498	6,086	250,405	-	256,989
Reclassification	-	-	59,921	(59,921)	-	-
Effect of foreign exchange movements	-	159	9,602	987	-	10,748
At 31 December 2016	**-**	**(6,110)**	**(519,761)**	**(123,526)**	**(51,925)**	**(701,322)**
Carrying amounts						
At 31 December 2016	**4,314,243**	**3,034**	**334,102**	**10,367**	**421,910**	**5,083,656**
At 31 December 2015	4,415,635	2,513	243,743	67,549	203,967	4,933,407

11. Property, plant and equipment (continued)

(i) During 2016, a revaluation gain of AED 180.3 million (2015: AED 307.7 million) has been recognised on property, plant and equipment of which valuation gain of AED 138.6 million (2015: AED 280.6 million) has been credited to other comprehensive income and gain of AED 41.7 million (2015: AED 27.1 million) has been credited to profit or loss (also refer note 12(i)).

(ii) At 1 January 2015, MAFP Group reclassified one of its office buildings with a carrying value of AED 35.7 million from property, plant and equipment to investment property as the building is no longer owner occupied and has been rented out to external parties. In addition to this, a land amounting to AED 9.7 million was transferred from investment property to property, plant and equipment due to change in the business plans of the Company.

(iii) In the prior year MAFP Group completed the construction of a hotel in UAE amounting to AED 251.6 million, which was reclassified from capital work in progress to the respective classes of assets under property, plant and equipment.

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

	2016 AED'000		2015 AED'000	
	Land AED'000	**Buildings AED'000**	Land AED'000	Buildings AED'000
Cost	**327,310**	**3,991,935**	326,723	3,914,779
Accumulated depreciation	**-**	**(1,926,904)**	-	(1,589,814)
Net carrying amount	**327,310**	**2,065,031**	326,723	2,324,965

(v) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for property, plant and equipment of AED 4,314.2 million (2015: AED 4,415.6 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Also refer to note 4.

(b) Significant unobservable inputs

The following table shows the significant unobservable inputs used:

	2016	2015
Discount rate:	**11.25% - 12.75%**	11.25% - 12.75%
Income return:	**3.88% - 7.96%**	5% - 13%
Average occupancy:	**76.8%**	75%

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase / (decrease) if:
- The occupancy rates were higher / (lower);
- The discount rates were lower / (higher); or
- The income returns were higher / (lower).

12. Investment property

	Land-undeveloped AED'000	Land and buildings AED'000	Capital work in progress AED'000	Total AED'000
At 1 January 2015	911,199	27,539,109	2,893,713	31,344,021
Additions	-	1,704,951	956,113	2,661,064
Disposals / write offs / reversals	-	(5,588)	(47)	(5,635)
Reclassification (refer note (vi) below)		113,387	(113,387)	-
Capitalized during the year (refer note (viii) below)	-	320,429	(320,429)	-
Transferred from development property (refer notes (v) and (vii) below and note 13)	61,351	-	716,700	778,051
Transferred from / (to) property, plant and equipment - net	(9,688)	35,690	-	26,002
Net valuation gain on investment property (refer note (i) below)	-	1,707,523	8,764	1,716,287
Effect of foreign exchange movements	(3,174)	(89,855)	(107,047)	(200,076)
At 31 December 2015	959,688	31,325,646	4,034,380	36,319,714
At 1 January 2016	959,688	31,325,646	4,034,380	36,319,714
Additions	767,304	558,206	1,126,702	2,452,212
Transferred to development property (refer note (iii) below)	(243,000)	-	-	(243,000)
Transferred from a related party (refer note (ii) below)	-	284,200	-	284,200
Transferred from / (to) property, plant and equipment (refer note (v) below)	-	8,113	(149,920)	(141,807)
Capitalized during the year (refer note (iv) below)	-	56,810	(56,810)	-
Net valuation gain / (loss) on investment property (refer note (i) below)	(26,219)	622,505	(245,765)	350,521
Effect of foreign exchange movements	(19,023)	(561,593)	(1,309,195)	(1,889,811)
At 31 December 2016	**1,438,750**	**32,293,887**	**3,399,392**	**37,132,029**

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

	2016 AED'000	2015 AED'000
Net gain on valuation of property, plant and equipment (refer note 11(i))	**41,752**	27,079
Net gain on valuation of investment property	**350,521**	1,716,287
Total valuation gain - net	**392,273**	1,743,366

(ii) On 1 April 2016, a subsidiary of MAFP Group, Majid Al Futtaim City Centre Al Shindagha Co. LLC entered into an agreement with a related party, Majid Al Futtaim Hypermarkets LLC, to transfer the rights over a leasehold land and the property constructed on the land (a shopping mall) to the subsidiary of MAFP Group at its net book value of AED 161 million. Refer note 17(v).

The land on which the shopping mall has been constructed has been obtained on a long term lease from the Government of Dubai for a range of 8 to 25 years. The leasehold interest meets the recognition criteria of an investment property and, accordingly, MAFP Group has accounted for the land lease as a finance lease. The land lease capitalized amounted to AED 123.2 million. The land is restricted to be used for commercial purposes in relation to MAFP businesses and the right to renew the lease is reserved with the Government of Dubai only. If the lease is not renewed the land and building will be transferred to the Government of Dubai at the end of the lease term. Refer note 22(iii).

12. Investment property (continued)

Total cost capitalized in relation to City Centre Al Shindagha is as follows:

	AED'000
Net book value of investment property transferred from Majid Al Futtaim Hypermarkets LLC	**161,000**
Land lease capitalized	**123,200**
Total capitalized cost	**284,200**

As at the reporting date, this asset has been fair valued and accordingly a fair value loss of AED 77.3 million has been recognized in profit or loss.

(iii) During the current year, MAFP Group purchased a plot of land for AED 751 million which was fair valued at AED 725 million as at the reporting date, of which a portion amounting to AED 482 million has been classified as investment property, within un-developed land, as the use of the land is still under determination by management as at the reporting date. This is included in the capital expenditure incurred during the year. The balance portion amounting to AED 243 million has been reclassified from investment property to development property in accordance with the business model of MAFP Group. Refer note 13.

(iv) In September 2016, MAFP Group officially opened its 20th mall, My City Centre Al Barsha, a neighbourhood retail destination located in Dubai Science Park and tailored to the needs of nearby residential communities. The shopping mall was capitalized at AED 56.8 million.

(v) In 2014, MAFP Group purchased a piece of land of AED 1,433.4 million of which AED 716.7 million was classified as investment property under construction with the intention of developing a shopping mall on the site. The remaining portion was classified under development property (refer note 13). Due to change in business plans, this portion of the land was reclassified back to investment property under construction, at its fair value, as at 31 December 2015. In the current year a portion of this land, amounting to AED 146.8 million has been classified under property, plant and equipment with the intention of developing hotels on the site.

(vi) In the prior year, the extension portion of certain shopping malls was fair valued along with the completed property and hence the capital work in progress was transferred to land and buildings.

(vii) In 2012, a subsidiary of MAFP Group had transferred a portion of a land amounting to AED 61.3 million from investment property to development property as the subsidiary had begun construction of residential apartments for sale in the ordinary course of business. During the previous year, management decided to discontinue the project due to political instability in the country where the project was being constructed and accordingly has recognized an impairment provision of AED 19.7 million on the capital work in progress capitalized and reclassified the land from development property to investment property, under land undeveloped, at its fair value, as at 31 December 2015 (refer notes 10 and 13).

(viii) In the prior year, MAFP Group completed the construction of a shopping mall in the UAE amounting to AED 320.4 million which was reclassified from capital work in progress to land and buildings.

(ix) In 2014 a subsidiary of the Company entered into an usufruct contract with the Government of Sultanate of Oman which has provided the subsidiary usufruct rights over two plots of land in Oman for a period of fifty years. The leasehold interest meets the recognition criteria of an investment property and accordingly the Group has accounted for the lease as a finance lease. The land lease capitalized amounts to AED 101 million. The land is restricted to be used for commercial purposes in relation to MAFP businesses and the right to renew the lease is reserved with the Government of Sultanate of Oman only. If the lease is not renewed the land and building will be transferred to the Government of Sultanate of Oman at the end of the lease term. Also refer note 22(iii).

12. Investment property (continued)

(x) Accrued lease income at the reporting date, relating to the accounting for operating lease rentals on a straight line basis as per IAS 17 has been eliminated from the valuation of developed properties, in order to avoid double counting of assets, as mentioned below:

	2016	2015
	AED'000	AED'000
Fair value of land and buildings (including capital work in progress)	**37,349,778**	36,513,711
Less: adjustment for accrued operating lease income (refer note 16)	**(217,749)**	(193,997)
Net adjusted fair value	**37,132,029**	36,319,714

(xi) Rental income derived from investment property during the current year was AED 3,466 million (2015: AED 3,076.7 million). The direct operating expenses arising from investment property that generated rental income during the current year amounted to AED 841.6 million (2015: AED 736.1 million).

(xii) Certain properties of MAFP Group are mortgaged against bank borrowings. Certain term loans are secured by way of assignment of lease rentals. Also refer note 21.1(e).

(xiii) As at 31 December 2016, certain lands were held in the personal name of a majority shareholder of the ultimate holding entity for the beneficial interest of MAFP Group.

(xiv) **Measurement of fair value**

(a) Fair value hierarchy

The fair value measurement for investment property of AED 37,132.0 million (2015: AED 36,319.7 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Also refer to note 4.

(b) Significant unobservable inputs used:

Significant unobservable inputs for shopping malls and properties under construction	**2016**	2015
Discount rate:	**10.82% - 22.22%**	11.0% - 19.0%
Income return:	**5.24% - 14.39%**	8.0% - 12.0%
Average occupancy:	**98%***	98%
Capitalisation Rate:**	**4.2%**	N/A

*This does not include the asset under construction as at the reporting date.
**The capitalisation rate applied for the property under construction as at the reporting date is based on the net initial yield on commencement of operations.

Significant unobservable inputs for offices	**2016**	2015
Net Initial Yield:	**7.67% - 9.79%**	7.0% – 7.5%
Income return:	**8.04% - 10.34%**	8.0% - 10.5%
Average occupancy:	**98%**	100%

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase / (decrease) if:

- The occupancy rates were higher / (lower);
- The discount rates were lower / (higher) ; or
- The income returns were higher / (lower).

13. Development property

	2016 AED'000	2015 AED'000
As at 1 January	**-**	797,771
Additions during the year	**2,436**	-
Transferred from/(to) investment properties (refer notes 12 (iii) and 12 (v) respectively)	**243,000**	(716,700)
Transferred to investment properties (refer note 12 (vii))	**-**	(61,351)
Provision for impairment (refer notes 10 and 12 (vii))	**-**	(19,720)
Carrying amount	**245,436**	-

14. Investment in joint ventures and an associate

	2016 AED'000	2015 AED'000
Investment in joint ventures	**1,453,931**	1,321,064
Less: provision for impairment	**(312,854)**	(312,854)
Net investment in joint ventures (refer note 14.1)	**1,141,077**	1,008,210
Investment in an associate (refer note 14.2)	**-**	90,968
At 31 December	**1,141,077**	1,099,178
Share of profit / (loss) – net:		
From joint ventures (refer note 14.1)	**127,018**	30,435
From an associate (refer note 14.2)	**-**	(73,384)
	127,018	(42,949)

14.1 Investment in joint ventures

	2016 AED'000	2015 AED'000
At 1 January	**1,008,210**	967,980
Reclassified from due from a related party	**-**	24,504
Additional investment satisfied by transfer from long term receivable (refer note 17.1.3 (i))	**32,700**	-
Share of post-acquisition profit / (loss) accounted through profit or loss	**127,018**	30,435
Provision for impairment (refer note 10)	**-**	(16,000)
Foreign currency translation differences	**(26,851)**	1,291
	1,141,077	1,008,210

(i) Investments in various entities include capital contributions made by MAFP Group in its capacity as a shareholder. These balances are unsecured and interest free in nature and will not be called for repayment, except at the sole discretion of the respective joint venture entities.

Sharjah Holding Co. P.J.S.C is a closely held private joint stock company incorporated in the Emirate of Sharjah, U.A.E. and was formed as an equal joint venture between the Company and the Government of Sharjah. The principal activities of this joint venture are planning, investment, development and management of shopping malls, real estate and all other services associated therewith.

Al Mouj Muscat S.O.A.C is a closely held joint stock company registered and incorporated in the Sultanate of Oman and was formed as a joint venture between the Company holding 50%, Waterfront Investments S.O.A.C holding 40% and National Investment Funds Company holding 10% of the shares. This joint venture is primarily engaged in developing an integrated tourism, housing, and commercial property development known as “Al Mouj Muscat” (formerly “The Wave-Muscat”) situated in the Wilayat of Bausher at Al Azaiba North in Muscat.

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

14.1 Investment in joint ventures (continued)

Waterfront City S.A.R.L. is a company domiciled in Lebanon and was incorporated as a result of a joint venture agreement between Societe Joseph Khoury et Fils Holding SAL and MAF Lebanon Holding SAL, a subsidiary of MAFP Group. This joint venture is primarily engaged in the development of real estate property, including the construction, sale and management of such real estate properties.

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

	Sharjah Holding Co. PJSC		Al Mouj Muscat S.A.O.C		Waterfront City SARL	
	2016	2015	**2016**	2015	**2016**	2015
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Revenue	**440,645**	36,735	**677,695**	507,491	**3,628**	-
Profit/(loss) from continuing operations	**81,538**	(9,558)	**156,298**	77,792	**16,519**	(7,058)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**81,538**	(9,558)	**156,298**	77,792	**16,519**	(7,058)
Non-current assets	**279,673**	279,972	**301,475**	297,728	**108,333**	27,233
Other non-current assets	**46,737**	-	**1,933**	-	**48,171**	-
Current assets	**1,390,007**	2,485,100	**2,109,843**	2,039,585	**2,158,240**	1,876,014
Current liabilities	**(964,102)**	(2,101,181)	**(926,500)**	(938,160)	**(120,477)**	(74,908)
Non-current liabilities	**(44,239)**	(70,558)	**(823,886)**	(892,587)	**(1,447,645)**	(1,098,236)
Net assets	**708,076**	593,333	**662,865**	506,566	**746,622**	730,103
MAFP Group's interest in net assets of the investee at the beginning of the year	**280,666**	301,445	**253,283**	215,759	**365,052**	344,077
Additional investment satisfied by transfer from long term receivable	**32,700**	-	-	-	-	-
Reclassified from due from a related party	-	-	-	-	-	24,504
Share of total comprehensive income	**40,672**	(4,779)	**78,149**	38,896	**8,259**	(3,529)
Provision for impairment (refer note 10)	-	(16,000)	-	-	-	-
Others	-	-	-	(1,372)	-	-
Carrying amount of interest in the investee at the year-end	**354,038**	280,666	**331,432**	253,283	**373,311**	365,052

(iii) The following is summarized financial information for MAFP Group's interest in immaterial joint ventures, based on amounts reported in MAFP Group's consolidated financial statements:

	2016	2015
	AED'000	AED'000
Carrying amount of interests in immaterial joint ventures	**82,296**	109,209
MAFP Group's share of:		
- Loss from continuing operations	**(62)**	(153)
- Total comprehensive income	**(62)**	(153)

The list of MAFP Group's joint ventures is provided in note 30.

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

14.2 Investment in an associate

	2016	2015
	AED'000	AED'000
At 1 January	**90,968**	164,352
Share of post-acquisition loss accounted through profit or loss (refer note (ii) below)	**-**	(73,384)
Provision for impairment (refer note 10 (ii))	**(90,968)**	-
At 31 December	**-**	90,968

(i) The associate was registered as a private joint stock company in the UAE and its principal activities are to deal in and own properties, and to invest in other entities. MAFP Group holds 28.44% (2015: 28.44%) in this associate.

(ii) 2015's summarised financial information in respect of MAFP Group's interest in the associate is set out below:

	2015
	AED'000
Revenue	2,266,370
Loss from continuing operations	(258,030)
Total comprehensive income	**(258,030)**
MAFP Group's share of associate's loss for the year	(73,384)
Total assets	2,496,674
Total liabilities	(2,176,814)
Net assets	319,860
MAFP Group's share of associate's net assets	90,968

As no reliable information is available in respect of this associate for the current year, no information has been disclosed in these consolidated financial statements.

15. Intangible asset

During 2008, the Company entered into an agreement with a Government entity in Dubai to acquire naming rights for two stations of Dubai Metro for a 10 year period. As per the agreement, a payment schedule is agreed over the life of the contract. In 2009, upon the Metro becoming operational, management recorded the present value of the total future payments to be made as an intangible asset. The asset is being amortised over the contract period of 10 years. Also refer note 22(ii).

The intangible asset is measured by discounting the estimated cash flows using the incremental borrowing cost of MAFP Group at 4.5%.

	2016	2015
Intangible asset - cost	**AED'000**	AED'000
At 1 January	**198,743**	198,743
At 31 December	**198,743**	198,743
Amortisation		
At 1 January	**(125,888)**	(106,014)
Amortisation for the year (refer note 7)	**(19,874)**	(19,874)
At 31 December	**(145,762)**	(125,888)
Carrying amount	**52,981**	72,855

16. Receivables and prepayments

	2016 AED'000	2015 AED'000
Trade receivables, net of provision for doubtful receivables of AED 65.4 million (2015: AED 48 million) (refer notes 16.1 and 16.2)	**277,190**	224,861
Accrued income on operating leases (refer note 12(x))	**217,749**	193,997
Advances and deposits	**404,252**	267,351
Prepayments	**70,927**	69,042
Other receivables	**32,975**	20,756
At 31 December	**1,003,093**	776,007
Less: Long term portion of receivables and prepayments (refer note 16.3)	**(464,496)**	(290,634)
Current portion of receivables and prepayments	**538,597**	485,373

Refer note 17(vii).

16.1 Provision for doubtful receivables

	2016 AED'000	2015 AED'000
At 1 January	**(48,015)**	(42,843)
Charge during the year	**(30,801)**	(5,385)
Reversal during the year	**12,449**	64
Foreign exchange differences	**983**	149
At 31 December	**(65,384)**	(48,015)

16.2 Ageing of trade receivables

	2016 AED'000	2015 AED'000
Current balance	**162,066**	178,373
Past due 31 - 60 days	**47,208**	30,571
Past due 61 - 90 days	**26,053**	8,370
Past due 91 - 180 days	**45,262**	18,592
Past due over 180 days	**61,985**	36,972
Total trade receivables	**342,574**	272,876
Less provision for doubtful receivables (refer note 16.1)	**(65,384)**	(48,015)
Net trade receivables	**277,190**	224,861

16.3 Long term receivables

	2016 AED'000	2015 AED'000
Advances to contractors	**293,127**	151,016
Long term prepayment	**9,300**	10,500
Long term portion of accrued income on operating leases	**162,069**	129,118
	464,496	290,634

17. Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the ultimate parent company, Majid Al Futtaim Capital LLC, its subsidiaries, associates, joint ventures, key management personnel and / or their close family members. Transactions with related parties are carried at agreed terms.

17. Related party transactions and balances (continued)

(i) In the current year, MAFP Group recognized an expense of AED 1.6 million (2015: income of AED 6.8 million) in relation to the unwinding of the discount on long term receivable from a joint venture (refer note 8.1).

(ii) Interest expenses on loans from related parties amounted to AED 210 million (2015: AED 201 million) (refer note 8.2).

(iii) MAFP Group is contingently liable in respect of corporate guarantees of AED 1,311.3 million (31 December 2015: AED 2,059.1 million) to various banks against borrowings obtained by MAFH. MAFP Group has also co-guaranteed hybrid perpetual note instruments of AED 1,836.5 million (31 December 2015: AED 1,836.5 million) and bonds issued under the Global Medium Term Note (GMTN) Program of AED 4,774.9 million (31 December 2015: AED 3,673 million) that have been issued by a subsidiary of MAFH. Also refer note 27.

(iv) In the current year the Company declared a coupon of AED 220 million (2015: AED 220 million), towards the subordinated capital loan instrument subscribed by MAFH (refer note 24.2.2).

(v) On 1 April 2016, a subsidiary of MAFP Group, Majid Al Futtaim City Centre Al Shindagha Co. LLC entered into an agreement with a related party, Majid Al Futtaim Hypermarkets LLC, to transfer the rights over a leased land and the property constructed on the land (a shopping mall) to the subsidiary of MAFP Group, for a consideration of AED 159 million which has been adjusted against the loan from MAFH (refer notes 12 (ii) and 21.2). The consideration comprises the following:

	AED (in million)
Property plant and equipment	**0.5**
Investment property (refer note 12(ii))	**161.0**
Receivables / (payables) - net	**(1.8)**
Staff costs recharged to vendor	**(0.7)**
	159.0

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

Services provided to MAFP Group by related parties	**2016 AED'000**	2015 AED'000
Treasury, corporate secretarial services, internal audit and others	**(16,178)**	(5,109)
Facility management services	**(107,290)**	(89,561)
	(123,468)	(94,670)

Services provided by MAFP Group to related parties	**2016 AED'000**	2015 AED'000
Provision of retail and office space	**346,934**	278,017
Asset management fees charged to a joint venture (refer note 6)	**2,533**	2,533
Sales commission charged to a joint venture (refer note 6)	**402**	1,550
Development management fees charged to a joint venture (refer note 6)	**12,456**	10,324
Project management fees charged to joint ventures (refer note 6)	**14,175**	29,827
Charges for IT and other services (refer note 9)	**4,649**	9,177
	381,149	331,428

17. Related party transactions and balances (continued)

(vii) Included within trade receivables, are related party balances amounting to AED 73.6 million (2015: AED 34.2 million) on account of the lease rentals and other tenant receivables. Also refer note 16.

17.1 Related party balances

17.1.1 Due from related parties

	2016 **AED'000**	2015 AED'000
Sharjah Holding LLC	**50,050**	24,388
Yenkit Tourism Development LLC	**15,063**	15,063
Al Mamzar Islands Development LLC	**6,727**	6,727
President's Office	**5,244**	1,129
Aya Real Estate Investment BSC	**4,387**	4,387
Al Mouj Muscat S.A.O.C	**4,974**	4,028
Arzanah Mall LLC	**3,171**	3,171
Waterfront City SARL	**1,300**	1,332
Majid Al Futtaim Retail LLC	**539**	-
Majid Al Futtaim Ventures LLC	**-**	196
Other related parties	**205**	262
	91,660	60,683
Less: Provision for doubtful receivables	**(26,518)**	(26,518)
	65,142	34,165

17.1.2 Due to related parties

	2016 **AED'000**	2015 AED'000
Majid Al Futtaim Holding LLC	**10,450**	49,985
Majid Al Futtaim Capital LLC	**545**	2,063
Majid Al Futtaim Retail LLC	**-**	772
Majid Al Futtaim Enova LLC	**-**	562
Majid Al Futtaim Ventures LLC	**164**	-
	11,159	53,382

17.1.3 Long term receivables from related parties

	2016 **AED'000**	2015 AED'000
Receivable from related parties (refer note (i) below)	**61,890**	111,000
Less: discounting of receivable	**(20,527)**	(26,044)
Add: unwinding of the discounting of receivable	**7,133**	14,259
	48,496	99,215
Receivable from a minority shareholder (refer note (ii) below)	**19,061**	17,526
	67,557	116,741

17. Related party transactions and balances (continued)

17.1 Related party balances (continued)

17.1.3 Long term receivables from related parties (continued)

(i) The interest free balance receivable of AED 82.2 million was measured at fair value, at 31 December 2013, being the present value of the expected future cash flows, by using a discount rate of 10%. The differential between the carrying amount and the fair value was recognized within profit or loss. During the current year, a portion of the balance receivable amounting to AED 32.7 million, was reclassified to investment in the joint venture (refer note 14.1) as a part of the consideration for additional shareholder contribution and the new balance was re-measured at fair value using a discount rate of 11%.

(ii) A subsidiary of MAFP Group and its minority shareholder ("the minority shareholder") have entered into a loan agreement on 25 November 2010 according to which both the parties have agreed on a special arrangement for funding the substation in relation to the shopping mall, whereby the subsidiary will settle on behalf of the minority shareholder its share of the substation costs. According to the loan agreement the minority shareholder shall repay to the subsidiary the aggregate principal amount together with all accrued interest therein on the final maturity date of 31 December 2020. Accordingly the balance has been classified as long term in these consolidated financial statements. Interest has been accrued at the rate of 6 months EIBOR plus a margin of 7% p.a. compounded on a monthly basis.

17.1.4 Short term loan to a related party

In September 2016, a subsidiary of MAFP, entered into an agreement ("the agreement") with its joint venture, to provide an interest-free loan of EGP 118.5 million, amounting to AED 23.9 million as at the reporting date, and the loan shall be settled within one year from the date of signing the agreement. Accordingly this loan has been classified within short-term in these consolidated financial statements.

17.2 Compensation to key management personnel

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

	2016	2015
	AED'000	AED'000
Directors' fees and expenses	**5,159**	7,082
Short term employee benefits (salaries and allowances including provision for bonus)	**38,700**	29,850
Provision for staff terminal benefits	**950**	1,140
	44,809	38,072

The above does not include amounts paid by MAFH in relation to services provided by its key management personnel to the Company.

18. Cash in hand and at bank

	2016 **AED'000**	2015 AED'000
Cash in hand	**14,725**	12,643
Fixed deposits	**73,067**	44,533
Call deposits and current accounts	**347,708**	541,719
Cash in hand and at bank	**435,500**	598,895
Less: fixed deposits with maturity of more than 3 months	**(8,600)**	(8,301)
Cash and cash equivalents	**426,900**	590,594

Fixed deposits are obtained at prevailing market interest rates.

19. Payables and accruals

	2016 **AED'000**	2015 AED'000
Trade payables	**78,102**	64,321
Capital work in progress accruals	**256,658**	379,122
Accruals	**352,917**	352,983
Current portion of a long term liability (refer note 22(ii))	**9,120**	11,427
Current portion of a finance lease liability (refer note 22(iii))	**28,842**	27,688
Unearned rental income	**802,541**	683,323
Retention from contractor payments	**151,555**	194,119
Tenant related deposits	**578,055**	573,253
Tenant related advances	**152,122**	188,640
Tax payable	**49,242**	45,413
Others	**48,541**	49,015
	2,507,695	2,569,304

20. Provisions

	At 1 January 2016 AED'000	Charge / transfers AED'000	Transfers / payments / write backs AED'000	**At 31 December 2016** **AED'000**
Provision for bonus (refer note (i) below)	68,178	98,504	(77,663)	**89,019**
Long-term portion	(19,210)	(2,277)	10,719	**(10,768)**
Current portion of bonus provision	48,968	96,227	(66,944)	**78,251**
Other provisions	32,449	43,960	(33,043)	**43,366**
	81,417	140,187	(99,987)	**121,617**

(i) Long-term portion of bonus provision represents the deferred bonus plan for senior management staff, shown under non-current liabilities. Bonus pay-out related to the short term portion for bonus is expected by the end of April 2017.

20.1 Provision for staff terminal benefits

	2016 **AED'000**	2015 AED'000
At 1 January	**69,777**	63,140
Charge during the year	**29,800**	17,946
Payments/transfers during the year	**(16,864)**	(11,309)
At 31 December	**82,713**	69,777

21. Loans and borrowings

	2016	2015
	AED'000	AED'000
Long-term portion of external loans (refer note 21.1)	**2,859,482**	4,750,313
Long-term portion of related party loans (refer note 21.2)	**5,251,580**	4,372,446
At 31 December	**8,111,062**	9,122,759

	2016	2015
	AED'000	AED'000
Bank overdraft	**55,526**	-
Current portion of external loans (refer note 21.1)	**1,636,103**	65,309
Current portion of related party loans (refer note 21.2)	**-**	131,544
At 31 December	**1,691,629**	196,853

21.1 Loans and borrowings – external

	2016	2015
	AED'000	AED'000
At 1 January	**4,846,227**	2,667,901
Borrowed during the year	**277,983**	415,443
Loan adjusted against related party loan	**-**	1,829,154
Repaid during the year	**(65,305)**	(24,148)
Currency translation adjustment	**(547,305)**	(42,123)
At 31 December	**4,511,600**	4,846,227
Net unamortized transaction costs incurred	**(16,015)**	(30,605)
	4,495,585	4,815,622
Current maturity of long term loans	**(1,636,103)**	(65,309)
Long-term portion at 31 December	**2,859,482**	4,750,313

The details of long term loans are set out below:

Loan facility In thousands	**Loan balance 2016 AED '000**	Loan balance 2015 AED '000	Repayment Interval	Repayment Commencement	Original Maturity date
USD 53,200 (AED 195,404) and LBP 170,633,264 (AED 418,052)	**528,839**	570,974	Annual (refer note (a)) & Half-yearly	05-Nov-15 20-Mar-16	05-May-22 20-Sep-22
AED 225,000	**154,800**	177,975	Half-yearly (refer note (b))	29-Sep-13	29-Mar-21
USD 900,000 (AED 3,305,700)	**3,305,700**	3,305,700	Bullet payment (refer note (c))	NA	07-Feb-17 & 03-Nov-25
EGP 3,000,000 (AED 607,500)	**522,261**	791,578	Unequal instalments every year (refer note (d))	26-Jul-17	28-Apr-26
	4,511,600	4,846,227			

These loans are obtained at margins ranging from 1.1% to 3.5% (2015: 1.5% to 3.5%) over the base lending rate, whilst Sukuk is fixed at 5.85% and 4.5% respectively (2015: 5.85% and 4.5%). For loans obtained in the UAE, the base lending rate used is EIBOR / LIBOR. For loans obtained by overseas subsidiaries an appropriate base lending rate prevailing in the related markets is used.

21. Loans and borrowings (continued)

21.1 Loans and borrowings – external (continued)

a) The loan facilities of LBP 170.6 billion (AED 418.1 million) and USD 53.2 million (AED 195.4 million) were obtained by a subsidiary in Lebanon during 2011 and are secured by way of a first ranking charge over the plot on which the shopping mall is constructed and assignment of lease rentals of the shopping mall. The repayments of the loan principal are scheduled from November 2015.

b) During 2011, a loan facility of AED 225 million was obtained by a subsidiary in the UAE. The facility is secured by way of a first degree mortgage over land and building of a shopping mall in the UAE, assignment of insurance policies of the property and lease rentals of the shopping mall.

c) In February 2012 MAFP Group had issued five year Sukuk certificates ("bonds") under its USD 1 billion Sukuk program (structured as a "Wakala"), raising USD 400 million (AED 1,469.2 million). The five year senior unsecured bonds issued in 2012 under this program are listed on the London Stock Exchange and on the NASDAQ Dubai, UAE. The terms of the arrangement include transfer of ownership of certain identified assets (the "Wakala assets") of the MAFP Group to a Special Purpose Vehicle, MAF Sukuk Ltd. (the "Issuer"), formed for the issuance of bonds. In substance, the Wakala assets remain in control of MAFP Group and shall continue to be serviced by MAFP Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 5.85% per annum on a semi-annual basis to be serviced from returns generated from the Wakala assets. Also refer note 25.3.1.

   In 2015, the size of the Sukuk Trust Certificate Issuance Program was increased to USD 1.5 billion and the structure of the Program was amended to incorporate a Commodity Murabaha Investment option within the "Wakala" structure.

   In November 2015, MAFP Group issued ten year Sukuk certificates ("bonds") under its Sukuk Program dated 8 October 2015, raising USD 500 million (AED 1,836.5 million). The ten year senior unsecured bonds issued in November under this program are listed on the NASDAQ Dubai, UAE and on the Irish Stock Exchange. The terms of the arrangement include payment to MAFP Group for the purchase of an Asset Portfolio by MAF Sukuk Ltd, the Issuer, and the purchase of a Commodity Murabaha Investment for a deferred sale price. The Asset Portfolio, the Commodity Murabaha Investment and all other rights arising under or with respect to such asset portfolio and the Commodity Murabaha Investment shall comprise the "Wakala Portfolio".

   In substance, the Wakala Portfolio remains in control of MAFP Group and shall continue to be serviced by MAFP Group. The bond holders have no recourse to the assets. These bonds bear a fixed profit rate of 4.5% per annum on a semi-annual basis to be serviced from returns generated from the Wakala Portfolio.

   The Sukuk Program was originally listed on the London Stock Exchange in 2012. All subsequent updates of the program since then, have been listed on the Irish Stock Exchange and on NASDAQ Dubai, UAE.

d) In 2013, a loan facility of EGP 3 billion (AED 607.5 million) was obtained by a subsidiary in Egypt in relation to the construction of a shopping mall and secured through assignment of lease proceeds and insurance contracts. The loan obtained by a subsidiary in Egypt is initially recognised at the consideration received less directly attributable transaction costs. Subsequently, the loan is measured at amortized cost using the effective interest method.

e) The carrying value of properties mortgaged against the above loans aggregates to AED 2,084.7 million at 31 December 2016 (2015: AED 1,300.5 million). Refer note 12(xii).

21. Loans and borrowings (continued)

21.2 Loans and borrowings - related parties

	2016	2015
	AED'000	AED'000
At 1 January	**4,503,990**	5,542,636
Interest payable to MAFH converted to long term loan	**57,385**	43,874
Borrowed during the year	**2,571,055**	1,367,968
Coupon payable to MAFH adjusted against long term loan (refer notes 17(iv) and 24.2.2)	**220,000**	220,000
Inter-company adjustment (refer note 17(v))	**159,041**	-
Net external loan adjusted against related party loan	**-**	(1,829,154)
Repaid during the year	**(2,244,309)**	(841,032)
Currency translation adjustment	**(15,582)**	(302)
At 31 December	**5,251,580**	4,503,990
Current maturity of long term loan	**-**	(131,544)
Long-term portion	**5,251,580**	4,372,446

The above balance comprises of a loan obtained by the MAFP Group (2015: two loans) as at the reporting date.

The total balance of AED 5,251.6 million (2015: AED 4,372.4 million) relates to the loan received from MAFH. Effective 15 April 2014, the loan agreement between MAFH and the Company was amended to increase the facility amount from AED 5,000 million to AED 7,000 million. The loan agreement is valid for a period of four years from April 2014, to be renewed annually at the option of both parties. However, as the loan will not be called upon twelve months from the reporting date, it has been classified as long-term in these consolidated financial statements.

An amount of AED 131.5 million was received from MAF for Installation and Management of Hypermarkets S.A.E., a related party, based on an agreement between it and a subsidiary of the Company. On 20 October 2015, the agreement was amended to increase the loan amount from EGP 150 million to EGP 300 million. In the current year this loan was settled against the loan payable to MAFH.

22. Other long term liabilities

	2016	2015
	AED'000	AED'000
Deferred liability (refer note (i))	**2,941**	3,683
Other liability (refer note (ii))	**10,621**	19,450
Finance lease liability (refer note (iii))	**143,184**	60,717
	156,746	83,850

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

(ii) The balance represents the net present value of the liability to a Government entity for the Metro naming rights, which has been booked as follows. Also refer note 15.

	2016	2015
	AED'000	AED'000
At 1 January	**30,877**	57,290
Interest accrued during the year	**1,205**	2,151
Less: payment made during the year	**(12,341)**	(28,564)
At 31 December	**19,741**	30,877
Current maturity (refer note 19)	**(9,120)**	(11,427)
Long term portion	**10,621**	19,450

22. Other long term liabilities (continued)

(iii) Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2016	2015	**2016**	2015	**2016**	2015
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Less than one year	**43,794**	33,434	**14,952**	5,746	**28,842**	27,688
Between one and five years	**85,955**	31,289	**56,587**	11,434	**29,368**	19,855
More than five years	**296,745**	128,921	**182,929**	88,059	**113,816**	40,862
At 31 December	**426,494**	193,644	**254,468**	105,239	**172,026**	88,405
Current maturity (refer note 19)	**(43,794)**	(33,434)	**(14,952)**	(5,746)	**(28,842)**	(27,688)
Long term portion	**382,700**	160,210	**239,516**	99,493	**143,184**	60,717

The imputed finance cost on the liability was determined based on the Company's subsidiaries incremental borrowing rate (9.5%-9.6%). Refer notes 12(ii) and 12(ix).

23. Taxes

23.1 Tax charges

MAFP Group is subject to income tax due to its operations in Oman, Egypt and Lebanon.

Tax (expense) / credit recognized in profit or loss

	2016	2015
	AED'000	AED'000
Current tax expense		
- Current year	**(29,792)**	(20,840)
- Adjustment for prior years	**(165)**	(193)
	(29,957)	(21,033)
Deferred tax credit / (expense)		
- Origination and reversal of temporary differences	**42,508**	(109,915)
	42,508	(109,915)
Tax credit / (charge)	**12,551**	(130,948)

MAFP Group believes that accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Reconciliation of effective tax rate

		2016		2015
		AED'000		AED'000
Profit before tax from continuing operations		**2,347,173**		3,657,791
Income tax using the Company's domestic tax rate	**0.00%**	**-**	0.00%	-
Effect of tax rates in foreign jurisdictions	**1.19%**	**(28,003)**	0.49%	(18,036)
Non-deductible expenses	**0.07%**	**(1,789)**	0.07%	(2,706)
Change in recognized deductible temporary differences	**1.81%**	**42,508**	3.01%	(110,013)
Change in estimates related to prior years	**0.01%**	**(165)**	0.01%	(193)
	0.53%	**12,551**	3.58%	(130,948)

23. Taxes (continued)

23.2 Deferred tax liabilities

	2016 AED'000	2015 AED'000
At 1 January	**197,752**	91,683
(Charged) / credit to profit or loss	**(42,907)**	102,504
Reclassified from deferred tax asset/reversed during the year	**2**	12,969
Foreign currency translation difference from foreign operations	**(84,623)**	(9,404)
At 31 December	**70,224**	197,752

Deferred tax liability has been computed on the taxable temporary differences arising as a result of valuation gains/losses on properties in Oman, Egypt and Lebanon. The tax rates in these countries are 12%, 22.5% and 10% respectively (2015: 12%, 22.5% and 10% respectively). The corresponding valuation gain or loss has been recognised in profit or loss. Accordingly, the resulting net deferred tax expense / (credit) has been recognized in profit or loss.

23.3 Deferred tax assets

	2016 AED'000	2015 AED'000
At 1 January	**9,391**	4,154
Debited to profit or loss	**(399)**	(7,411)
Foreign currency translation difference from foreign operations	**-**	(321)
Transferred from deferred tax liability	**2**	12,969
At 31 December	**8,994**	9,391

24. Share capital and reserves

24.1 Share capital

	2016 AED'000	2015 AED'000
Authorised, issued and fully paid:		
3,500,000 shares of AED 1,000 each	**3,500,000**	3,500,000
At 31 December	**3,500,000**	3,500,000

24.2 Shareholder contribution

	2016 AED'000	2015 AED'000
Subordinated capital loan instruments (refer note 24.2.1)	**2,750,000**	2,750,000
Contribution from MAFH (refer note 24.2.3)	**188,430**	188,430
At 31 December	**2,938,430**	2,938,430

24.2.1 Subordinated capital loan instruments

In 2009, the Company issued subordinated capital loan instruments of AED 2,500 million in five loan instruments of AED 500 million each. During 2010, an additional loan instrument of AED 250 million was issued by the Company. These instruments are collectively referred to as "the hybrid instruments" and are fully subscribed to by MAFH as per the terms of a Master Capital Loan Agreement and a separate Capital Loan Agreement for each loan, dated 5 October 2009. The hybrid instruments carry a coupon payment, payable semi-annually, at a fixed rate of 8% per annum up to 7 October 2019 and at a floating rate of EIBOR + 5% thereafter.

24. Share capital and reserves (continued)

24.2 Shareholder contribution (continued)

24.2.1 Subordinated capital loan instruments (continued)

The hybrid instruments have a first par call date on 7 October 2019, at the election of the Company, without any obligation. The hybrid instrument does not have a final maturity date. The coupon is non-cumulative in nature and can be deferred indefinitely at the Company's discretion without constituting a default. In case of the MAFH ceasing control of the Company, the prevailing coupon rate on the hybrid instruments will be permanently increased by 5% and such coupons will become cumulative.

Based on the terms of the hybrid instruments, these were accounted for as equity instruments. The hybrid instruments were subscribed to through a debt to equity swap transaction.

24.2.2 Coupons

In the current and previous year the Company declared a coupon of AED 220 million on these instruments. The coupon was calculated at the rate of 8% per annum on the amount outstanding for the 12 month period from 6 October 2015 to 5 October 2016 and 6 October 2014 to 5 October 2015 respectively. In the current and previous year the coupon was adjusted against long term loan payable to MAFH (refer notes 17(iv) and 21.2).

24.2.3 Contribution from MAFH

In 2012, MAFP Group novated all of its rights and obligations under two bank facilities agreement which cumulatively amounted to USD 900 million of term loans, to MAFH, and has converted external facilities to related party funding. However, the Company continues to use these facilities under an inter-company funding agreement signed with MAFH. These derivative instruments, which were hedged by way of interest rate collar and interest rate swap, had a negative fair value of AED 188.4 million at the time of novation. MAFH waived its contractual obligation of recovering the liability from MAFP Group and accordingly this balance was classified within shareholder contribution.

24.3Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment, including the accumulated revaluation reserve in respect of any properties that were reclassified to investment property.

24.4 Statutory reserve

In accordance with the Articles of Association of companies in MAFP Group and relevant local laws, 10% of the net profit for the year of the individual companies, to which the law is applicable, is transferred to a statutory reserve. Such transfers may be discontinued when the reserve equals the limit prescribed by the relevant laws applicable to individual entities. This reserve can be utilised only in the manner specified under the relevant laws and is not available for distribution. During the year, AED 297.1 million (2015: AED 237.2 million) has been transferred to this reserve.

24.5 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations. During the current year the Central Bank of Egypt floated its tightly controlled currency which led to a sharp devaluation of the Egyptian Pound. As MAFP Group has significant net assets denominated in Egyptian Pound, the devaluation has resulted in a significant impact on the currency translation reserve in the current year.

25. Financial instruments

Financial assets of MAFP Group include cash at bank and in hand, receivables and amounts due from related parties. Financial liabilities of MAFP Group include amounts due to related parties, loans, bank overdrafts, payables and provisions. Accounting policies for financial assets and liabilities are set out in note 3.

25.1 Financial risk management objectives and policies

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

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

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

25.2 Credit risk

Credit risk is the risk of financial loss to MAFP Group if the counter-party fails to meet its contractual obligations and arises principally from MAFP Group's receivables.

The entities in MAFP Group have credit policies in place and the exposure to credit risk is monitored on an on-going basis. A majority of MAFP Group's income is by way of cash and advance receipts and is supported by a deposit equivalent to three months' rental. Credit evaluations are performed on all customers requiring credit over a certain amount and there is no concentration of credit risk. Cash is placed with reputable banks and the risk of default is considered remote. Under the current economic conditions, management has assessed the recoverability of its trade receivables as at the reporting date and consider them to be recoverable. Due from related parties (net of provisions) are considered recoverable by management.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 **AED'000**	2015 AED'000
Trade receivables	**277,190**	224,861
Other receivables	**32,975**	20,756
Cash at bank	**420,775**	586,252
Long term receivables	**67,557**	116,741
Short term loan to a related party	**23,994**	-
Due from related parties	**65,142**	34,165
At 31 December	**887,633**	982,775

25. Financial instruments (continued)

25.3 Liquidity risk

Liquidity risk is the risk that MAFP Group will not be able to meet its financial obligations as they fall due. MAFP Group's approach to managing liquidity is to ensure, in so far as it is reasonably possible, that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to MAFP Group's reputation. MAFP Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and credit facilities.

At 31 December 2016

	Carrying amount AED'000	**Contractual cash flows AED'000**	**6 months or less AED'000**	**6-12 months AED'000**	**1-2 years AED'000**	**2-5 years AED'000**	**More than 5 years AED'000**
Secured loans and borrowings	**1,205,900**	**1,994,301**	**170,315**	**139,468**	**255,581**	**841,798**	**587,139**
Unsecured loans and borrowings	**3,305,700**	**4,045,232**	**1,519,355**	**41,321**	**82,643**	**247,928**	**2,153,985**
Bank overdraft	**55,526**	**55,550**	**55,550**	**-**	**-**	**-**	**-**
Total external borrowings	**4,567,126**	**6,095,083**	**1,745,220**	**180,789**	**338,224**	**1,089,726**	**2,741,124**
Related party loans	**5,251,580**	**5,746,861**	**109,663**	**116,811**	**5,520,387**	**-**	**-**
Payables and accruals	**1,809,394**	**2,064,979**	**876,811**	**791,404**	**26,557**	**56,204**	**314,003**
Due to related parties	**11,159**	**11,159**	**5,580**	**5,579**	**-**	**-**	**-**
Total	**11,639,259**	**13,918,082**	**2,737,274**	**1,094,583**	**5,885,168**	**1,145,930**	**3,055,127**

At 31 December 2015

	Carrying amount AED'000	Contractual cash flows AED'000	6 months or less AED'000	6-12 months AED'000	1-2 years AED'000	2-5 years AED'000	More than 5 years AED'000
Secured loans and borrowings	1,540,527	2,424,047	93,286	110,365	265,949	957,449	996,998
Unsecured loans and borrowings	3,305,700	4,261,048	84,295	84,295	1,594,817	247,928	2,249,713
Total external borrowings	4,846,227	6,685,095	177,581	194,660	1,860,766	1,205,377	3,246,711
Related party loans	4,503,990	5,434,009	211,451	93,570	209,877	4,919,111	-
Payables and accruals	1,849,369	1,957,656	936,715	836,247	39,442	15,134	130,118
Due to related parties	53,382	54,804	27,402	27,402	-	-	-
Total	11,252,968	14,131,564	1,353,149	1,151,879	2,110,085	6,139,622	3,376,829

25. Financial instruments (continued)

25.3 Liquidity risk (continued)

25.3.1 Funding and liquidity

At 31 December 2016, MAFP Group has net current liabilities of AED 2,997.1 million (2015: AED 1,757.1 million) which includes loans and borrowings maturing in the short-term of AED 1,691.6 million (2015: AED 196.8 million). To meet the above commitments, MAFP Group has access to sufficient committed facilities from MAFH and banks. Subsequent to 31 December 2016, MAFH has repaid, on behalf of MAFP Group, the five year Sukuk certificates maturing in February 2017 of USD 400 million (AED 1,469 million). Refer note 21.1 (c). Furthermore, at 31 December 2016, MAFP Group is in compliance with all covenants under its borrowing facilities. On the basis of the above, management has concluded that MAFP Group will be able to meet its financial commitments in the foreseeable future.

25.4 Market risk

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

25.4.1 Foreign currency risk

A significant portion of MAFP Group's foreign currency borrowings and balances are denominated in US Dollar ("USD") and other currencies linked to USD. Hence, MAFP Group's exposure to any foreign currency risk is not significant

25.4.2 Interest rate risk

As mentioned in note 25.1, interest rate risk is managed by MAFH on behalf of the Company within the framework of the interest rate risk management policy. MAFH adopts a policy of maintaining a target duration on its liability portfolio of about half year to three years. This is achieved through cash and / or by using IAS 39 compliant derivative financial instruments. At the reporting date the interest rate profile of MAFP Group's interest-bearing financial instruments was:

	2016 **AED'000**	2015 AED'000
Variable rate instruments		
Financial liabilities (loans and borrowings)	**(6,496,991)**	(6,013,912)
Financial assets (long term receivable from minority shareholder)	**19,061**	17,526
At 31 December	**(6,477,930)**	(5,996,386)
Fixed rate instruments		
Financial assets (fixed deposits)	**73,067**	44,034
Financial liabilities (loans)	**(3,305,700)**	(3,305,700)
Financial liabilities (finance lease liabilities)	**(172,026)**	(88,405)
Financial liabilities (other long term liabilities)	**(22,682)**	(34,560)
At 31 December	**(3,427,341)**	(3,384,631)

25. Financial instruments (continued)

25.4 Market risk (continued)

25.4.2 Interest rate risk (continued)

Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity of MAFP Group's profit before tax and MAFP Group's equity to a reasonably possible change in interest rates, assuming all other variables in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2015.

AED'000	Increase / (decrease) in basis points	Effect on profit or loss 2016	Effect on profit or loss 2015	Effect on other comprehensive income 2016	Effect on other comprehensive income 2015
Variable rate instrument	+100	**(58,301)**	(53,967)	-	-
Cash flow sensitivity (net)		**(58,301)**	(53,967)	-	-
Variable rate instrument	-100	**58,301**	53,967	-	-
Cash flow sensitivity (net)		**58,301**	53,967	-	-

25.5 Fair values

The management believes that the fair value of the financial assets and liabilities, except for the investment in Sukuk certificates, at the reporting date are not materially different from the carrying amounts and hence, not measured at fair value.

The Sukuk certificates are carried at Level 2 (2015: Level 2) of the fair value hierarchy. At 31 December 2016, the fair value is AED 1,476 million (2015: AED 1,520 million) for Sukuk certificates maturing in 2017 and AED 1,870 million (2015: AED 1,823 million) for Sukuk certificates maturing in 2025.

25.6 Capital management

The primary objective of MAFP Group's capital management is to ensure that it maintains healthy capital and liquidity ratios in order to support its operations and future developments.

The following ratios are used to monitor the business performance:
(i) Net debt to equity ratio
(ii) Interest coverage ratio
(iii) Debt service coverage ratio

These ratios are monitored in accordance with MAFH's capital management policy.

	2016 AED'000	2015 AED'000
Loans and borrowings	**9,802,691**	9,319,612
Total debt	**9,802,691**	9,319,612
Share capital	**3,500,000**	3,500,000
Shareholder contribution	**2,938,430**	2,938,430
Revaluation reserve	**14,407,306**	14,268,688
Other reserves	**11,326,887**	10,552,265
Total equity attributable to owners of the Company	**32,172,623**	31,259,383
Gearing ratio	**30%**	30%

25. Financial instruments (continued)

25.6 Capital management (continued)

MAFP Group has various borrowing arrangements which require maintaining certain net worth, interest coverage and debt equity ratios. Apart from these requirements neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

26. Capital commitments

	2016	2015
	AED'000	AED'000
Capital commitments of MAFP Group	**2,329,242**	2,664,716
MAFP Group's share of capital commitments in relation to its equity accounted investees.	**728,873**	731,454
	3,058,115	3,396,170

27. Contingent liabilities

MAFP Group is contingently liable in respect of corporate guarantees of AED 1,311.3 million (31 December 2015: AED 2,059.1 million) to various banks against borrowings obtained by MAFH. MAFP Group has also co-guaranteed hybrid perpetual note instruments of AED 1,836.5 million (31 December 2015: AED 1,836.5 million) and bonds issued under the Global Medium Term Note (GMTN) Program of AED 4,774.9 million (31 December 2015: AED 3,673 million) that have been issued by a subsidiary of MAFH (refer note 17(iii)). Furthermore, MAFP Group has provided other operational guarantees of AED 3.7 million (2015: AED 4.6 million).

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

28. Subsequent events

There has been no significant event subsequent to 31 December 2016 up to the date of authorisation of the consolidated financial statements on 15 February 2017 which would have a material effect on these consolidated financial statements.

29. Operating leases

Leases as lessor

MAFP Group leases out its properties under operating leases. Minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	AED’000	AED’000
Less than one year	**3,886,030**	2,628,620
Between one and five years	**9,754,833**	6,403,464
More than five years	**1,185,351**	1,366,124
Total	**14,826,214**	10,398,208

29. Operating leases (continued)

Leases as lessee

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

	2016	2015
	AED'000	AED'000
Less than one year	**7,453**	7,452
Between one and five years	**25,833**	27,422
More than five years	**23,445**	23,445
Total	**56,731**	58,319

Above lease payments as lessee represent MAFP Group commitments for staff accommodation and office premises. In addition to this MAFP Group also enters into operating leases, which typically run for a period of one year with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

30. List of joint ventures

The consolidated financial statements include MAFP Group's share of the results of the following joint venture companies:

Joint ventures	Country of incorporation / origin	Effective Ownership %
Active joint ventures		
Sharjah Holding Co. PJSC	UAE	50%
Al Mamzar Islands Developments LLC	UAE	50%
Al Mouj Muscat S.A.O.C	Oman	50%
Waterfront City SARL	Lebanon	50%
The Egypt Emirates Malls Group S.A.E	Egypt	50%
Dormant joint ventures		
Aya Real Estate Investment BSC	Bahrain	50%
Arzanah Mall LLC	UAE	50%
Yenkit Tourism Development LLC	Oman	60%
Bab Al Madina for Development and Management of Business Centers Company LLC	Libya	50%

Refer note 14.1 for summarised financial information in respect of MAFP Group's interest in the joint ventures. There was no change in the effective ownership as compared to last year.

31. List of Subsidiaries

Shares of certain subsidiary companies are held by subsidiaries of MAFH for the beneficial interest of MAFP Group. There was no change in the effective ownership as compared to last year.

The consolidated financial statements include the results of the following subsidiaries:

Subsidiaries	Country of incorporation / origin	Effective Ownership %
Active subsidiaries		
Majid Al Futtaim Investments Mirdif LLC	UAE	100%
MAM Investments LLC	UAE	100%
Majid Al Futtaim Properties Lebanon LLC	UAE	100%

31. List of Subsidiaries (continued)

Subsidiaries	Country of incorporation / origin	Effective Ownership %
Active subsidiaries (continued)		
Fujairah City Centre Investment Company LLC	UAE	62.5%
Majid Al Futtaim Properties Saudia LLC	UAE	100%
Majid Al Futtaim Properties Al Riyadh LLC	UAE	100%
Majid Al Futtaim Hospitality LLC	UAE	100%
Majid Al Futtaim Developments LLC	UAE	100%
Majid Al Futtaim Shopping Malls LLC	UAE	100%
Majid Al Futtaim Properties Asset Management LLC	UAE	100%
Majid Al Futtaim Shopping Malls Investments LLC	UAE	100%
Majid Al Futtaim Communities Investments LLC	UAE	100%
Majid Al Futtaim Hospitality Investments LLC	UAE	100%
Majid Al Futtaim Shopping Malls Operation LLC	UAE	100%
Majid Al Futtaim Communities Operation LLC	UAE	100%
Majid Al Futtaim Hospitality Operation LLC	UAE	100%
Majid Al Futtaim Emirati Shopping Malls Investments LLC	UAE	100%
Majid Al Futtaim Emirati Communities Investments LLC	UAE	100%
Majid Al Futtaim Emirati Hospitality Investments LLC	UAE	100%
Majid Al Futtaim Emirati Shopping Malls Operation LLC	UAE	100%
Majid Al Futtaim Emirati Communities Operation LLC	UAE	100%
Majid Al Futtaim Emirati Hospitality Operation LLC	UAE	100%
Majid Al Futtaim Investment Contributions LLC	UAE	100%
Majid Al Futtaim Shopping Malls Investments A R E LLC	UAE	100%
Majid Al Futtaim Real Estate Investments LLC	UAE	100%
Majid Al Futtaim Shopping Centre LLC	Oman	100%
Majid Al Futtaim Commercial Facilities LLC	Oman	100%
International Property Services LLC	Oman	100%
Majid Al Futtaim Properties Co. Oman LLC	Oman	100%
Majid Al Futtaim Shopping Centers LLC	Oman	100%
Majid Al Futtaim Commercial Centre LLC	Oman	100%
Majid Al Futtaim Properties Egypt SAE	Egypt	100%
Majid Al Futtaim Properties Bahrain BSC	Bahrain	100%
MAF Lebanon for Commercial and Real Estate Investment SARL	Lebanon	100%
MAF Lebanon Holding SAL	Lebanon	100%
Suburban Development Company SAL	Lebanon	96.8%
Majid Al Futtaim Properties Lebanon Holding SAL	Lebanon	100%
Majid Al Futtaim Properties Management Services SARL	Lebanon	100%
Majid Mohamed Al Futtaim Properties LLC	Saudi Arabia	100%
Aswaq Al Narjis Trading LLC	Saudi Arabia	100%
Majid Mohamed Al Futtaim Trading LLC	Saudi Arabia	100%
Majid Mohamed Al Futtaim Real Estate Development LLC	Saudi Arabia	100%
Mabanee Al Fanar Trading JSC	Saudi Arabia	100%
Aswaq Al Emarat Trading CJSC	Saudi Arabia	85%
Majid Mohd Al Futtaim Properties Asset Management LLC	Saudi Arabia	100%
Majid Al Futtaim Shopping Malls KSA	Saudi Arabia	100%
Majid Al Futtaim Shopping Malls Projects LLC	UAE	100%

31. List of Subsidiaries (continued)

Subsidiaries	Country of incorporation / origin	Effective Ownership %
Active subsidiaries (continued)		
Majid Al Futtaim Shopping Malls Development LLC	UAE	100%
Majid Al Futtaim Commercial Centers LLC	UAE	100%
Majid Al Futtaim City Centre Meaisem LLC	UAE	100%
Majid Al Futtaim Shopping Malls Meaisem FZ LLC	UAE	100%
Majid Al Futtaim My City Centre Al Barsha FZ LLC	UAE	100%
Majid Al Futtaim Mall Of The Emirates LLC	UAE	100%
Majid Al Futtaim City Centre Al Shindagha Co LLC	UAE	100%
Majid Al Futtaim City Centre Deira LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Co. LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha First LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Second LLC	UAE	100%
Majid Al Futtaim Hospitality Al Barsha Third LLC	UAE	100%
Majid Al Futtaim Hospitality Barsha Fourth LLC	UAE	100%
Majid Al Futtaim Hospitality Al Rigga LLC	UAE	100%
Majid Al Futtaim Hospitality Al Zahia LLC	UAE	100%
Majid Al Futtaim Hospitality Mirdif First LLC	UAE	100%
Majid Al Futtaim Hospitality Mirdif LLC	UAE	100%
Majid Al Futtaim Hospitality Deira LLC	UAE	100%
Majid Al Futtaim Hospitality Deira First LLC	UAE	100%
Majid Al Futtaim Hospitality Deira Second LLC	UAE	100%
New subsidiaries incorporated in the current year:		
Majid Al Futtaim Urban Development LLC	UAE	100%
Majid Al Futtaim Commercial Investments LLC	UAE	100%
Majid Al Futtaim Shopping Malls Incorporation LLC	UAE	100%
Majid Al Futtaim Urban Development First LLC	UAE	100%
Majid Al Futtaim Commercial Centres Investments LLC	UAE	100%
Dormant subsidiaries		
MAF Technological Systems LLC	UAE	100%
Bab Al Madinah Company Property Investment Limited	Yemen	51%
Societe Tunisia WIFEK	Tunisia	100%