



دييار
DEYAAR

ANNUAL REPORT 2016



CONTENTS

CHAIRMAN'S MESSAGE	01
BOARD OF DIRECTORS	02
CORPORATE GOVERNANCE	06
GROUP STRUCTURE	22
BUSINESS REVIEW	26
PROJECTS HIGHLIGHTS	30
JOINT VENTURES AND ASSOCIATES	31
MILESTONES 2016	32
FINANCIAL HIGHLIGHTS	34
DIRECTORS' REPORT	44
INDEPENDENT AUDITORS' REPORT	46
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	56
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	57
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	58
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	59
CONSOLIDATED STATEMENT OF CASH FLOWS	60
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	61

CHAIRMAN'S MESSAGE

Dear Shareholders,

Last year marked a period of significant progress for Deyaar, with the company advancing key residential and hospitality projects ahead of delivering exceptional new products to the market. During the year, we focused on driving our core development business and scaling our business services, as well as forging new strategic partnerships and reaching out to the global investor community.

In March 2016, Deyaar announced the second phase of its Midtown project, Dania District, in Dubai Production City. Midtown, one of Deyaar's key master-planned projects, will spread over 1.2 million square feet comprising 27 buildings ranging from 6 to 16 storeys. The project, which will feature retail outlets and service facilities, is located at Mohammad Bin Zayed Road and Al Maktoum International Airport (DWC). The area has prospects for growth with new infrastructure projects to be launched, such as the Dubai Metro. The enabling work in both phases of the Midtown project has been completed and the main contractor has been appointed to commence the construction work.

Our development schedule is on track for two landmark projects, The Atria and Mont Rose, situated, respectively, in Business Bay and Al Barsha South - two of Dubai's fastest-growing and most sought-after urban corridors. Both The Atria and Mont Rose are nearing completion, meeting rising demand for high-quality residential space in the city. Millennium & Copthorne, the globally renowned hotel group, will operate the serviced apartments element of the two projects, as well as Deyaar's new hotel and serviced apartment project in Al Barsha, the first hospitality project completely owned by Deyaar, where enabling works are completed and the main contractor is on site which is expected to be completed by May 2018.

Deyaar's success was reflected in our 2016 revenues which increased by 67 per cent to AED 428.3 million, in our operating profit which climbed 55 per cent to AED 218.9 million and in our recording net profit of AED 216.1 million. Both metrics underscored the sustainable growth of the company's business in 2016 and our strong position for the year ahead.

With new inventory coming on stream, we redoubled our marketing activities in 2016, placing emphasis on targeting global buyers. Deyaar led successful international roadshows to New Delhi and Mumbai in India that showcased some of our off-plan and ready properties in Dubai.

A key component of our long-term business strategy is to meet the rising demand for residential property and hotel facilities, created by population growth and more tourists and business travelers coming to the UAE.

Last year, we signed a deal with the renowned Millennium & Copthorne hotel group to operate three hospitality developments in Dubai. The developments which feature luxury serviced apartments and a hotel will add approximately 1,000 hospitality units to our portfolio by mid-2018. Both Mont Rose in Al Barsha South (198 hospitality units) and The Atria in Business Bay (347 hospitality units) will commence operations in Q3 and Q4 of 2017 respectively. In addition, the hotel and serviced apartments project in Al Barsha (408 hospitality units) will commence operations in 2018. These projects are key to our diversification agenda and will provide us with a sustainable financial return to be added to revenues from direct sales.

Leasing operations for our retail and office space in Central Park, a joint venture between Deyaar and Dubai Properties in Dubai International Financial Centre, are in progress. The project offers nearly one million square feet of available rental space, in addition to our portfolio allocated for leasing across our various projects.

Deyaar's future will, in part, be defined by differentiated, integrated services. This is part of what makes us unique in the market. Deyaar Facilities Management, now a stand-alone company, and the Owners Association Management division were awarded six ISO quality management certificates in 2016. Additionally, Deyaar Property Management (DPM) has been awarded the internationally recognised quality management certificate ISO 9001:2008. DPM operates from seven offices across the UAE, managing more than 17,000 units in 950 properties with high occupancy rates. As demand rises in these categories, Deyaar looks forward to scaling our services in a real estate market increasingly characterised by both competition and opportunity.

Over the coming years, we expect demand for our development and business services segments to grow. We believe our knowledge of the real estate sector is unrivalled. We know our customers and our industry. Our developments are not just responding to market demand. They are leading the market.

As the UAE's economy diversifies, so too does Deyaar. We will continue to be a partner for the UAE as the nation's society and economy strengthen. We thank our shareholders for their support over the past 12 months. We look forward to another year of growth ahead.

Yours sincerely,

Mr. Abdullah Ali Obaid Al Hamli
Chairman
Deyaar Development PJSC

BOARD OF DIRECTORS



Mr. Abdullah Ali Obaid Al Hamli
Chairman

Mr. Abdullah Ali Obaid Al Hamli is the Managing Director of Dubai Islamic Bank PJSC and the Chairman of the Board at Emirates REIT. He served as the Director of Information Systems at the Dubai Ports Authority and Jebel Ali Free Zone. He has completed various international professional development programmes and earned a Bachelor of Science with majors in Economics and Mathematics from Al Ain University



Mr. Abdullah Ebrahim Lootah
Vice Chairman

Mr. Abdullah Ebrahim Saeed Lootah has been the Vice Chairman of the Lootah Group of Companies since 1999. Abdullah has obtained a Bachelor's degree in Business Administration from the Higher Colleges of Technology.



H.E. Khalifa Suhail Juma Al Zaffin
Member

His Excellency Khalifa Al Zaffin, Executive Chairman of Dubai Aviation Corporation and Dubai Aviation Engineering Projects, serves as a board member of the Executive Council for Infrastructure Affairs, Dubai World Trade Centre and Cleveland Bridge. He is a graduate of Arizona State University and holds a Bachelor of Science degree in Chemical Engineering



Dr. Adnan Chilwan
Member

Dr. Adnan Chilwan is the Chief Executive Officer of Dubai Islamic Bank PJSC. Dr. Chilwan has a PhD in Marketing to his credentials from the American University in London. He is a Certified Islamic Banker (CeIB), a Post Graduate in Islamic Banking & Insurance and an Associate Fellow Member in Islamic Finance Professionals Board. He served as the Head of the Marketing Department at Qatar Islamic Bank.



Mr. Mohamed Al Nahdi
Member

Mr. Mohamed Abdulla Amer Al Nahdi serves as Chief Operating Officer of Dubai Islamic Bank PJSC. He also serves as a Board Member at Dubai Islamic Bank of Khartoum, Pakistan and Tamweel. Al Nahdi previously served as Senior Manager, Personal Banking at HSBC and Chief Retail Banking Officer at Dubai Bank. Al Nahdi graduated from University of Baghdad in 1981 with a Bachelor of Science in Accounting and Management.



Mr. Mohamed Al Sharif
Member

Mr. Mohamed Al Sharif serves as Chief of Investment Banking at Dubai Islamic Bank PJSC. Al Sharif holds a Master of Science (MS) in Accounting from the Catholic University of America, and is an accredited CPA from the Virginia State Council.



Mr. Saif Al Yarabi
Member

Mr. Saif Sulaiman Al Yarabi serves as the Chief Financial Officer of Kerzner International (responsible for the management of One&Only Hotels and Atlantis, The Palm). Al Yarabi previously served as the Chief Financial Officer of Alizz Islamic Bank in Oman. Prior to this, he served as Financial Director of the Investment Corporation of Dubai (ICD). He also worked for Ernst & Young as an Executive Director. He is a Fellow Certified Chartered Accountant (FCCA) from UK.



Mr. Yasser Bin Zayed Al Falasi
Member

Mr. Yasser Bin Zayed Al Falasi holds a Bachelor's degree in Business Administration from California State University, USA. He worked as Senior Head of Bank Card Division at Dubai Islamic Bank. He also served as Senior Purchasing Manager in Dubai Office London in UK and he is currently working in the capacity of Chief Operating Officer at Dubai Office.



Mr. Obaid Lootah
Member

Mr. Obaid Nasser Lootah holds a Bachelor's degree in Business Administration from UAE University. Vice President of the Private Real Estate Developments Department at Dubai Islamic Bank, he is also a board member at the Arady Developments.



LEADING BY EXAMPLE

CORPORATE GOVERNANCE

1. Implementation of corporate governance guidelines:

The Deyaar Board of Directors offers well-established governance experiences, which is reflected in its success in achieving sustainable growth in the financial markets, and the prosperity of the company's business operations. The Board of Directors and Executive Management team work to strengthen the internal control system, which is an elemental pillar in the company's governance structure.

We are proud to implement the highest standards of responsibility and best practices for compliance with the by-laws and regulations relating to the organization and management of public shareholding companies in all the company's activities. This is achieved through the effective and transparent application by the Deyaar management of governance rules based on its responsibility towards the company's shareholders in protecting and strengthening their rights.

Deyaar has implemented its governance rules in alignment with UAE's new Commercial Companies law (Federal Law No. 2 of 2015) and the Securities & Commodities Authority's (SCA) Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies. Consequently, Deyaar amended its Articles of Association, in addition to assigning a follow-up committee to review the insider activities, and setting tasks and special rules for company share transactions of the Board of Directors and employees.

Deyaar has also appointed independent board members, who comprise one-third of the board's independent and the majority of non-executive members. The board also assigned committees responsible for monitoring its tasks, while board members are committed to disclosing the trading of company shares by themselves and their relatives. The company is committed to disclosing its quarterly and annual financial statements within the allowed legally timeframe and has set the Board of Directors' tasks including its responsibility of and supervision over the internal control system, ensuring its efficiency and effectiveness through various board committees.

Deyaar's Corporate Governance Code lays down the foundation for promoting and achieving the highest corporate governance standards and sets the practices in line with the SCA regulations, UAE's Federal Laws and international best practices. Deyaar Development's legal status has become identical to the corporate governance standards and procedures stated in the previously mentioned SCA Resolution No. (7 R.M) of 2016.

2. Share trading of Board of Directors and their first degree relatives in 2016

The Board of Directors members are committed to following the company's policy on exchanging securities issued by the company. This policy is included in the company's Corporate Governance Guidelines. The board members are also committed to comply with the prohibition of exchange period stated in the SCA decision concerning the regulations as to trading, clearing, settlement, transfer of ownership and custody of securities. The members are also committed to disclose their transactions, and those of their first degree relatives, on an annual basis, through the dedicated forms.

According to the Board of Director members & the Dubai Financial Market (DFM) message to the company, Reference 1589/2017, issued in 12/02/2017: "There were no trades conducted by any members of the Board of Directors or any of their first-degree relatives in the shares of Deyaar Development PJSC in 2016".

3. The Company's Board of Directors

"The Board of Directors dedicates all its efforts and expertise to increase the company's performance in line with shareholders and partners' aspirations. These aspirations manifest as decisions the board works closely with the executive management to follow up on and implement, in order to create sustainable benefits and added value for all. We have developed frameworks for governance to ensure the board's efficiency in its responsibilities towards key issues, as well as encourage and facilitate its positive contributions. The board delegated certain tasks and responsibilities to specialized committees. Each committee reports its respective recommendations to the board to preserve transparency."

3.1 Structure of the Company's Board of Directors

In compliance with the previously mentioned SCA Resolution No. (7 R.M) of 2016 and according to the company's Corporate Governance Code, all the Board of Directors members are **non-executive** members, and the board's chairman as well as most members are Emirati citizens:

Name	Position	Appointment Date	Qualifications and Experiences
Mr. Abdullah Ali Obaid Al Hamli	Chairman Non-executive / Non-independent	2008	Abdullah Ali Obaid Al Hamli is the Managing Director of Dubai Islamic Bank PJSC. He served as the Director of Information Systems at the Dubai Ports Authority and Jebel Ali Free Zone. He completed various international professional development programs. Al Hamli earned a Bachelor of Science with majors in Economics and Mathematics from Al Ain University.
Mr. Abdullah Ibrahim Saeed Lootah	Vice Chairman/ Head of The Nomination and Remuneration Committee/ member of the executive committee/ independent	2008	Abdullah Ibrahim Saeed Lootah has been the Vice Chairman of the Lootah Group of Companies since 1999. Abdullah has obtained a Bachelor's Degree in Business Administration from the Dubai Men's College.
Mr. Khalifa Al Zaffin	Head of Executive Committee/ member of nomination and remuneration committee Non-executive/ independent	2006	His Excellency Khalifa Al Zaffin, Executive Chairman of Dubai Aviation Engineering Projects, serves as a board member of the Executive Council for Infrastructure Affairs, Dubai World Trade Center and Cleveland Bridge. He is a graduate of Arizona State University and holds a Bachelor of Science degree in Chemical Engineering
Mr. Mohamed Al Sharif	Member of the Audit Committee Non-executive/ Non-Independent	2009	Mohamed Al Sharif serves as Chief of Investment Banking at Dubai Islamic Bank PJSC Al Sharif holds a Master of Science (MS) in Accounting From The Catholic University of America, and he is an accredited CPA from the Virginia State Council of Accountants.
Mr. Yasser Bin Zayed Al Falasi	Member of Audit Committee Non-executive/ Independent	2016	Mr. Yasser Bin Zayed Al Falasi holds a Bachelor's degree in Business Administration from California State University, USA. He worked as Senior Head of Bank Card Division at Dubai Islamic Bank. He also served as Senior Purchasing Manager in Dubai Office London in UK and he is currently working in the capacity of Chief Operating Officer at Dubai Office.

Mr. Mohamed Al Nahdi	Member of nomination and remuneration committee/ member of the executive committee/ Non-independent/ Non-executive	2009	Mohamed Abdulla Amer Al Nahdi has been Deputy Chief Executive Officer and Chief Operating Officer of Dubai Islamic Bank PJSC since December 2010. Al Nahdi previously served as Head of Branches and Distribution at Dubai Bank PJSC. He started his career with HSBC in 1982 as an executive trainee and held technical and leadership roles for the next 24 years. He has been Vice Chairman of Tamweel PJSC since November 2010. Al Nahdi graduated from University of Baghdad with a Bachelor of Science in Accounting and Management.
Mr. Saif Sulaiman Al Yarabi	Head of the Audit Committee Independent/ Non-executive	2010	Saif Sulaiman Al Yarabi serves as the Chief Financial Officer of Alizz Islamic Bank in Oman. Yarabi previously served as the Finance Director of the Investment Corporation of Dubai (ICD). ICD is the investment arm of the Government of Dubai with a portfolio comprising of wholly and partly owned government businesses. He worked for Ernst & Young for 8 years, and left as an Executive Manager in January 2008, to join ICD. He is a Fellow Certified Chartered Accountant (FCCA) from the UK.
Mr. Adnan Chilwan	Member Non-executive/ Non-Independent	2009	Dr. Adnan Chilwan is the Group Chief Executive Officer of Dubai Islamic Bank PJSC, Dr. Chilwan has a PhD and a MBA in Marketing to his credentials. He is a Certified Islamic Banker (CeIB), a Post Graduate in Islamic Banking & Insurance and an Associate Fellow Member in Islamic Finance Professionals Board. He served as the head of the marketing department at the Commercial Bank of Qatar.
Mr. Obaid Nasser Lootah	Member Member of Executive Committee/ Non-independent/ Non-executive	2010	Obaid Nasser Lootah holds a bachelor degree in Business Administration from University of UAE. He's a Vice President of the Real Estate Investment Department in Dubai Islamic Bank, besides being a board member at the Arady Development.

3.2 Statement on the percentage of female representation in the Board of Directors
None.

3.3 Statement on the reasons of non-nomination of female board member in 2016
The membership in the Board of Directors ends in March 2019, noting that Deyaar took necessary procedures to consider gender equality. Additionally, the company took gender equality into consideration in the previous elections held in March 2016, as it opened the membership of the Board of Directors to any women meeting the legal requirements. Deyaar is also committing to have at least one female nominee in the next election.

3.4 Board of Directors' remuneration

According to the SCA's Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies and Article (27) of the Deyaar Development PJSC's Articles of Association: "The remuneration of each of the members of the Board of Directors for the financial year shall be determined as a lump sum pursuant to a recommendation by the Board of Directors and the approval of the General Assembly. Further, the company may reimburse any member of the Board of Directors or assign further remuneration or monthly salary in amounts to be determined by the Board of Directors if such member is a member of a committee or makes extra efforts or additional work to serve the company in addition to his duties as a member of the Board of Directors. In all events, the remuneration may not exceed 10% of the net profit for the ending financial year after depreciation and reserves were deducted."

- The Board of Directors' members did not receive any kind of remuneration in 2015.
- Suggested remunerations for 2016 to be presented to the General Assembly:

It's suggested to assign (2%) of the net profit for the ended financial year (after depreciation and reserves were deducted) which equals (AED 4.323 million) four million three hundred twenty-three thousand Emirati dirhams, an equivalent of (AED 480,000) for each member of the Board of Directors after receiving the approval of the Annual General Assembly.

- Remunerations that members of the Board of Directors received for attending Board committee meetings of the 2016 financial year: (No allowances)

Members of the Board of Directors do not receive any remuneration for attending Board or for attending Board committee meetings.

3.5 Board Meetings: The Board of Directors held six meetings as follows

Meeting Date	Member of the Board					
	24/02/2016	20/04/2016	29/06/2016	31/08/2016	23/10/2016	28/12/2016
Mr. Abdullah Al Hamli	✓	✓	✓	✓	✓	✓
Mr. Abdullah Lootah	✓	✓	✓	✓	✓	✓
H.E. Khalifa Al Zaffin	✓	✓	✓	✓	✓	✓
Mr. Mohamed Sharif	✓	✓	✓	✓	✓	✓
Mr. Yasser Bin Zayed	✓	✓	✓	Absent with excuses	✓	✓
Dr. Adnan Chilwan	✓	✓	✓	✓	✓	✓
Mr. Obaid Lootah	✓	✓	✓	✓	✓	✓
Mr. Mohamed Al Nahdi	✓	✓	✓	✓	✓	✓
Mr. Saif Al Yarabi	✓	Absent with excuses	Attendance via phone	Absent with excuses	✓	✓

3.6 Duties and authorities assigned to the Executive Management by the Board of Directors

The Board of Directors assigned the Chief Executive Officer to manage Deyaar's daily activities under the terms of reference of the Board of Directors approved by the Board of Directors on 26/10/2015. The Board also delegated to the Chief Executive Officer a set of specific terms of reference under an authorization issued on 10/09/2015 valid to indefinite period and will be working to identify during the year 2017 as follows:

- To carry out all necessary actions for the management and operation of the company to achieve its purposes and conduct its business, from the aspects of finance and administration, and to represent the company in its dealings with third parties and signing of contracts of all kinds.
- The establishment and registration of claims, complaints, and defense of the company's interests as plaintiff, defendant, complainant or complainant in proceedings, proceedings or judicial complaints before any court, committee, arbitration, judicial or administrative body, and appointing and appointing lawyers and legal advisers.
- Signing of checks and commercial papers according to the terms and conditions and powers specified by the Board of Directors represented by the Chairman of the Board of Directors.
- Signing all types of contracts and waiving their ownership before the official authorities, provided that such actions are within the limits of plans, programs and strategies approved by the Board of Directors of the Company represented by the Chairman of the Board of Directors.
- Establishment and registration of branches of the Company and / or representative offices and / or subsidiaries and / or a coalition and / or strategic alliances with third parties within the United Arab Emirates approved by the Board of Directors.

The Board assigned the General Counsel / Secretary on 20/4/2016 with the following:

- Representing Deyaar in matters of disclosure and compliance before all the relevant government authorities including the SCA and DFM, in addition to assigning powers to company employees.
- Representing the Board of Directors before the notary in ratification and certification of all the signed minutes of the General Assembly as well as the issuance of ratified versions of those minutes.
- Representing the company in all legal matters before all relevant bodies, courts and authorities.
- Amending the Articles of Association of all Deyaar's subsidiary companies in accordance with the new Commercial Companies law.
- Representing Deyaar Development PJSC and its subsidiaries mentioned below before the notary, the Department of Economic Development (DED), free zone authorities and all the relevant authorities concerned with making the necessary amendments to the Articles of Association of these companies.

These authorisations remained valid until his resignation on 4/10/2016

3.7 Related Parties Transactions:

These transactions comprise a party of our company, giving the party the ability to control and exercise influence on key financial and operational decisions taken by the other party. These transactions could lead to possible or real conflicts of interest for the company, giving the impression that work decisions are made based on personal accounts rather than for the interest of the company and its shareholders. However, there are cases in which the transaction with related parties are made in the interest of the company and its shareholders. This is why the company has adopted a policy that provides a framework to review and close transactions with related parties, in the interest of the company and its shareholders.

Our company conducts all dealings with relevant parties as per standard trade prices, in addition to providing them with real estate services within the regular market value. Our company also sets aside dealings with relevant parties and discloses them regularly.

Details of the 2016 Activities Conducted with related Parties (Stakeholders)

There were no essential dealings with any relevant parties (stakeholders) notwithstanding paragraph (11) of the notes mentioned in the company's 2016 financial statements, which is the following:

A. Related party transactions and balances

Related parties include the significant shareholders, key management personnel, associate, joint ventures, directors and businesses which are controlled directly or indirectly by the significant shareholders or directors or over which they exercise significant management influence.

(a) Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2016 AED'000	2015 AED'000
A significant shareholder		
Other operating income/finance income	5,636	4,770
Finance cost	11,091	13,009

(b) Remuneration of key management personnel

	2016 AED'000	2015 AED'000
Salaries and other short term employee benefits	12,440	14,265
Termination and post-employment benefits	579	453
Board of Directors' remuneration / fees	4,323	1,350
	17,342	16,068

(c) Due from related parties comprises:

	2016 AED'000	2015 AED'000
Current		
Due from joint ventures	15,908	16,075
Due from other related parties	1,940,079	1,935,258
	1,955,987	1,951,333
Less : provision for impairment for due from a related party	(1,538)	-
	1,954,449	1,951,333

Cash and bank balances include fixed deposits of AED 290 million (2015: AED 330 million) deposited with the significant shareholder of the Company (a bank), at market prevailing profit rates.

In 2010, the Group entered into a sale and purchase agreement with a related party to sell properties with a carrying value of AED 1,337.8 million and rights to purchase plots amounting to AED 899.6 million. The sale consideration agreed on by both parties as per the initial agreement was AED 3,647.5 million.

The salient terms and conditions of the transaction including subsequent revisions are as follows:

- The sale consideration is receivable on or before 1 June 2016;
- The sale consideration can be settled in cash or kind or a combination of both, at the discretion of the purchaser. Where settlement is in kind, the fair value of the assets transferred will be determined by an independent valuation expert, to be selected by the seller and purchaser; and
- The commitment on the remaining purchase price of the land held for development remains with the Group.

Following the amendments to the original agreement, the sale consideration was reduced by approximately AED 731 million, as a result of the purchaser's commitment to settle this balance on demand, on or before 31 December 2017, in cash or in kind, or a combination of both.

During 2014, pursuant to the addendum to original sale and purchase agreement for a plot of land with the master developer, the Group had entered into an amendment agreement with the related party, which resulted in a further reduction of the sale consideration by AED 141 million. Further, the related party had also transferred plots of land thereby settling receivable balance of AED 669.3 million against the outstanding receivable.

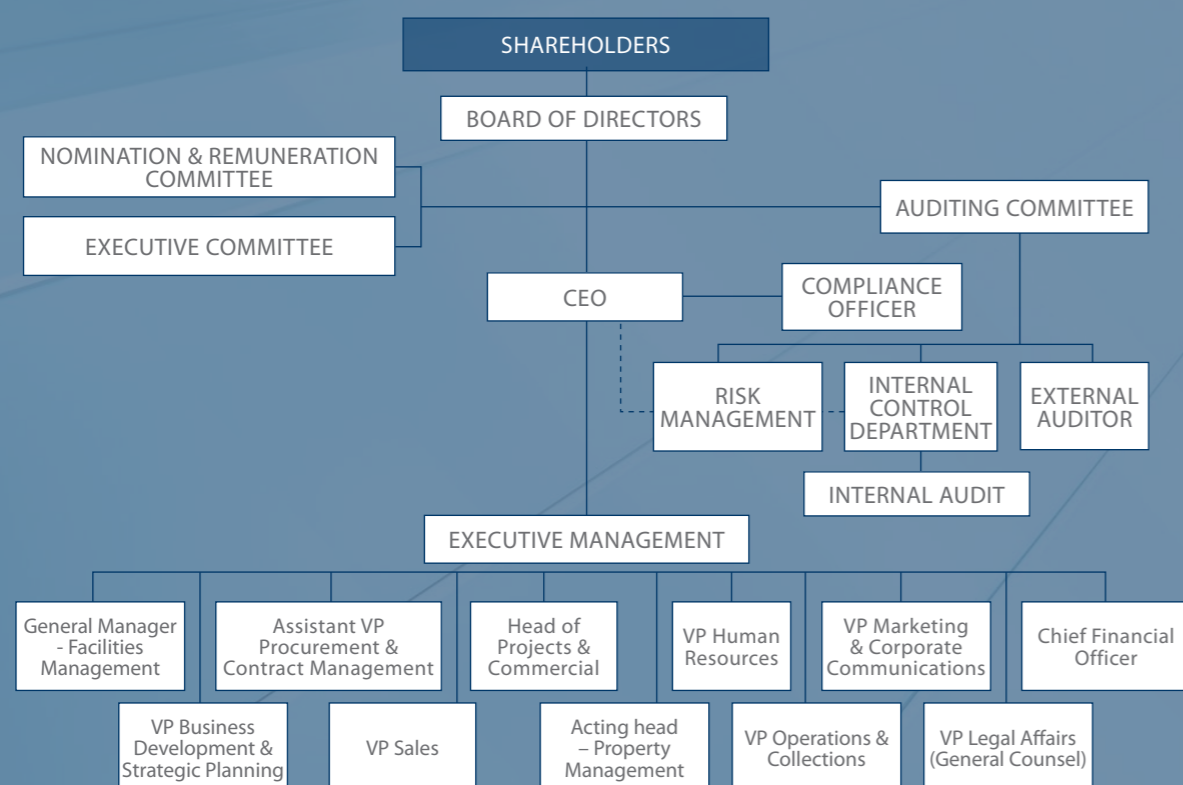
During 2015, the Company settled an amount of AED 108 million relating to certain plots on behalf of the related party resulting in reduction of the Company's commitments. The receivable amount is reflected in the books of the Company after deducting the future committed payments of AED 170 million (Note 30) relating to rights to purchase plots from the sale consideration as per the sale and purchase agreement. Management is currently evaluating various options for settlement of the balance.

(d) Due to related parties comprises:

	2016 AED'000	2015 AED'000
Current		
Due to a significant shareholder	-	1,714
Due to a joint venture partner	12,299	12,299
	12,299	14,013

At 31 December 2016, the Group had bank borrowings from the significant shareholder (a bank) of AED 307.6 million (2015: AED 264.1 million) at market prevailing profit rates. Also refer note 15.

3.8 The Company's corporate governance structure:



3.9 The following table lists names of senior executive employees, their job titles, salaries and bonuses

No.	Position	Date of Appointing	Total Salaries and Compensations Paid in 2016 (AED)	Total Remunerations Paid in 2016 (AED)
1	Chief Executive Officer (CEO)	01-Jun-2007	2,066,487.00	0,00
2	Chief Financial Officer (CFO)	02-Aug-2015	1,410,685.00	0,00
3	VP Legal Affairs (General Counsel)	17-Oct-2011 until 04-Oct-2016	868,925.00	0,00
4	VP Marketing & Corporate Communications	01-Aug-08	744,010.00	0,00
5	VP Operations & Collections	01-May-04	1,032,346.00	0,00
6	VP Human Resources	05-Nov-08	899,065.00	0,00
7	Acting head – Property Management	03-Feb-08	857,395.00	0,00
8	Head of Projects & Commercial	04-Jun-13	1,192,480.00	0,00
9	VP Sales	08-Jan-06	1,247,711.00	0,00
10	Assistant VP Procurement & Contract Management	23-Jul-13	930,394.00	0,00
11	VP Business Development & Strategic Planning	16-Sep-07	1,171,717.00	0,00
12	Chief Audit Executive – Internal Control	04-Aug-14	1,365,316.00	0,00

- Note 1: Total bonuses paid for 2016: Please note that the report will be updated after the adoption of the Final Nominations and Remuneration Committee for Senior Executives.
- Note 2: Total other cash / in-kind rewards for 2016 or in the future: None

4. External auditor

KPMG was reappointed as the 2016-2017 external auditor at the Ordinary General Assembly meeting by majority of shareholder votes (AED 409,500) four hundred nine thousand five hundred Emirati dirhams was set as their fees. KPMG, established in the UAE in 1974, is regarded as one of the world's largest audit companies, and have seven offices in the UAE.

Auditing Company	KPMG
Number of years the company's auditor	3 years
Total Auditing Fees for the 2016 Financial Statements (dirham)	AED 409,500. 00
Additional Fees for other special services aside from auditing of the 2016 Financial Statements, if they exist; if not to be stated	No additional services received
Details and nature of other services provided (if they exist; if not to be stated)	No additional services received

Statement of other services received from a different auditor aside from the original 2016 company auditor, as follows:

- Deloitte & Touché provided advisory services for (AED 284,670.00).
- Ernst & Young provided advisory services for (USD 53,000.00).
- Horwath MAK audited the escrow accounts of the company projects for (AED 19,812.00).
- Protiviti Member Firm Middle East Consultancy provided advisory services for (AED 211,400.00).
- Barbara & Co. provided auditing services for (USD 7,000.00).

5. The Board of Directors' committees

The Board of Directors established two main committees:

5.1 Audit Committee

The Audit Committee undertakes the tasks of appointing auditors, reviewing financial statements regularly, supervising the Internal Control Management & Risk Management and ensuring the implementation of the legal and regulatory requirements.

A. Members of the Audit Committee:

1. Mr. Said Al Yarabi – President
2. Mr. Mohamed Al Sharif – Member
3. Mr. Yasser bin Zayed Al Falasi

Terms of Reference & Duties of the Audit Committee

1. Reviewing the financial and accounting policies and procedures of the company.
2. Developing and applying a contractual policy with the external auditor, file report to the Board of Directors, comment on their report where appropriate and give the Board recommendations of action.
3. Monitoring the independence and objectivity of the external auditor and, discuss the scope of the auditing process and its effectiveness compared to adopted auditing standards as well as verifying that the external auditor meets the requirements mentioned in the adopted laws, regulations and resolutions and the company's Articles of Association.
4. Overseeing the integrity of and reviewing the Company's financial statements and annual and quarterly reports as well as reviewing them as a part of its duty throughout the year and after closure of statements (after one quarter of a year). The committee must specially focus on the following:-
 - Any changes in the financial and accounting policies and procedures.
 - Highlighting areas subject to the management's assessment.
 - Major amendments proceeding the audit.
 - The presumption of company's business continuity.
 - Compliance with SCA's accounting standards.
 - Compliance with the listing & disclosure rules and other legal requirements relevant to drafting financial reports.
5. Coordinating with the Board of Directors, Executive Management and the CFO or the acting CFO to fulfill its duties.
6. Meeting with internal auditors at least once a year without attendance of any Executive Management members or its representative to discuss the scope of the auditing process and its effectiveness compared to adopted auditing standards.
7. Considering any important or unusual items that are listed or should be listed in the reports and accounts, and also especially addressing any matter suggested by the CFO, acting CFO, Compliance Officer or the auditors.
8. Submitting a recommendation to the Board of Directors about appointment, resignation or dismissal an auditor, and if those recommendations are disapproved, the Board shall include a statement in the governance report explaining the committee's recommendations and the reasons for disapproval.
9. Verifying independence of the external auditor in accordance with the adopted laws, regulation & resolutions and the company's Articles of Association.
10. Reviewing the Company's financial control, internal control and risk management systems.
11. Discussing the internal control system with the management and verifying its effectiveness.
12. Considering the primary investigative results in internal control affairs, assigned to it by the Board or initiated by the committee and approved by management.
13. Reviewing the auditor's evaluation of the internal control procedures, and ensuring co-ordination between the company's internal auditors and the external auditor.

14. Ensuring the availability of the resources required for the internal control system as well as revising and overseeing the effectiveness of that system.
15. Overseeing everything concerning the auditor's activities, plan of action, his correspondences with the company, his notes, concerns and any key inquiries he raises with the Senior Executive Management concerning the accounts, financial statements or control systems as well as following the responsiveness of the company's management and facilitating the tools necessary for it.
16. Ensuring the Board of Directors responds to the important inquiries and matters submitted in the external auditor's report.
17. Setting the regulations that enable company employees to confidentially report any irregularities in the financial reports, internal control or any other matter and provide the necessary steps for conducting independent impartial investigative procedures for these irregularities thereof.
18. Overseeing the scope of the Company's compliance with its Code of Conduct.
19. Reviewing the stakeholder's dealings with the company, ensuring there's no conflict of interest and offer recommendations to the Board of Directors before making them.
20. Ensuring the fulfillment of the duties and responsibilities assigned to it according to the Terms of Reference approved by the Board of Directors.
21. Submitting reports and recommendations to the Board of Directors concerning any matter mentioned in the previous items.
22. Considering any other matters assigned to it by the Board of Directors.

B. Auditing Committee meetings

During 2016 the Audit Committee held four meetings, their minutes were documented and the Board members were given copies of them. The secretary of the committee keeps the minutes of the meetings. The following table illustrates the attendance of committee members at the meetings held:

Meeting No.	Audit Committee Meeting No. (1) 24/1/2016	Audit Committee Meeting No. (2) 05/6/2016	Audit Committee Meeting No. (3) 13/7/2016 By circulation	Audit Committee Meeting No. (4) 13/10/2016
Name of Member				
Mr. Saif Al Yarabi	✓	✗	✓	✓
Mr. Mohamed Al Sharif	✓	✓	✓	✓
Mr. Yasser Bin Zayed Al Falasi	✓	✓	✓	✓

5.2 Nomination and Remuneration Committee

"Our role in the Nomination and Remuneration Committee is to develop and review the policy on the salaries and bonuses of the Board of Directors members and executive management staff, as well as determining the total compensation in line with approved salaries and bonuses regulations. We are very keen on aligning bonuses with the company's performance. We also develop and review the human resources policy in line with rules and regulations, and follows up on procedures of nominating members to the Board of Directors."

A. Duties of Nomination and Remuneration Committee:

- (1) Constantly ensuring the independence of independent members.
- (2) Developing the company's policy on bonuses, benefits and salaries of the Board of Directors Members and other employees, and that bonuses and benefits given to the executive management are reasonable and proportional to the company's performance.
- (3) Identifying the company's need for workforce, from senior executive management to regular employees, and the bases on which they are chosen.
- (4) Developing, and annually reviewing, the company's policy on human resources and in-house training.
- (5) Organising and monitoring special procedures followed in the nomination for Board membership in compliance with the adopted laws & regulations and rules of the Articles of Association.
- (6) Annually reviewing the skills required for Board membership and establishing and drafting the capabilities and qualifications required for Board membership, including the amount of time a Board member must assign for the activities of the Board of Directors.

- (7) Reviewing the structure of the Board of Directors and submitting recommendations concerning any appropriate changes.
- (8) Drafting a special policy for Board of Directors and Executive Management memberships, which consider gender equality in its formation as well as encouraging women through motivational and training programmes and features, and submitting a copy of said policy and its amendments to the SCA.
- (9) Reviewing any matters specially requested by the Board.

B. The Nomination & Remuneration Committee meetings.

Meeting No.	Position	Nomination & Remuneration Meeting No. (1)	Nomination & Remuneration Meeting No. (2)
Name of Member		21/03/2016	25/05/2016
Mr. Abdullah Lootah	President/Independent/Non-executive	✓	✓
Mr. Khalifa Al Zaffin	Member/Independent/Non-executive	✓	✓
Mr. Mohamed Al Nahdi	Member/Non-independent/Non-executive	✓	✓

6. Supervision of Insiders Trading Committee:

A follow-up committee for insider trading was formed and its members are:

Name	Position
Mr. Hani Fansa	President/Chief Financial Officer (CFO)
Mr. Ali Sharif Al Marzooqi	Member/Assistant VP Human Resources
Mr. Alaa Mansoor	Member/Assistant Manager PR & Investor Relations

Committee Terms of Reference & Assigned Tasks:

- Create a register of all insiders in the company as well as possible temporary insiders.
- Set the policies and rules for the dealings of members of Board and employees in company shares, or the shares of its subsidiaries, associates & approving them by the Board.
- Taking all necessary precautions for maintaining the confidentiality of the company's data and important information and ensuring that they're not shared.
- Taking necessary actions in dealing with relevant insider parties who have access to company's internal data and information concerning the company and its clients, to maintain confidentiality and prevent their misuse or transfer to other parties.

Committee Activities Report Summary of 2016:

The committee held its first meeting in December 2016 to consider a mechanism, discuss laws and regulations concerning insiders, and consider applying best practices in the field. After the meeting the following items were highlighted:

- A preliminary list of insiders and stakeholders in the company to upgrade the list in the DFM system.
- Standards of approvals & disclosure of stocks.
- Insider Dealing Policy.

7. Internal Control System

A- The internal control system is a comprehensive system that enforces procedures, rules and administrative laws and oversees its practical application through the company's performance. The Board of Directors undertakes the responsibility of maintaining the internal control system and ensuring its continuous effectiveness. Furthermore, this system is not considered an obstacle or a restraint on company activity effectiveness and the speed of delivery and performance; on the contrary, it ensures the effectiveness of performance, risk management and the internal control system in the company.

The Board & committee members sign on the Internal Control Department operations manual, which incorporates all the roles and duties of that department, which play a vital role in assessing the effectiveness of the internal control systems. The aim was supporting the goals and profitability objectives of Deyaar Development PJSC by ensuring the reliability of the financial statements, effective and economic use of resources, safeguarding assets and ensuring the company's compliance rate with set policies & procedures.

A- Working Mechanism of the Company's Internal Control Department:

The Internal Control Department performs its duties in accordance with the governance requirements, the international standards set by the Institute of Internal Auditors (IIA) and its approved manual. The Department performs its duties by ensuring the effectiveness of the internal control & monitoring systems whereby the operations monitoring procedures are adequately devised and are effectively applied in the company. This includes considering the compliance of the company and its employees with the adopted internal laws, resolutions, policies and procedures as well as monitoring the work mechanism of the risk management department. The Internal Control Department also monitors the Board of Directors through the Audit Committee to ensure the necessary independence for the management and its employees to fulfill their duties and responsibilities.

The Internal Control Department assesses the scope of risk, based on its annual plan approved by the Audit Committee, ensures the efficiency and effectiveness of the internal control systems and submits reports including its comments and recommendations to the Board and the Audit Committee concerning optimization of these systems.

Further, the company has adopted risk management work mechanism, based on qualitative and quantitative assessment of the risks the company faces and may affect the realisation of the company's strategic, operational & financial objectives. This will be achieved by assessing the risks relevant to the company objectives and addressing them using internal control regulations, as it is considered an effective procedure for managing, minimizing and controlling risks or transferring risks by assessing the scope of protection and ensuring its protection of the company.

B - Chief Audit Executive - name and qualifications:

Mr. Bassam Al Ghawi has been the company's CAE since August 2014. He is specialised in internal control with around 21 years of experience in several areas, including internal and external auditing, risk management, corporate governance, and fraud and non-compliance investigation. He holds a BA in accounting and economy, a diploma in risk management from the American Academy of Financial Management (AAFM), and the following professional certifications: CRMA, CICA, CCO, CIA, CISA, CRISC, CFE and ACPA. Mr. Al Ghawi is a member of the following professional associations/organisations: ASCA, ACFE, ISACA and IIA.

C - Compliance Officer - name and qualifications:

Mr. Omar Atef Al Azb has been the company's Compliance Officer since 2013. He is responsible for developing the annual plan for compliance control. He holds a PhD in administrative law from the World Islamic Sciences and Education University. The title of his PhD thesis was "Administrative Control of Regulations of Public Joint-Stock Companies." With several corporate law certificates, he has more than 16 years of experience in corporate law and compliance risk management, especially federal laws, property law and decisions of the SCA and DFM, which got him a "certified broker" certificate from DFM/ADX. He is also a certified Compliance Officer from SCA. His tasks and responsibilities include making sure the company and its staff's compliance with rules and regulations in place.

D - How the Internal Control Division handles major issues

The Internal Control Division thoroughly assesses major issues in the company, if existent. The Division identifies the nature of the issue, categorises it based on level of risk, the extent of the issue, and the negative impact affecting the company. To mitigate the issue and prevent it from occurring again, the division presents, to the executive management and Board of Directors, the study on the issue and its recommendations to solve it. The study and recommendations are presented through the Auditing Committee. The Internal Control Division supervises the implementation of the solutions by ensuring decisions made by the Board of Directors are executed and presents regular reports to the Auditing Committee. These reports summarise the auditing activities as follows:

On a quarterly basis: this report includes information about the status and results of the auditing annual plan and the auditors' activities, as well as the results of external quality assessments and management's resources sufficiency.

Twice a year: this report provides a list of key measurement goals (KPIs/balanced registered points ticket) and results versus goal.

On an annual basis: this report evaluates the suitability and effectiveness of the internal control system. The report covers all control rules and regulations, including financial and operational regulations and risk management systems.

The implementation of these recommendations is followed up regularly by issuing a written report when needed.

According to the adopted audit plans, the Internal Control Department did not face any key / big issues in the company in 2016.

8. Because of the Company's adopted governance policy, there were no violations made by the company in 2016

The company did not pay any penalties or become subject to any restrictions by the SCA or any legal authority concerning matters relevant to the financial markets.

9. Social activities

"We are committed to designing and developing services that meet the needs of all segments of the Emirati society."

Since our inception, we have been keen on supporting and improving our business structure by adopting the best sustainability practices. We have launched and implemented many activities during the last year, because corporate social responsibility a key element of our company's culture, internal policy and work plans. We consider this responsibility an essential factor in the success and continuity of our mandate to support public internal organisations in line with the policies and procedures regarding the contribution to local community development and preserving the environment. The company will work on supporting more charity projects over the next year, which attests to the company's belief in its social responsibility. The company participated in many initiatives, including:

1. The Company signed an MoU with the Dubai Cares to build a school in Senegal, costing AED 150,000, as part of the Dubai Cares' initiative aimed at supporting education around the world. An earlier successful collaboration with Dubai Cares led to building a school in Nepal, which also coincided with the announcement of 2016 as the 'year of reading'. In support of this initiative, the company also built a library for its employees and organised two book fairs for the employees and visitors of the company headquarters.
2. In the field of environmental contributions, Deyaar participated for the third time in the Earth Hour Initiative by participating in the event organized by DEWA at Dubai Business Bay, in addition to turning off all the non-essential lights in Deyaar's building during that hour. The company also supported DEWA's 'Let's Make this Summer Green' campaign by granting DEWA access to two platforms at its headquarters and an entire building at the Dubai Business Bay for its campaign.

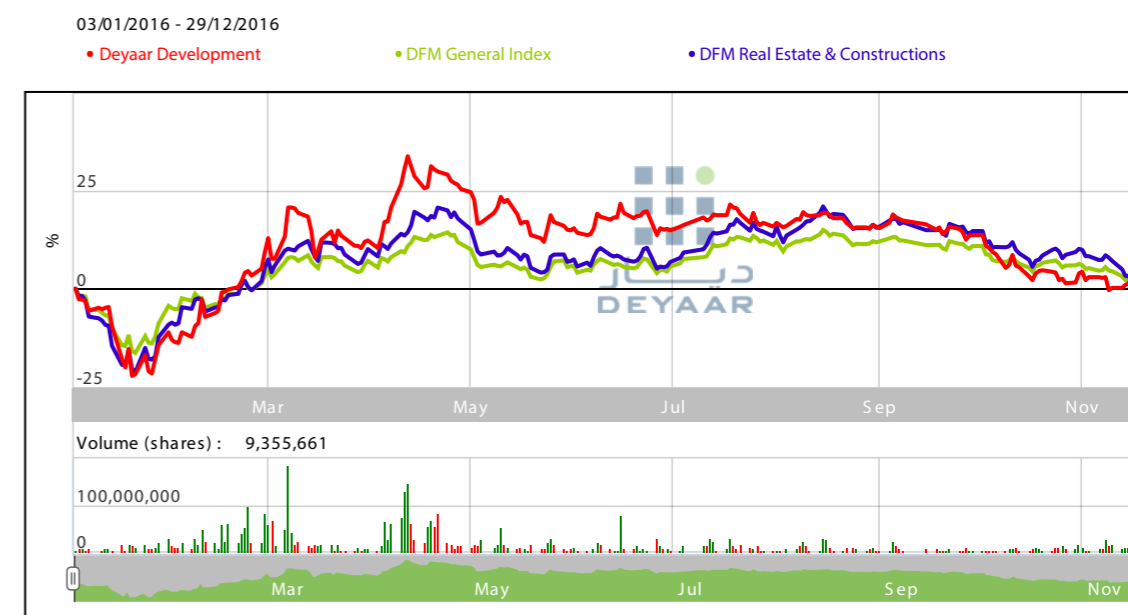
3. The company contributed to the 'Car Free Day' initiative's annually organized by Dubai Municipality by sponsoring the event with AED 30,000 and encouraging its employees to participate in the event. Additionally, the company assigned some of its employees to participate in the 'Clean Up the World' campaign, also organized by Dubai Municipality, to help clean up Dubai's coasts.
4. In 2016, the company co-operated with the Autism Trust Foundation, to pay the entire treatment fees of one child, treated at the foundation, for an entire year, which was worth AED 63,000.
5. For 'Haq Al Laila' celebrations, the company organized many visits to various hospitals and offered gift to children, and also visited the Rashid Center for Disabled.
6. The company also organized a charity campaign in co-operation with Beit Al Khair Society, for collecting donations throughout Ramadan.
7. The company assigned volunteers from its employees to participate in various events organized by the Autism Trust Foundation. Additionally, the company assigns its employees and their families to participate in the charity sporting events and national holiday celebrations.

10. General information

The company's share price in the stock market (price at closing, highest price, lowest price) at the end of every month of the 2016 financial year:

Month	Highest Price (AED)	Lowest Price (AED)	Closing Price (AED)
January	0.47	0.45	0.46
February	0.57	0.54	0.56
March	0.58	0.56	0.58
April	0.65	0.63	0.64
May	0.59	0.58	0.59
June	0.59	0.59	0.59
July	0.60	0.60	0.60
August	0.60	0.59	0.60
September	0.59	0.58	0.58
October	0.54	0.52	0.53
November	0.56	0.55	0.55
December	0.62	0.62	0.62

The company's share performance against the overall market indicator and the sector indicator for the year 2016:



Statement of shareholder's shares as of December 31, 2016 (individuals, companies, governments), categorized by local, GCC, Arab, foreign:

Shareholder Class	Percentage of Owned Shares						
	Class	Individuals	Companies	Government	Banks	Individual Organizations	Total
Local		35.7353%	10.0788%	1.0082%	41.3001%	0.0524%	88.1748%
GCC		1.5796%	1.8926%	0	0.0720%	0.005%	3.5492%
Arab		2.6603%	0.1858%	0	0.0188%	0	2.8649%
Foreigner		1.6303%	3.5953%	0	0.1854%	0	5.411%
Total		41.6055%	15.7525%	1.0082%	41.5763%	0.0574%	100%

Statement of shareholders own 5% or more of company's capital as of December 31, 2016:

Shareholder	Number of Shares Owned	Ownership Percentage
Dubai Islamic Bank	2,367,999,220	40.983%

Statement of shareholders' distribution based on ownership as of December 31, 2016:

SL No.	Share Ownership (share)	Number of Shareholders	Number of Owned Shares	Owned Shares Percentage of Capital
1	Less than 50,000	28,592	379,963,890	5.97%
2	50,000 – less than 500,000	4,312	637,580,656	11.03%
3	500,000 – less than 5,000,000	802	989,928,802	17.14%
4	More than 5,000,000	78	3,779,526,652	65.41%

A. A statement on the measures taken concerning investor relations regulations, stating the following:

Name and contact information of the person assigned to Investor Relations:

Mr. Alaa Al Din Mansoor Hassan was appointed Assistant Manager - Communications & Investor Relations as the person assigned to managing investor relations. His contact details are:

- Phone No.: 04-3840909 or 04-3840175
- Email: IR@deyaar.ae / Alah@deyaar.ae
- Internet link to the Investor Relations page on the company's website.
- Arabic Page: <http://www.deyaar.ae/ar/investor-relations>
- English Page: <http://www.deyaar.ae/en/investor-relations>

B. A statement on the special resolutions presented at the General Assembly in 2016 and the measures taken concerning it.

The General Assembly's agenda contained a special resolution concerning the amendment of the Deyaar Development PJSC Articles of Association in accordance with the Commercial Companies Law No. (2) of 2015. All the necessary measures and approvals were fulfilled after getting the approval of the General Assembly and the relevant authorities, and the amended Articles of Association of the company was published in the official gazette.

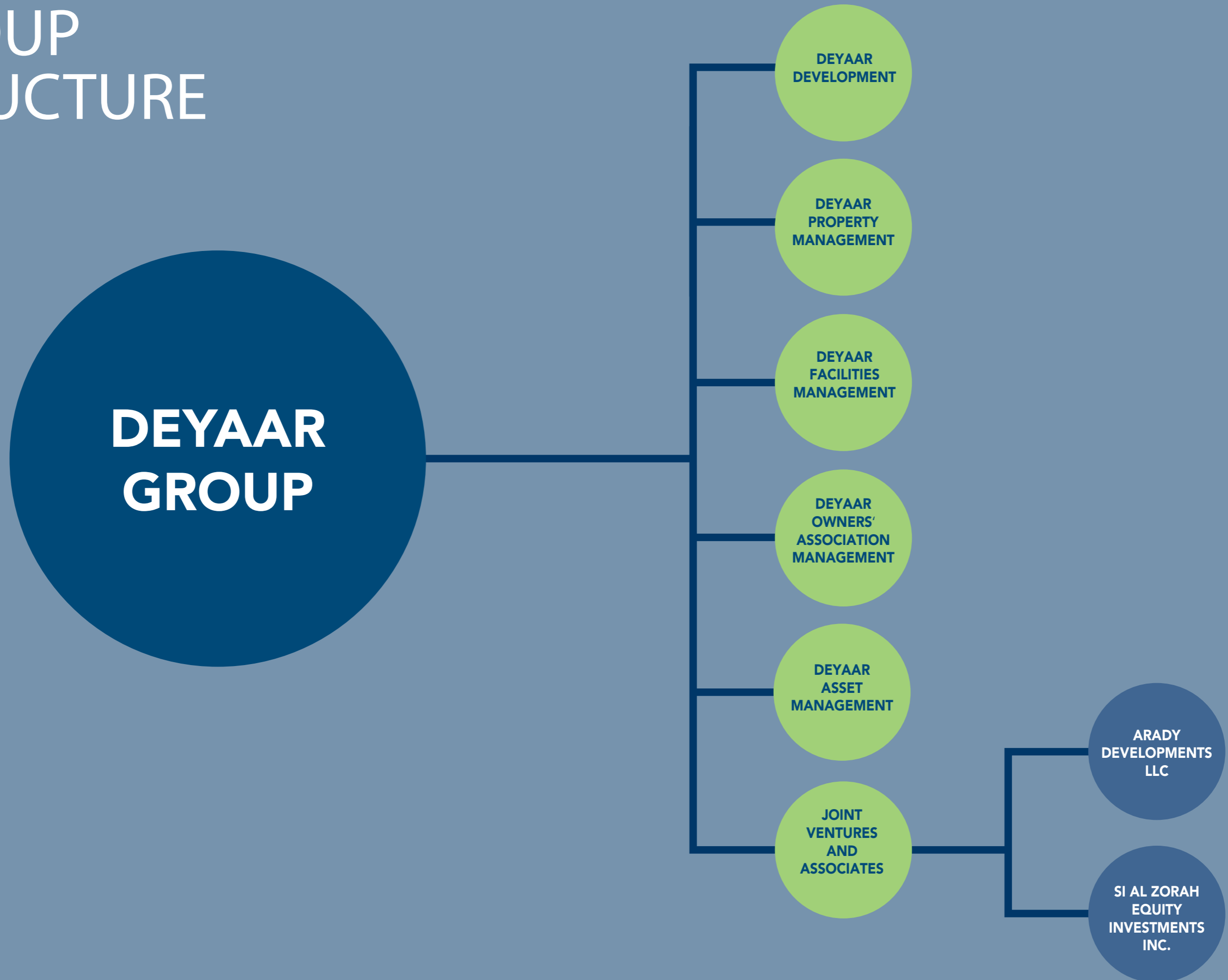
Deyaar milestones of 2016

- o Deyaar launched 'Dania District', the second Phase of Midtown, which incorporates six residential building, ranging in height from 6 – 16 storeys, and with 579 residential units (of various sizes) in total, covering an area of 971,830 sq ft.
- o Deyaar Development PJSC held a property exhibition on 7 – 8 May 2016, at the Four Seasons Hotel in Worli, Bombay, India. The company hosted hundreds of India's real estate investors, aiming to encourage them to invest in Dubai's real estate sector.
- o Deyaar Development PJSC announced the details of its strategic partnership with 'Ascioglu', Turkey's leading real estate company; accordingly, will managed the sale of residential units exclusively in one of the 'Dania District' towers to Turkish investors who want to invest in the Emirati real estate market.
- o The Company signed an MoU with the Dubai Cares to build a primary school in rural Senegal, to give community members the opportunity of benefiting from educational facilities. This school is the second project Deyaar supports as part of Dubai Cares' Adopt a School initiative.
- o Deyaar Development PJSC develops its Facilities Management Division to become a separate company. Deyaar Facilities Management will build on the recent growth and success of the division with a new strategic vision and management. The company remains wholly owned by Deyaar, and complements Deyaar's Property Development, Property Management and Owners Association divisions, providing expert real estate service solutions to meet the needs of property owners.
- o Deyaar started working on its new development project in Al Barsha. It will have total of 408 units, including 299 hotel rooms, of which 15 will be suites, and 109 serviced apartments – a mix of 93 one-bedroom, and 16 two-bedroom units.
- o Deyaar Development has announced a deal with leading global hotel group 'Millennium & Copthorne' to operate three hospitality developments in the city, with a total of 953 units. Deyaar continues to diversify its portfolio by developing a wide-ranging revenue-generating assets with recurring revenue streams.
- o Deyaar Development PJSC showcases its major development projects at an investor roadshow in New Delhi, India.
- o Deyaar Development PJSC launches an incentive offering investors in The Atria residencies to earn a guaranteed 14% return over the first two years.
- o Deyaar announces its participation in the Dubai Property Show in Mumbai for the second year.




**Mr. Abdullah Ali Obaid Al Hamli
Chairman
Deyaar Development PJSC**

GROUP STRUCTURE



MIDTOWN: THE NEW BENCHMARK FOR COMMUNITY LIVING



BUSINESS REVIEW

Property Development

Deyaar's mandate extends beyond conventional real-estate development. It includes providing comprehensive, long-term solutions that enhance the value of property investments. Placing customers at the core of its operations, the company seeks to combine excellence with a vision to create top-quality natural living environments.

Deyaar has developed over 7 million sq/ft of residential, commercial and retail space for sale and lease across major growth corridors in Dubai, including Dubai Marina, DIFC, Business Bay, Jumeirah Lake Towers, Al Barsha First, Dubai Production City, Dubai Science Park, Dubai Silicon Oasis and Barsha Heights. The company's project portfolio includes iconic residential and commercial tower developments such as Central Park, The Burlington and Hamilton Residency.

Deyaar's latest projects include:

- Midtown by Deyaar, a 5.5 million sq/ft (built-up area) community in Dubai Production City
- The Atria, a 1.35 million sq/ft luxury mixed-use twin tower complex in Business Bay
- Mont Rose, a project comprising three towers, a hotel apartment and two residential towers, located in Dubai Science Park
- Deyaar Millennium hotel and serviced apartments in Al Barsha

Property Management

Deyaar's Property Management Division offers customers a wide range of dedicated services such as property inspections and appraisals for landlords, management of tenancy contracts and payments, as well as other legal and administrative services that are available round-the-clock for the upkeep of their building.

The property management team seeks to enhance the customer's overall experience and increase the value of the property by ensuring high occupancy while improving a building's perception and life cycle.

The entity has established a single point of contact to address all landlord requests and facilitate smoother communication, faster

response and reduced overall costs.

Deyaar Property Management handles over 17,000 units across the UAE with over 95% occupancy rate.

Deyaar's property management services include:

- Property inspections and appraisals
- Management of tenancy contracts
- Follow-ups on payments, collections and renewals
- Complete documentation and legal assistance
- Marketing management and operational assistance
- Overall building management
- Handling of other statutory requirements
- Landlord relationship management

Facilities Management

Deyaar's Facilities Management Division has successfully transformed itself into a stand-alone profit centre under Deyaar, making it easy for customers to secure reliable support services that ensure limitless comfort and convenience.

Well-equipped to address all facilities management related issues, the company's in-house & outsourced experts deliver the highest quality services including, but not limited to:

- Total Facilities Management
- On-call maintenance Management
- Interiors & Fit-out services
- Cleaning & Soft services
- HVAC, Plumbing, Carpentry & Masonary Maintenance
- Specialized Services I, (Fire Alarm & Fighting, Elevators, CCTV, Gate barriers)
- Specialized Services II, (Waste Management, Pest Control, Pool, Landscaping services)

Deyaar Facilities Management, in line with its new strategic vision and under its new management is currently managing various projects in all seven emirates.

Owners' Association Management

Deyaar's Owners' Association Management (DOAM) is mandated to ensure the well-being of communities by serving them as a valued management partner. DOAM also aims to protect and enhance the value of assets within managed communities through professional administration, diligent contract supervision and cost control.

Deyaar Owners' Association Management LLC believes and aims to increase the values of property and subsequently help to increase rents by establishing financially stable and socially symphonic communities. DOAM currently manages a portfolio of 6,000 units across 20 communities, including: DIFC, Business Bay, DSO, JLT, IMPZ and Sports City, and oversees all the health and safety, technical, environmental, security, financial, administrative and customer service tasks.

DOAM's team comprises of highly skilled and trained professionals who are certified by internationally recognized Institutes i.e. US-based Community Association Institute (US-CAI), IOSH, NEBOSH, IRCA Approved Auditors.

Besides winning the Etisalat Energy Award in 2015, and being one among the 6 finalists for the reputed Gulf Real Estate Awards for 2017, the highest standards of professional services offered by Deyaar's Owners' Association Management was recognised in 2015 when the Integrated Management System (IMS) was certified by the certification body (BVQI) to meet the requirements of:

- ISO 9001: 2008 (Quality)
- ISO 14001: 2004 (Environment)
- OHSAS 18001: 2007 (Health and Safety Management System)

DOAM's wide array of unrivalled quality management services is not limited to Deyaar properties alone. Community associations in non-Deyaar developments can also benefit from the effective and efficient services as stipulated under the terms of contract. In extending its scope, DOAM seeks to ensure more communities benefit from its unmatched standard of service

Hospitality

In 2014, Deyaar announced its decision to expand its development portfolio beyond commercial and residential properties, with the inclusion of hospitality projects.

The move, which comes as part of Deyaar's strategy to diversify its capabilities in the real estate sector, will be initiated within the Dubai market. In line with its new direction, the company has allotted up to one million square feet for hotel and serviced apartment projects in prime locations in the city in the coming years. These include strategically-located areas such as Business Bay, along Sheikh Zayed Road and areas close to tourist destinations, such as Al Barsha, as well as sites located in close proximity to the proposed venue for the Expo 2020 mega event, along Sheikh Mohammed bin Zayed Road.

Notably, Deyaar's decision to develop hospitality offerings follows a call by Dubai's leadership for greater investment in developing realty solutions to serve the rising tourist footfall to the emirate. With several projects under consideration, the company also aims to establish international collaborations that increase essential value propositions such as quality and credibility.

As part of its commitment to enhance its customers' experience, Deyaar signed a strategic alliance in 2016 with Millennium & Copthorne Hotels MEA, an international hotel management company, to operating three of Deyaar's hospitality projects in the UAE, totaling around 1,000 keys.



MONT ROSE:
HOMES IN ONE
OF DUBAI'S
GREENEST
CORRIDORS

PROJECTS HIGHLIGHTS

The Atria

The Atria, a 1.35 million sq/ft luxury mixed-use twin tower complex, marks Deyaar's foray into the hospitality sector. It follows the company's recent allocation of up to 1 million sq/ft of land for the development of quality hospitality properties in Dubai in the coming years. One tower shall be a 30-floor residential complex with 219 units split into one-bedroom, two-bedroom and three-bedroom apartments, as well as select three-bedroom duplex options and two luxurious four-bedroom penthouses.

The second building will be a 31-floor hotel apartment tower with 347 bespoke apartments, including studios, one-bedroom apartments, two-bedroom apartments, three-bedroom apartments and three-bedroom duplex units, as well as a five-star spa, gym, infinity pool and fine dining restaurants.

The Atria is the first collaborative venture with internationally acclaimed interior designers YOO Studio, founded by property entrepreneur John Hitchcox and Philippe Starck. The company will be responsible for delivering the 'branded residences' differentiator to the project through bespoke design concepts.

The Atria Hotel Apartments will be managed by global hotel operator Millennium & Copthorne Hotels, which owns or operates over 120 hotels worldwide. With almost 40,000 rooms worldwide, and a portfolio of brands serving different market segments, Millennium & Copthorne is committed to a customer-centric philosophy to deliver the highest levels of service. Millennium & Copthorne, Middle East and Africa (MEA), is recognised as one of the fastest-growing hotel management companies in the region. Millennium & Copthorne (MEA) operates 26 hotels and aims to have 100 properties by 2020.

Deyaar Development sold out all residential units of The Atria in Business Bay within hours of offering them to the market, recording AED 500 million.

In February 2017 the project was 65% complete with forecast final completion in Q4 of 2017.

Mont Rose

Mont Rose is a project which comprises three towers - a hotel apartment and two residential towers. The project is located in Dubai Science Park at the extension of Umm Suqeim towards Sheikh Mohammed bin Zayed Road, the development is a five-minute drive from the Mall of the Emirates adjacent to the Miracle Garden as well as the newly opened My City Center Al Barsha and 20 minutes away from The Dubai Mall.

Each of the towers comprises three basement levels and 19 stories. The two residential towers feature 146 one-bedroom, 144 two-bedroom and 7 three-bedroom apartments. The hotel apartment tower

has been designed to offer 126 studios, as well as 72 one-bedroom. Deyaar has successfully sold a majority of the residential units at Mont Rose, which are scheduled to be delivered in Q3 2017.

In December 2016, Deyaar reached an approximate 56 percent completion of this project.

Midtown

Midtown has a built-up area of 5.5 million sq/ft. The family-friendly community development will include 27 buildings. All of them will share a one-level podium covering retail, parking and essential services.

The development is located in Dubai Production City, which has many local amenities and is situated less than 5 minutes from the heart of "The race to Dubai" the world richest golf competition. Additionally, providing excellent transport links to Dubai international airport, Dubai Mall, Mall of Emirates and Al Maktoum international Airport of Dubai 2020.

In April 2016, Deyaar announced the launch of the Dania District, the second phase of Midtown development. The District includes six residential buildings, comprising 579 apartment units of varying sizes. The first phase of the project - Afran District - was launched in August 2015, including seven residential buildings comprising a 659 apartment units of varying sizes.

The enabling work in both phases of the Midtown project has been completed and the main contractor has been appointed to commence the construction work.

Deyaar Millennium hotel and serviced apartments, Al Barsha

In August, 2016, Deyaar announced that work is underway on its latest development project situated close to Mall of the Emirates in Al Barsha. The hotel and serviced apartment development, with a total plot size of 70,800 sq/ft, is expected to be completed by 2018.

The hotel will have 408 units, including 299 hotel rooms, of which 15 will be suites, in addition to 109 serviced apartments - a mix of 93 one-bed and 16 two-bed apartments. The complex will have a host of facilities and amenities for leisure and business travellers including restaurants, a business centre, meeting room, swimming pools and a spa, a gym and children's play area. There will be leisure facilities dedicated for men and women, including a separate pool for the ladies, and restaurant options to cater for the growing numbers of visitors with a preference for Sharia-friendly accommodation. The property will tap into the increasing demand for hotel and serviced apartment accommodation by providing quality facilities close to Mall of the Emirates and Metro Stations.

JOINT VENTURES AND ASSOCIATES

JOINT VENTURES

Central Park

Arady Developments is a limited liability company established as a partnership between Dubai Properties Group and Deyaar Development PJSC.

In February last year, Arady announced the handover date for the residential units of the 48 storey residential tower located at its iconic Central Park mixed-use development in Dubai International Financial Centre (DIFC). Later in May, Arady Developments appointed Colliers International, a global leader in commercial real estate services, to oversee onsite leasing and property management of the development, and commenced the leasing of commercial and retail spaces at its Central Park development.

Located in a prime residential area in close proximity to attractions in Downtown Dubai, and well-connected to the proposed venue for Expo 2020, the 1.57 million square feet Central Park project is insightfully conceptualised to reflect the upscale lifestyle and enterprising spirit of its residents.

ASSOCIATES

Al Zorah

Al Zorah is a premier mixed-use development in Ajman, and a refined coastal destination with a rich existing ecosystem. The goal is to create a bustling seaside community, a nurturing place to live, work, and play.

Al Zorah is only a 25-minute drive from Dubai International Airport and 20 minutes from Sharjah International Airport. Al Zorah's natural beauty establishes the foundations for an eco-friendly lifestyle with 60% of the land area devoted to protected mangroves and public space. The development will include world-class hotels and resorts, residences, commercial space, leisure facilities, and an 18-hole golf course set in a natural environment of sandy areas and mangroves and it is divided in five neighborhoods: The Shores, The Avenues, The Coves, The Fairways, and The Gates.

MILESTONES 2016

JANUARY

Announced strong results for the year ending 31 December 2015, with a consolidated net profit of AED 291.4 million



MARCH

Announced Dania District, the second phase of Midtown - the integrated serviced community in International Media Production Zone

APRIL

Announced AED 51.03 million in net profits for the Q1 financial results, keeping the company on a steady growth trajectory across development and differentiated services



Visited Mumbai, India, as part of a roadshow to showcase two key residential projects, Midtown and Ruby Residence. Signed an agreement with Aşçıoğlu to generate interest in Midtown from Turkish investors

MAY



JULY

- Agreement signed with Dubai Cares to build a primary school in rural Senegal, benefiting around 150 children at any one time
- Announced a net profit of AED 111 million in the first six months of the year, owing to strong revenue growth from key projects such as Mont Rose and The Atria

SEPTEMBER

- Used Cityscape Global 2016, the flagship real estate industry event, to showcase key projects, including Midtown, The Atria and Mont Rose, as part of the company's wide-ranging development portfolio.
- Announced an alliance with global hotel brand Millennium & Copthorne to operate three hospitality developments, with 953 units



AUGUST

- Work began on a hotel and serviced apartment development in Al Barsha, near Mall of the Emirates, with 299 hotel rooms and 109 serviced apartments
- Deyaar's Facilities Management Division successfully transitioned to a stand-alone company

OCTOBER

- Visited New Delhi, India, to showcase Midtown, Mont Rose and Ruby Residence as part of efforts to target the growing number of Indian investors buying property in the UAE.
- Reported revenues of AED 261 million for the first nine months of the year - an 85 per cent rise on the same period in 2015

NOVEMBER

Deyaar Facilities Management and Deyaar Owners Association Management each awarded three ISO certificates in quality management system; environmental management system; and occupational health and safety management system



DECEMBER

With Indians topping the list of global real estate investors in the UAE, Deyaar travelled to the Dubai Property Show in Mumbai to showcase The Atria, Midtown, Mont Rose and Ruby Residence



FINANCIAL HIGHLIGHTS

2016 FINANCIAL HIGHLIGHTS

Consolidated
net profit of

AED

216.1
MILLION

during 2016

Agreement signed with
Millennium & Copthorne
to manage three
hospitality projects

Launched

**DANIA
DISTRICT**

in

MIDTOWN
development

**MONT ROSE
&
THE ATRIA**

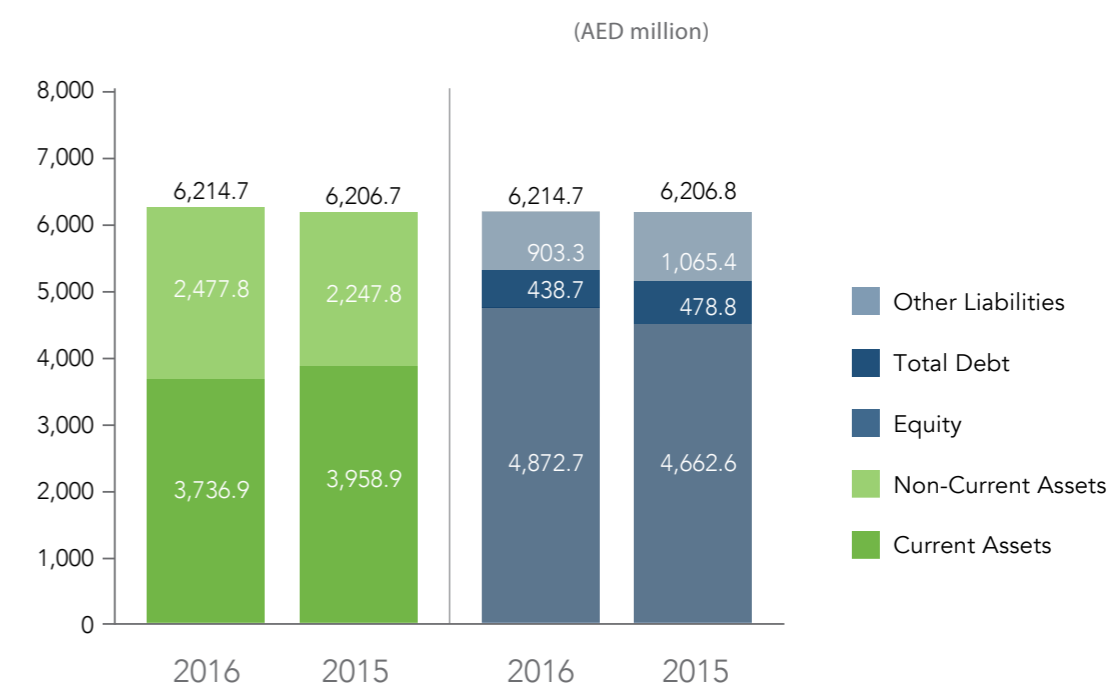
Completion

In Q3 & Q4 of 2017

FINANCIAL HIGHLIGHTS: 2016/2015

	(AED million)	
	2016	2015
P&L		
Gross Revenue	428.26	257.10
Net Profit	216.15	291.35
Balance Sheet		
Total Assets	6,214.7	6,206.8
Total Liabilities	1,342.1	1,544.2
Total Equity (Net Assets)	4,872.7	4,662.6
Total Debt	438.7	478.8
Cash and Bank Balances	647.2	823.3
Issued Share Capital	5,778.0	5,778.0
Profitability Ratios		
ROE	4.4%	6.2%
ROA	3.5%	4.7%
Net Profit Ratio	50.5%	113.3%
EPS in Fils	3.74	5.04
Balance Sheet Ratios		
Debt Equity Ratio	9.0%	10.3%
Cash to Total Assets	10.4%	13.3%
Net Asset Value Per Share (AED)	0.84	0.81

BALANCE SHEET: 2016/2015



BUSINESS LINE REVENUE 2016/2015

2016

72%
Project and Property
Development

10%
Property Management

9%
Facility Management

1%
Association Management

8%
Leasing



2015

58%
Project and Property
Development

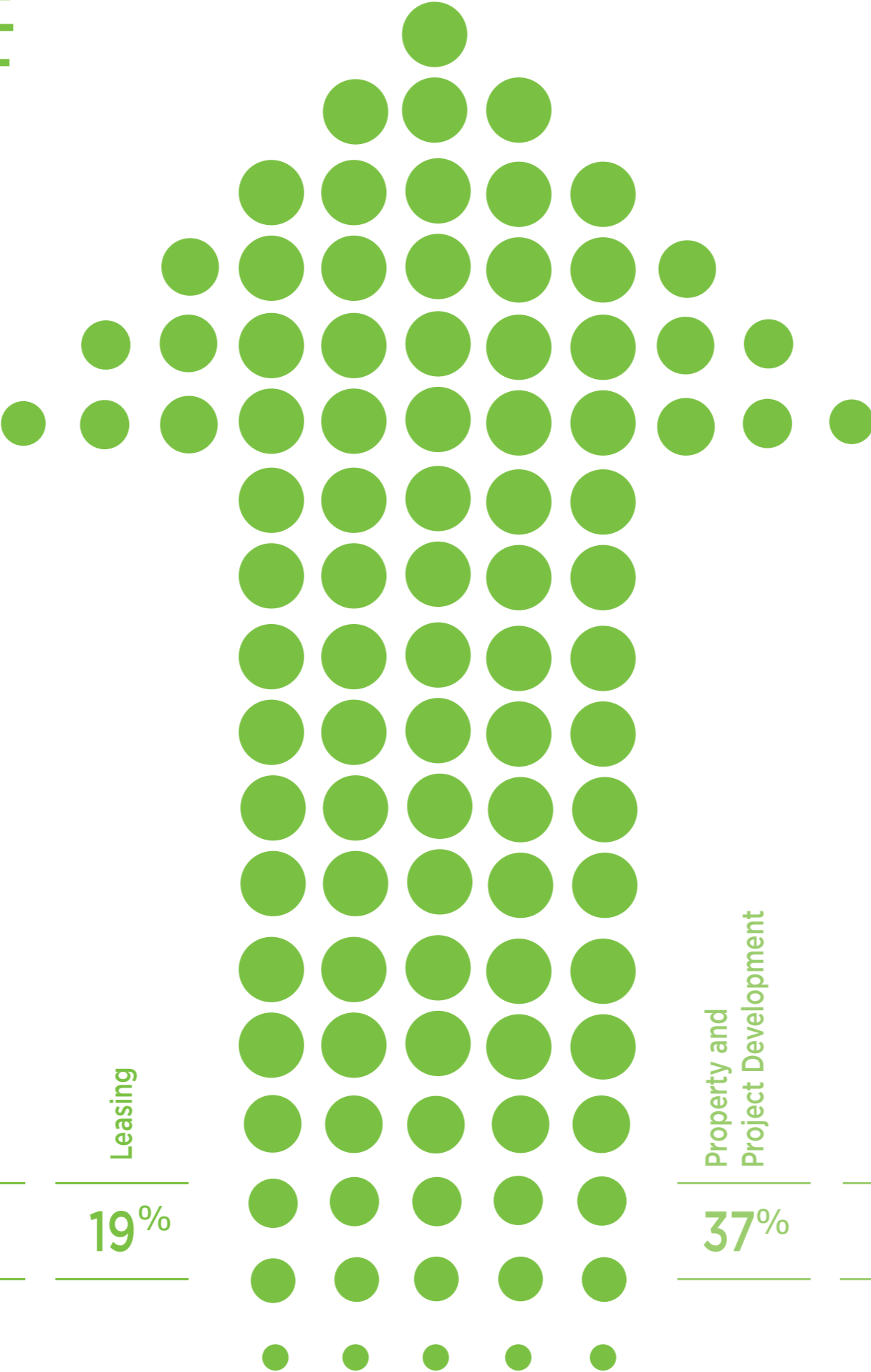
15%
Property Management

12%
Facility Management

2%
Association Management

13%
Leasing

BUSINESS LINE GROSS PROFIT 2016/2015



2016

2015

Property and Project Development	Property Management	Facility Management	Association Management	Leasing
44%	26%	8%	3%	19%

Property and Project Development	Property Management	Facility Management	Association Management	Leasing
37%	29%	8%	5%	22%

DIRECTORS' REPORT

The directors submit their report together with the audited consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2016.

Principal activities

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, brokering, facility and property management services.

Financial results

Revenue of the Group for the year 2016 is AED 428 million (2015: AED 257 million) and net profit amounted to AED 216 million (2015: AED 291 million).

Directors

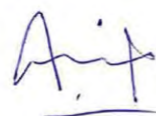
The Board of Directors comprised of:

Abdulla Ali Obaid Al Hamli	Chairman
Abdullah Ibrahim Lootah	Vice Chairman
Khalifa Suhail Al Zaffin	Director
Mohamed Al Sharif	Director
Dr. Adnan Chilwan	Director
Obaid Nasser Lootah	Director
Mohamed Al Nahdi	Director
Saif Al Yarabi	Director
Yasser Al Falasi	Director

Auditors

The financial statements for the year ended 31 December 2016 have been audited by M/s. KPMG, who were appointed as auditors of the Company at the Annual General Meeting held on 28 March 2016.

On behalf of the Board,



.....
Mr. Abdullah Ali Obaid Al Hamli
Chairman

28 February 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Deyaar Development PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for opinion

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT 31 DECEMBER 2016

Key audit matter

Valuation of properties held for development and sale

Refer to note 9 of the consolidated financial statements

The Group holds properties for development and sales of AED 1,290 million, which comprise of completed residential and commercial properties (AED 254 million), land held for mixed-use development (AED 425 million) and development work in progress (AED 611 million).

The net realisable value of property held for development and sale is determined by management based on their internal assessment by taking into consideration available internal as well as comparable market data adjusted for property specific characteristic. Key inputs used by management in their valuation exercise included future projected cash flows and current market rent, which are influenced by the prevailing market forces and the specific characteristics of each property in the portfolio.

In addition, when deemed necessary, the Group also uses a professionally qualified external valuers to fair value the Group's portfolio of properties held for development and sale. The valuers perform their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards and have considerable experience in the markets in which the Group operates.

The estimation of property cost and net realisable value is a complex process as a change in the Group's forecast estimate of sales price and construction cost could have a material impact on the carrying value of properties held for development and sales in the Group's financial statements.

How our audit addressed the key audit matter

- We assessed the appropriateness of the valuation methodologies, assumptions, critical judgement areas and estimates used by management in the internal valuation process.
- We undertook discussions with the management and external valuer and evaluated underlying assumptions used with the assistance of market data, where available and applicable;
- We tested the appropriateness of key inputs used in the valuation of property held for development and sale;
- For commercial and residential properties held for sale, we benchmarked the key assumptions used by management to external industry data and comparable property transactions, particularly the sales price;
- We assessed the rationale for changes in the key inputs, estimates and assumptions from the previous period;
- We evaluated the competence, objectivity and independence of the external property valuer, and the experience of the management personnel included in the valuation process; and
- Based on the outcome of our evaluation we assessed the adequacy of disclosures in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT 31 DECEMBER 2016

Key audit matter

Valuation of investment properties

Refer to note 6 of the consolidated financial statements

The investment property portfolio is valued at AED 330.7 million. The net fair value gain recorded in the consolidated statement of profit or loss amounts to AED 75.5 million.

The Group performs an internal valuation to determine the fair value of some of its investment properties and also engages a professionally qualified external valuers to fair value 74% of its investment property portfolio.

The valuers performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. The fair value definition as per RICS Valuation Standards, adopted by the external valuers, complies with the fair value definition under IFRS.

The property portfolio valued by management is valued by using discounted cashflows. Key inputs into the valuation process are discount rates, yield rates and contracted lease rent and forecasted operating expenses, which are influenced by prevailing market forces and the specific characteristics, such as property location, income return, growth rate and occupancy rate, of each property in the portfolio.

The valuation of the portfolio is a significant judgment area and is underpinned by a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any error in determining the fair value, could have a material impact on the value of the Group's investment properties and the fair value gain or loss recognized in respect of these investment properties.

How our audit addressed the key audit matter

For properties valued by an external valuer, we have performed the following procedures:

- We assessed the competence, independence and integrity of the external valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- We obtained the external valuation reports for all properties valued by the valuers and assessed the valuation approach used by the valuer in determining the fair value of the properties;
- We have also tested whether property specific data supplied to the external valuers by management reflected the underlying property records;
- We met the external valuers of the portfolio to discuss the results of their work. We discussed and evaluated the valuation process, overall performance of the portfolio and the significant assumptions used in the valuation; and
- Based on the outcome of our evaluation we assessed the adequacy of the disclosure in the consolidated financial statements.

For properties internally valued by management, we have performed the following procedures:

- We evaluated the significant assumptions used by management in their valuation process which includes expected rental values, forecast yields, occupancy rates and discount rate. We corroborated these assumptions by reference to lease agreements, published indices, and comparable market data available;
- We have assessed the key inputs and assumptions in the valuation model and sensitivities to key factors;
- We have also assessed the rationale for changes in the key inputs, estimates and assumptions from the previous period; and
- Based on the outcome of our evaluation we assessed the adequacy of the disclosure in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT 31 DECEMBER 2016

Key audit matter

Impairment of investment in joint ventures and associates ("equity accounted investees")

Refer to note 7 of the consolidated financial statements

The carrying value of the Group's investment in joint venture and investment in associate is AED 885.7 million and AED 370.3 million respectively.

The carrying value and recoverable amount of Group's investment in equity accounted investees is dependent on the intrinsic value of the underlying investment in these equity accounted investees.

To assess whether an impairment exists in the carrying value of the Group's investment in equity accounted investees, management is required to assess the value of the property portfolio held by equity accounted investees whether classified as property held for development and sale or investment properties.

The Group performs an internal valuation to determine the fair value of property portfolio held by equity accounted investees and, when deemed necessary, also engages professionally qualified external valuers to determine the fair value of property portfolio of equity accounted investees.

Impairment of investment in equity accounted investees is an area that involves significant management judgment and requires an assessment as to whether the carrying value of the investment in equity accounted investees can be supported by the carrying value of the assets held by equity accounted investees. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions.

Due to the significance of the carrying value of the investment in equity accounted investees in the Group's financial statements and the inherent uncertainties associated with estimating future cash flows and the appropriate discount rates, the impairment of investment in equity accounted investees is a key audit matter.

How our audit addressed the key audit matter

To evaluate the management's assessment of recoverability of its investment in equity accounted investees, we have performed the following procedures:

- We assessed the Group's controls over evaluating the methodologies, inputs and assumptions used by the Group in determining fair values;
- On a sample basis, we tested the pricing inputs used into valuation models;
- We assessed key inputs and assumptions used in the valuation models and their sensitivities to key factors;
- We assessed the rationale for changes in the key inputs, estimates and assumptions from the previous period;
- Based on the price assessment reports obtained from independent valuers, we assessed the significant unobservable valuation inputs and discussed these with valuers and critically assessed the assumptions and estimates used; and
- Based on the outcome of our evaluation we assessed the adequacy of the disclosure in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

31 DECEMBER 2016

Key audit matter

Recoverability of amounts due from related parties

Refer to note 11 of the consolidated financial statements.

The carrying amount of group's amount due from related parties is AED 1,956 million against which a provision for bad and doubtful debt of AED 1.5 million has been recognized.

A provision for impairment against amount due from related parties is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying value of the amount due from related parties may not be reflective of its recoverable amount, as at the reporting date. Determination of the recoverable amount incorporates significant judgments based on various assumptions.

There continues to be a significant risk over recoverability of amounts due from related party, and the risk of financial loss to the Company if the related party fails to meet its contractual obligations. Therefore, recoverability of amounts due from related parties is deemed as a key audit matter.

How our audit addressed the key audit matter

- We analysed balances due from related parties for which no provision was created against by the Group to determine whether there were any indicators of impairment;
 - We obtained balance confirmations from related parties and assessed the terms and conditions of their settlement, as applicable;
- and
- We assessed whether appropriate disclosures have been made in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

31 DECEMBER 2016

Other information

Management is responsible for the other information. Other information consists of the information included in the Group's 2016 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Group's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's 2016 Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

INDEPENDENT AUDITORS' REPORT

31 DECEMBER 2016

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 35 to the consolidated financial statements, the Group has not purchased any shares during the financial year ended 31 December 2016;
- vi) note 11 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 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.

KPMG Lower Gulf Limited.



Vijendra Nath Malhotra
Registration No.: 48
Dubai, United Arab Emirates

28 February 2017



CONSOLIDATED STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

At 31 December

	Notes	2016 AED'000	2015 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	343,955	264,927
Investment properties	6	330,669	253,556
Investments in joint ventures and associate	7	1,256,016	1,181,640
Properties held for development and sale	9	333,482	313,543
Trade and other receivables	10	141,128	158,620
Long term fixed deposits	12	50,377	51,650
Available-for-sale financial assets	8	22,186	23,893
		2,477,813	2,247,829
Current assets			
Properties held for development and sale	9	956,747	998,897
Inventories		2,171	2,227
Trade and other receivables	10	176,379	183,152
Due from related parties	11	1,954,449	1,951,333
Cash and bank balances	12	647,171	823,340
		3,736,917	3,958,949
Total assets		6,214,730	6,206,778
EQUITY			
Share capital	13	5,778,000	5,778,000
Legal reserve	14	264,144	242,529
Available for sale fair valuation reserve	8	2,851	4,558
Accumulated losses		(1,172,327)	(1,362,534)
Total equity		4,872,668	4,662,553
LIABILITIES			
Non-current liabilities			
Borrowings	15	343,046	342,308
Advances from customers	16	54,052	12,087
Retentions payable	18	27,874	10,368
Provision for employees' end of service benefits	19	12,892	10,990
		437,864	375,753
Current liabilities			
Borrowings	15	95,633	136,540
Advances from customers	16	52,344	163,061
Trade and other payables	17	736,767	771,392
Retentions payable	18	1,155	17,499
Provision for claims	25	6,000	65,967
Due to related parties	11	12,299	14,013
		904,198	1,168,472
Total liabilities		1,342,062	1,544,225
Total equity and liabilities		6,214,730	6,206,778

These consolidated financial statements were approved by the Board of Directors on 28 February 2017 and signed on its behalf by:

Abdullah Ali Obaid Al Hamli
Chairman

Saeed Al Qatami
Chief Executive Officer

The notes on pages 61 to 93 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 46 to 52.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

Year ended 31 December

	Note	2016 AED'000	2015 AED'000
Revenue	20	428,260	257,102
Direct / operating costs	21	(268,802)	(124,485)
Other operating income	22	55,244	15,169
General and administrative expenses	23	(141,718)	(158,200)
Provision for claims	25	(4,630)	(22,220)
Write back of provision for impairment against advance for purchase of properties	26	6,144	157,877
Write back of provision for impairment of investment in an associate	7	68,884	-
Gain from fair valuation adjustment on investment properties	6	75,492	16,176
Operating profit		218,874	141,419
Finance cost	27	(19,485)	(26,775)
Finance income	27	11,264	9,892
Finance cost, net		(8,221)	(16,883)
Share of results from joint ventures and associate	7	5,492	166,818
Profit for the year		216,145	291,354
Profit attributable to:			
Equity holders of the Company		216,145	291,354
		216,145	291,354
Earning per share attributable to the equity holders of the Company during the year - basic and diluted	28	Fils 3.74	Fils 5.04

The notes on pages 61 to 93 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 46 to 52.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

Year ended 31 December

	Note	2016 AED'000	2015 AED'000
Profit for the year		216,145	291,354
Other comprehensive income from items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale financial assets	8	(1,707)	(948)
Other comprehensive income for the year		(1,707)	(948)
Total comprehensive income for the year		214,438	290,406
Attributable to:			
Equity holders of the Company		214,438	290,406
Total comprehensive income for the year		214,438	290,406

The notes on pages 61 to 93 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 46 to 52.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital AED'000	Legal Reserve AED'000	Available for Sale Fair Valuation Reserve AED'000	Accumulated Losses AED'000	Total Equity AED'000
Balance at 1 January 2015, as previously reported	5,778,000	213,394	5,506	(1,623,836)	4,373,064
Effect of change in accounting policy (Note 2.3)	-	-	-	(917)	(917)
Balance at 1 January 2015 (restated)	5,778,000	213,394	5,506	(1,624,753)	4,372,147
Total comprehensive income for the year					
Profit for the year	-	-	-	291,354	291,354
Other comprehensive income	-	-	(948)	-	(948)
Total comprehensive income for the year	-	-	(948)	291,354	290,406
Transfer to legal reserve	-	29,135	-	(29,135)	-
Balance at 31 December 2015	5,778,000	242,529	4,558	(1,362,534)	4,662,553
Balance at 1 January 2016	5,778,000	242,529	4,558	(1,362,534)	4,662,553
Total comprehensive income for the year					
Net profit for the year	-	-	-	216,145	216,145
Other comprehensive income	-	-	(1,707)	-	(1,707)
Total comprehensive income for the year	-	-	(1,707)	216,145	214,438
Transfer to legal reserve	-	21,615	-	(21,615)	-
Board of Directors' remuneration	-	-	-	(4,323)	(4,323)
Balance at 31 December 2016	5,778,000	264,144	2,851	(1,172,327)	4,872,668

The notes on pages 61 to 93 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

Year ended 31 December

	Note	2016 AED'000	2015 AED'000
Cash flows from operating activities			
Net cash (used in) / generated from operating activities	29	(65,892)	47,374
Cash flows from investing activities			
Purchase of property and equipment		(62,977)	(25,703)
Additions to investment properties	6	(848)	(3,362)
Movement in term deposits with an original maturity of more than three months		231,274	186,909
Finance income received on deposits		10,887	8,668
Net cash generated from investing activities		178,336	166,512
Cash flows from financing activities			
Net movement in borrowings		(40,169)	(171,314)
Finance cost paid		(18,443)	(28,524)
Net cash used in financing activities		(58,612)	(199,838)
Increase in cash and cash equivalents			
Cash and cash equivalents, beginning of the year		453,340	439,292
Cash and cash equivalents, end of the year	12	507,172	453,340

The notes on pages 61 to 93 form an integral part of these consolidated financial statements.
The independent auditors' report on audit of consolidated financial statement is set out on pages 46 to 52.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 Legal status and activities

Deyaar Development PJSC (the "Company") was incorporated and registered as a Public Joint Stock Company in the Emirate of Dubai, UAE on 10 July 2007. The registered address of the Company is P. O. Box 30833, Dubai, United Arab Emirates ("UAE"). The Company is listed on Dubai Financial market.

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, brokering, facility and property management services.

In the current year, the Company has incorporated a new subsidiary, Deyaar Parking Management LLC, to carry out car park rental and management activities. Refer note 34.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements present the financial position and results of the operations and cash flows of the Company and its subsidiaries (together, "the Group") and the Group's interest in its equity accounted investees (Note 34).

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the requirements of UAE Federal Law No. (2) of 2015.

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. Companies are allowed to

ensure compliance with the new UAE Companies Law of 2015 by 30 June 2017 as per the transitional provisions contained therein.

The consolidated financial statements have been prepared on the historical cost convention basis except for investment properties and available-for-sale financial assets which are stated at fair values.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted. Except for the early adoption of IFRS 15 as mentioned in Note 2.3, the other new standards and amendments have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group have been set out below.

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 financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition 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 Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 16 Leases (2016)

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements:

- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Annual Improvements to IFRSs 2012-2014 Cycle – various standards.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).
- Disclosure Initiative (Amendments to IAS 1).

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Eliminations on consolidation

Material inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method

of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associate includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Joint ventures

The Group's interests in jointly controlled entities are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses and movements in other

comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures. The Group's investment in joint venture includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Change in accounting policy - Early adoption of IFRS 15 in 2015

Except for the early adoption of IFRS 15 in the previous year and the corresponding changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers was issued in May 2014 and is effective from annual periods commencing on or after 1 January 2018 either based on a full retrospective or modified application, with early adoption permitted. IFRS 15 replaces existing revenue recognition guidance and outlines a single comprehensive model of accounting for revenue arising from contracts with customers that is based on transfer of control. Under IFRS 15, revenue

is recognised at an amount that reflects the consideration to which an entity is entitled in exchange for transferring goods or services to a customer.

The Group had reviewed the impact of IFRS 15 and accordingly elected to early adopt IFRS 15 with effect from 1 January 2015, as the Group considered it to be a better reflection of the business performance of the Group. The Group had applied IFRS 15 using the cumulative effect method i.e., by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as at 1 January 2015.

The details and the quantitative impact of the change in accounting policy is as follows:

Revenue from sale of properties

The Group previously recognised revenue for sale of properties in the consolidated statement of profit or loss when the risks

and rewards of ownership were transferred to the buyer. The significant risks and rewards were deemed to be transferred when the title deed was registered in the name of the buyer or in certain circumstances when equitable interest in the property vest with the buyer before legal title passes. Upon early adoption of IFRS 15, revenue is recognised as and when the performance obligation of the Group is satisfied. Also, refer note 2.20.

Sales commission

The Group previously recognised sales commission related to sale of properties as selling expenses when these were incurred. Under IFRS 15, the Group capitalises those commission fees as costs of obtaining a contract when they are incremental and amortises them consistently with the pattern of revenue for the related contract. If the expected amortization period is one year or less, then the commission fee is expensed when incurred.

Impacts on consolidated financial statements

The details of adjustments to the accumulated losses and other account balances as at 1 January 2015 are detailed below:

Consolidated statement of financial position

	31 December 2015 AED'000 (As previously reported)	Adjustments/ Reclassifications AED'000	1 January 2015 AED'000 (Restated)
Assets			
Trade and other receivables	259,613	57,411	317,024
Properties held for sale and development	1,403,134	(177,684)	1,225,450
Investments in joint ventures and associates	1,032,579	(17,757)	1,014,822
	2,695,326	(138,030)	2,557,296
Liabilities			
Trade and other payables	660,415	4,504	664,919
Advances from customers	288,285	(141,617)	146,668
	948,700	(137,113)	811,587
Equity			
Accumulated losses	(1,623,836)	(917)	(1,624,753)

Impacts on consolidated financial statements

Impact of early adopting IFRS 15 on the consolidated financial statements of the Group for the year ended 31 December 2015 was as follows:

i. Consolidated statement of profit or loss

	As per IFRS 15 AED'000	As per Old Policy AED'000	Impact due to Change AED'000
Year ended 31 December 2015			
Revenue	257,102	290,138	(33,036)
Direct/operating costs	124,485	177,261	(52,776)
Share of results from joint ventures and associates	166,818	153,786	13,032
Profit for the year	291,354	258,582	32,772
Earnings per share attributable to the equity holders of the Company – basic and diluted	Fils 5.04	Fils 4.48	Fils 0.56

ii. Consolidated statement of profit or loss and other comprehensive income

	As per IFRS 15 AED'000	As per Old Policy AED'000	Impact due to Change AED'000
Year ended 31 December 2015			
Profit for the year	291,354	258,582	32,772
Total comprehensive income for the year	290,406	257,634	32,772

iii. Consolidated statement of financial position

	As per IFRS 15 AED'000	As per Old Policy AED'000	Impact due to Change AED'000
As at 31 December 2015			
Assets			
Investment in joint ventures and associates	1,181,640	1,186,365	(4,725)
Properties held for development and sale – Non-current	313,543	590,813	(277,270)
Properties held for development and sale – Current	998,897	846,535	152,362
Trade and other receivables – Non-current	5,165	5,165	-
Trade and other receivables – Current	336,607	297,680	38,927
	2,835,852	2,926,558	(90,706)
Liabilities			
Trade and other payables	771,392	766,888	4,504
Advance from customers - Non-current	12,087	161,428	(149,341)
Advance from customers – Current	163,061	140,785	22,276
	946,540	1,069,101	(122,561)
Equity			
Accumulated losses	(1,362,534)	(1,394,389)	31,855

iv. Consolidated statement of cash flows

Year ended 31 December 2015

Cash flows from operating activities

Profit for the year	291,354	258,582	32,772
Share of results from associates and joint ventures	(166,818)	(153,786)	(13,032)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	(10,262)	(30,002)	19,740
Changes in working capital:			
Properties held for development and sale net of project cost	15,412	68,188	(52,776)
Trade and other receivables	(22,491)	(40,975)	18,484
Advances from customers	117,710	103,158	14,552

	As per IFRS 15 AED'000	As per Old Policy AED'000	Impact due to Change AED'000
Profit for the year	291,354	258,582	32,772
Share of results from associates and joint ventures	(166,818)	(153,786)	(13,032)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	(10,262)	(30,002)	19,740
Changes in working capital:			
Properties held for development and sale net of project cost	15,412	68,188	(52,776)
Trade and other receivables	(22,491)	(40,975)	18,484
Advances from customers	117,710	103,158	14,552

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other operating income or expense".

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and the Group's presentation currency.

(c) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised within "other income or expense" in the consolidated statement of profit or loss.

Capital work-in-progress is stated at cost and includes property that is being developed for future use. When commissioned, capital work-in-progress is transferred to the respective category, and depreciated in accordance with the Group's policy.

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. 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 the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of assets	Years
Buildings	20
Leasehold improvements	4
Furniture and fixtures	4 - 5
Office equipment	4
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down

2.7 Investment property

Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.

Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standard No. 40 "Investment Property". Any gain or loss arising from a change in fair value is recognised in the profit or loss.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as development property during the redevelopment as an investment property.

Transfer from properties held for sale to investment properties

Certain properties held for sale are transferred to investment properties when those properties are either released for

rental or for capital appreciation or both. The properties held for sale are transferred to investment properties at fair value on the date of transfer and gain arising on transfer is recognised in profit or loss. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties. Any gain arising on this remeasurement of the specific property is recognised in profit or loss.

Transfer from investment properties to properties held for sale

Properties are transferred from investment properties to properties held for development and sale when there is a change in intention to use the property. Such transfers are made at the fair value of the properties at the date of transfer and gain arising on transfer is recognised in statement of profit or loss. Subsequent to initial measurement, such properties are valued at cost in accordance with the measurement policy for properties held for development and sale.

Transfer from investment properties to owner-occupied property

If an investment property becomes owner-occupied property, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Sale of investment properties

Certain investment properties are sold in the ordinary course of business. No revenue and direct / operating costs are recognised for sale of investment properties. Any gain or loss on disposal of sale of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount) is recognised in the consolidated statement of profit or loss.

2.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, other than investment property, to determine whether there is any indication

of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the profit or loss.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the categories set out below. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Loans and receivables are classified as trade and other receivables, due from related parties, and cash and bank balances (Notes 10, 11 and 12) in the financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale financial assets are subsequently carried at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income. Dividends on available-for-sale financial assets are recognised in the profit or loss as part of other income when the Group's right to receive payments is established.

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

2.11 Properties held for development and sale

Land and buildings identified as held for sale, including buildings under

construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct / operating costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at bank, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Employee benefits

(a) End of service benefits to non-UAE nationals

The provision for staff terminal benefits is based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

(b) Pension and social security policy within the U.A.E

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law.

2.15 Advances from customers

Instalments received from buyers, for properties sold or services performed, prior to meeting the revenue recognition criteria, are recognised as advances from customers. If their settlement, through revenue recognition or refund, is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.18 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to

any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

2.20 Revenue recognition

As a result of early adoption of IFRS 15 with effect from 1 January 2015, the Group has applied the following accounting policy with effect from 1 January 2015 (Note 2.3).

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when the Group transfers control over a product or service to a customer.

(a) Revenue from sale of properties

The Group recognises revenue from sale of properties based on a five step model as set out in IFRS 15:

Step 1

Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2

Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3

Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or service to a customer, excluding amounts collected on behalf of third parties.

Step 4

Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5

Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

(b) Forfeiture income

Forfeiture income is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil to the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, as per the procedures set out by the Dubai Real

Estate Regulatory Authority, the customer continues to default on the contractual terms.

(c) Service revenue

Revenue from services such as property management and facilities management is recognised in the accounting period in which the services are rendered.

(d) Leasing income

Leasing income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) Finance income

Finance income is recognised in the consolidated statement of profit or loss on a time-proportion basis using the effective yield method.

(f) Dividend income

Dividend income is recognised when the right to receive the dividend is established.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.24 Directors' remuneration

Pursuant to Article 169 of the Federal Law No. 2 of 2015 and in accordance with the articles of association of the Company, the Directors shall be entitled for remuneration, which shall not exceed 10% of the net profits after deducting depreciation and the reserves.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management under policies approved by the Board of Directors. Management evaluates financial risks in close co-ordination with the Group's operating units.

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade and other receivables, due from related parties, cash at bank and bank deposits. Trade receivables are made to customers with an appropriate credit history. The Group has no other significant concentrations of credit risk. Bank deposits are limited to high-credit-quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure at the reporting date. The maximum exposure to credit risk at the reporting date was:

	2016 AED'000	2015 AED'000
Long term fixed deposits	50,377	51,650
Trade and other receivables	111,411	102,080
Due from related parties	1,954,449	1,951,333
Bank balances	645,718	821,493
	2,761,955	2,926,556

(a) Market risk

Currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not have any significant exposure to foreign currency risk since the majority of transactions are denominated in AED, US Dollars or other currencies, whereby the AED or other currencies are pegged to the US Dollar.

Price risk

The Group is exposed to equity securities price risk through investments held by the Group and classified as available-for-sale.

Cash flow and fair value interest rate risk

The Group has an insignificant interest rate risk arising from interest bearing bank deposits. Bank deposits are placed with banks offering favourable rates. The Group's interest rate risk arises from its interest bearing liabilities.

At 31 December 2016, if profit rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 4.4 million lower/higher (2015: profit for the year would have been AED 5.1 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

(c) **Liquidity risk**

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank

facilities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Amount AED'000	Contractual Cash Flows			
		Contractual Cash Flows AED'000	Within 1 Year AED'000	2 to 5 Years AED'000	More than 5 Years AED'000
As at 31 December 2016					
Islamic finance facilities	438,679	482,747	112,326	351,268	19,153
Trade and other payables	736,767	736,767	736,767	-	-
Retentions payable	29,029	29,029	1,155	27,874	-
Due to related parties	12,299	12,299	12,299	-	-
	1,216,774	1,260,842	862,547	379,142	19,153
As at 31 December 2015					
Islamic finance facilities	478,848	535,211	157,855	317,791	59,565
Trade and other payables	771,392	771,392	771,392	-	-
Retentions payable	27,867	27,867	17,499	10,368	-
Due to related parties	14,013	14,013	14,013	-	-
	1,292,120	1,348,483	960,759	328,159	59,565

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year. Except for complying with certain provisions of the UAE Federal Law No. (2) of 2015, the Group is not subject to any externally imposed capital requirements.

management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised 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 or liabilities.

3.3 Fair value estimation

The Group has an established control framework with respect to the measurement of fair values, and

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2016				
Available-for-sale financial assets	22,186	-	-	22,186
As at 31 December 2015				
Available-for-sale financial assets	23,893	-	-	23,893

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values

4 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Valuation of investment properties**

The Group follows the fair value model under IAS 40 where investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer, who carried out the valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors and the internal valuation by the Group's finance department.

The fair values have been determined by taking into consideration market comparables and / or the discounted cash flows where the Group has on-going lease arrangements. In this regard, the Group's

current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, have been taken into account.

In case where the Group does not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment properties. These values are adjusted for differences in key attributes such as property size.

Management of the Company has reviewed the assumption and methodology used by the independent registered valuer and in their opinion these assumptions and methodology seems reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

(b) **Recoverability of investment in a joint venture and an associate ("equity accounted investees")**

Recoverability of investment in equity accounted investees is an area involving significant management judgement, and requires an assessment as to whether the carrying value of the investment in equity accounted investees can be supported by the carrying value of the assets held by equity accounted investees.

For property portfolio held by equity accounted investees, management

performs an internal valuation to determine the fair value using a valuation technique based on a discounted cash flow model and, when deemed necessary, also engages professionally qualified external valuers to determine the fair value of property portfolio of equity accounted investees.

In calculating the net present value of the future cash flows of properties portfolio of equity accounted investees, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Discount rate based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Growth rate based on a conservative view of the long-term rate of growth.

Management assesses the impairment for property portfolio held by equity accounted investees whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important, which could trigger an impairment review include evidence that no profits or cash flows will be generated from the related asset.

(c) IFRS 15 Revenue from Contracts with Customers

The application of revenue recognition policy in accordance with IFRS 15 has required management to make the following judgements:

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group

and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time and in other cases, revenue is recognised at a point in time.

Determination of transaction prices

The Group is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets, this is generally when the unit has been handed over to the customer.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

5 Property and equipment

	Capital Work in Progress AED'000	Buildings AED'000	Leasehold Improvements AED'000	Furniture and Fixtures AED'000	Office Equipment AED'000	Motor Vehicles AED'000	Total AED'000
Cost							
At 1 January 2015	-	39,743	3,318	7,556	21,086	913	72,616
Transfers (Note 6 and Note 9)	199,891	-	-	-	-	-	199,891
Additions	22,353	-	1,838	270	6,160	-	30,621
Disposals	-	-	-	-	(503)	-	(503)
At 31 December 2015	222,244	39,743	5,156	7,826	26,743	913	302,625
At 1 January 2016	222,244	39,743	5,156	7,826	26,743	913	302,625
Additions	82,288	-	-	432	253	-	82,973
At 31 December 2016	304,532	39,743	5,156	8,258	26,996	913	385,598
Depreciation							
At 1 January 2015	-	5,446	877	7,000	18,953	475	32,751
Charge for the year (Note 23)	-	1,427	2,017	228	1,609	125	5,406
Disposals	-	-	-	-	(459)	-	(459)
At 31 December 2015	-	6,873	2,894	7,228	20,103	600	37,698
At 1 January 2016	-	6,873	2,894	7,228	20,103	600	37,698
Charge for the year (Note 23)	-	2,270	201	66	1,283	125	3,945
At 31 December 2016	-	9,143	3,095	7,294	21,386	725	41,643
Net book value -							
31 December 2016	304,532	30,600	2,061	964	5,610	188	343,955
Net book value -							
31 December 2015	222,244	32,870	2,262	598	6,640	313	264,927

Buildings with a carrying value of AED 18.1 million (2015: AED 19.4 million) are mortgaged under Islamic finance obligations (Note 15).

Capital work-in-progress represents expenditure incurred on properties and development of properties which are intended to be used according to Company's relevant business model.

6 Investment properties

	UAE Office Building AED'000	UAE Parking Spaces AED'000	UAE Stores Units AED'000	UAE Retail Units AED'000	2016 Total AED'000	2015 Total AED'000
Fair value hierarchy	3	3	3	3		
Fair value at 1 January	85,733	-	-	167,823	253,556	329,320
Additions	62	-	-	786	848	3,362
Transfer from properties held for sale (Note 9 and Note i below)	-	-	773	-	773	-
Transfer to property and equipment (Note 5 and Note ii below)	-	-	-	-	-	(95,302)
Net gain from fair value adjustments on investment property	-	66,445	9,938	(891)	75,492	16,176
Fair value at 31 December	85,795	66,445	10,711	167,718	330,669	253,556

i. During the current year, the Company reclassified its portfolio of parking spaces and store units in various buildings from property held for sale to investment properties as a result of change in use of these parking spaces and store units. The parking spaces and store units were reclassified to investment properties at their fair value on the date of transfer based on a fair valuation exercise carried out by an external valuer resulting in a fair value gain of AED 66.45 million and AED 9.93 million respectively. The gain has been recognised in the consolidated statement of profit or loss in accordance with the accounting policy adopted for the measurement of investment properties.

ii. In the previous year, the Company had reclassified a plot of land from investment properties to property and equipment. This property was earlier recognised in the consolidated financial statements of the Company in accordance with the fair value accounting policy adopted for the measurement of investment properties and upon reclassification, the carrying value of the land amounted to AED 95.3 million was deemed to be the cost of the property in accordance with the accounting policy adopted for recognition and measurement of property and equipment. This reclassification was a result of the change in use of this property. Based on the management's assessment of the fair value of the property reclassified, there was no material difference between the carrying value of the plot of land and its fair value on the transfer date and accordingly no gain or loss was recognised in the Company's consolidated profit or loss upon transfer.

Investment property is recognised at fair value and categorised within the level of the fair value hierarchy based on the lowest level input that is significant to fair value measurement in their entirety. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the

asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Direct/operating costs recognised in the consolidated statement of profit or loss include AED 4.1 million (2015: AED 2.7 million) and rental income recognised in consolidated statement of profit or loss includes AED 32.9 million (2015: AED 30.3 million) from investment property (Note 20 and note 21).

Bank borrowings are secured against investment property for the value of AED 131.5 million (2015: AED 80 million) (Note 15).

Valuation processes

Retail units, parking spaces and store units included in the Group's investment properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. Valuation of UAE office building is valued by the Groups' finance department. The Group's finance department includes a team that also reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between management and the independent valuers on a regular basis.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuers.

Information about fair value measurements using significant unobservable inputs (Level 3) are as follows:

Country	Segment	Valuation	Estimate	Range of Inputs	Sensitivity of Management Estimates	
					Impact Lower AED'000	Impact Higher AED'000
UAE	Office building	Income capitalisation	Estimated rental value	AED 95 to AED 210 per sq.ft. per annum	(914)	914
			Discount rate	11.59%	9,067	(11,572)

A change of 100 basis points in management's estimate at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown above.

Valuation techniques underlying management's estimation of fair value:

For office building, the valuation was determined using the income capitalisation method based on following significant unobservable inputs:

Estimated rental value (per sq/ft p.a.)	based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Cash flow discount rate	reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

For retail units, parking spaces and store units, the valuation was determined using the indicative fair values of these investment properties as at 31 December 2016 provided by an independent professionally qualified valuer. The valuer has used sales comparison method to determine the fair values of these assets.

7 Investments in joint ventures and an associate

	Joint Ventures		Associates		Total	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
At 1 January, as previously reported	882,403	740,285	299,237	292,294	1,181,640	1,032,579
Effect of change in accounting policy (Note 2.3)	-	(17,757)	-	-	-	(17,757)
Adjusted balance at 1 January	882,403	722,528	299,237	292,294	1,181,640	1,014,822
Share of profit	3,290	159,875	2,202	6,943	5,492	166,818
Reversal of provision for impairment against investment in an associate (i)	-	-	68,884	-	68,884	-
At 31 December	885,693	882,403	370,323	299,237	1,256,016	1,181,640

- (i) During the current year, the management has written back provision for impairment against investment in associate amounting to AED 68.8 million based on their assessment of the recoverable amount of the Group's share of assets held by the entity in which associate holds an interest. Management's assessment is based on the indicative fair values of the assets after considering the development progress of the project undertaken by the entity.

Investment in an associate

The Group has a 22.72% interest in Solidere International Al Zorah Equity Investments Inc ("Al Zorah"), a company registered in the Cayman Islands. The associate is a holding company investing in companies engaged in property development.

Summarised financial information relating to the Group's share of its associate is as follows:

Name	% Interest Held	Assets AED'000	Liabilities AED'000	Revenue AED'000	Net Profit AED'000
31 December 2016					
Al Zorah	22.72	312,955	(82,551)	6,139	2,202
		312,955	(82,551)	6,139	2,202
31 December 2015					
Al Zorah	22.72	315,059	(84,577)	11,223	6,943
		315,059	(84,577)	11,223	6,943

The Group's share of its associate commitments amounts to AED 46 million (2015: AED 46.5 million).

Investment in joint ventures

The Group has a 50% interest in the following joint ventures, which are engaged in property development. The following amounts represent the Group's 50% share of the assets, liabilities, revenue and results of the joint ventures. They also include consolidation adjustments made at the Group's level to ensure uniform accounting policies. These are included in the Group's consolidated statement of financial position and statement of profit or loss:

Name	% Interest held	Country of Incorporation	Non-Current Assets AED'000	Current Assets AED'000	Current Liabilities AED'000	Net Profit AED'000
31 December 2016						
Arady Developments LLC Dubai International Development Co. LLC (*)	50	U.A.E	803,329	141,981	56,257	3,290
	50	U.A.E	-	150	-	-
			803,329	142,131	56,257	3,290
31 December 2015						
Arady Developments LLC Dubai International Development Co. LLC (*)	50	U.A.E	825,689	145,574	60,542	159,875
	50	U.A.E	-	150	-	-
			825,689	145,574	60,542	159,875

The Group's proportionate share in joint ventures commitments is AED Nil (2015: AED Nil).

* This joint venture did not commence its commercial activities as at the reporting date.

8 Available-for-sale financial assets

	2016 AED'000	2015 AED'000
1 January	23,893	24,841
Change in fair value	(1,707)	(948)
31 December	22,186	23,893

9 Properties held for development and sale

	Properties Held for Sale AED'000	Properties Under Construction AED'000	Land Held for Future Development and Sale AED'000	Total AED'000
1 January 2015 (as previously reported)	462,832	387,123	553,179	1,403,134
Effect of change in accounting policy (Note 2.3)	(158,626)	(19,058)	-	(177,684)
Adjusted balance at 1 January 2015	304,206	368,065	553,179	1,225,450
Additions (Note 26)	-	111,707	233,633	345,340
Transfer due to development of properties (Note (i) below)	-	309,183	(309,183)	-
Provision for impairment (Note 26)	-	-	(53,113)	(53,113)
Reversal of impairment (Note 21)	9,102	-	-	9,102
Transfer to property and equipment (Note 5)	-	(104,589)	-	(104,589)
Sales (Note 21)	(16,197)	(93,553)	-	(109,750)
31 December 2015	297,111	590,813	424,516	1,312,440

	Properties Held for Sale AED'000	Properties Under Construction AED'000	Land Held for Future Development and Sale AED'000	Total AED'000
1 January 2016	297,111	590,813	424,516	1,312,440
Additions	1,898	213,787	-	215,685
Reversal of impairment (Note 21)	3,295	-	-	3,295
Transfer to investment property (Note 6)	(773)	-	-	(773)
Sales (Note 21)	(46,952)	(193,466)	-	(240,418)
31 December 2016	254,579	611,134	424,516	1,290,229
			2016 AED'000	2015 AED'000
Non-current portion			333,482	313,543
Current portion			956,747	998,897
As at 31 December			1,290,229	1,312,440

- (i) In the previous year, the Company launched a project for construction of properties on a certain land held for future development. Accordingly, the land was transferred to properties under construction.

Management's assessment of the net realisable value of the properties held for development and sale resulted in a net reversal of impairment amounting to AED 3.3 million (2015: AED 9.1 million), which was recognised in the profit or loss under "direct / operating costs" (Note 21).

Net realisable value has been determined on the basis of committed sale price if the remaining receivable amount is lower than the current market value of the units booked by customers. For units not yet booked by customers, net realisable value takes into consideration the expected market prices.

In the current year, the Company has reclassified its portfolio of parking spaces and store units in various buildings from property held for sale to investment properties based on change in their use.

A plot of a land with a total carrying value of AED 244 million (2015: AED 244 million) is mortgaged under Islamic finance obligations (Note 15).

In the current year, the Company has recognised an amount of AED 240.4 million (2015: AED 109.8 million) in consolidated statement of profit or loss under "direct / operating costs" against revenue recognised of AED 306.9 million (2015: AED 147 million) (Note 21 and note 20).

For land held for future development and use, management is currently evaluating feasibility of the projects and considering alternative viable and profitable options

10 Trade and other receivables

	2016 AED'000	2015 AED'000
Trade receivables (refer (i) below)	196,875	212,292
Less: provision for impairment of trade receivables	(110,108)	(119,852)
	86,767	92,440
Advance for purchase of properties (refer (ii) below)	136,293	153,455
Advances to contractors	49,605	67,892
Advances to suppliers	18,530	17,192
Prepayments	1,668	1,153
Other receivables	24,644	9,640
	230,740	249,332
	317,507	341,772
Less: current portion	(176,379)	(183,152)
Non-current portion	141,128	158,620

(i) Contract balances

Contract assets primarily relate to the Group's right to consideration for work completed but not yet received at the reporting date. Contract liabilities primarily relate to the advance consideration received from customers for sale of properties.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2016 AED'000	2015 AED'000
Contract assets (included in trade receivables)	86,767	92,440
Contract liabilities (Advances from customers – Note 16)	106,396	175,148

Significant changes in the contract balances during the year are as follows:

	Contract liabilities AED'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	149,342
Increases due to cash received, excluding amounts recognised as revenue during the year	184,337

(ii) Advance for purchase of properties - non-current

	2016 AED'000	2015 AED'000
Advance for purchase of share in real estate projects (i)	392,813	295,088
	392,813	295,088
Less: provision for impairment against advance for purchase of share in real estate projects (i)	(256,520)	(141,633)
	136,293	153,455

(i) In the previous years, the Company had entered into a Memorandum of Understanding (MoU) for purchase of its share of a portfolio of investment properties in a real estate project. The Company had paid an advance for the purchase of properties of AED 186 million out of total consideration of AED 353 million. Subsequently, the Company had reached a settlement agreement in 2015 with the parties in the MoU, whereby agreeing to pay AED 186.2 million in various instalments. The advance is recoverable by means of transfer of the Company's share of properties in the project (Note 25).

As at 31 December 2016, trade receivables of AED 61.6 million (2015: AED 61.9 million) were receivable from sale of properties but not impaired.

As at 31 December 2016, trade receivables of AED 25.2 million (2015: AED 30.6 million) were receivable from other streams of revenue but not impaired. The ageing analysis of these trade receivables is as follows:

	2016 AED'000	2015 AED'000
Not due	1,708	4,370
Up to 3 months	7,804	7,293
Over 3 months	15,646	18,919
	25,158	30,582

As at 31 December 2016, trade receivables of AED 110.1 million (2015: AED 119.9 million) were impaired and fully provided for. The ageing analysis of these trade receivables is as follows:

	2016 AED'000	2015 AED'000
Over one year	110,108	119,852

Movements of the Group's provision for impairment of trade receivables are as follows:

	2016 AED'000	2015 AED'000
At 1 January	119,852	118,507
(Reversal and adjustment of) / provision for impairment of trade receivables	(9,744)	1,345
At 31 December	110,108	119,852

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group holds title deeds of the assets sold or post-dated cheques as security.

11 Related party transactions and balances

Related parties include the significant shareholders, key management personnel, associate, joint ventures, directors and businesses which are controlled directly or indirectly by the significant shareholders or directors or over which they exercise significant management influence.

(a) Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2016 AED'000	2015 AED'000
A significant shareholder		
Other operating income/finance income	5,636	4,770
Finance cost	11,091	13,009

(b) Remuneration of key management personnel

	2016 AED'000	2015 AED'000
Salaries and other short term employee benefits	12,440	14,265
Termination and post-employment benefits	579	453
Board of Directors' remuneration / fees	4,323	1,350
	17,342	16,068

(c) Due from related parties comprises:

	2016 AED'000	2015 AED'000
Current		
Due from joint ventures	15,908	16,075
Due from other related parties	1,940,079	1,935,258
	1,955,987	1,951,333
Less : provision for impairment for due from a related party		(1,538) -
	1,954,449	1,951,333

Cash and bank balances include fixed deposits of AED 290 million (2015: AED 330 million) deposited with the significant shareholder of the Company (a bank), at market prevailing profit rates.

In 2010, the Group entered into a sale and purchase agreement with a related party to sell properties with a carrying value of AED 1,337.8 million and rights to purchase plots amounting to AED 899.6 million. The sale consideration agreed on by both parties as per the initial agreement was AED 3,647.5 million.

The salient terms and conditions of the transaction including subsequent revisions are as follows:

- The sale consideration is receivable on or before 1 June 2016;
- The sale consideration can be settled in cash or kind or a combination of both, at the discretion of the purchaser. Where settlement is in kind, the fair value of the assets transferred will be determined by an independent valuation expert, to be selected by the seller and purchaser; and
- The commitment on the remaining purchase price of the land held for development remains with the Group.

Following the amendments to the original agreement, the sale consideration was reduced by approximately AED 731 million, as a result of the purchaser's commitment to settle this balance on demand, on or before 31 December 2017, in cash or in kind, or a combination of both.

During 2014, pursuant to the addendum to original sale and purchase agreement for a plot of land with the master developer, the Group had entered into an amendment agreement with the related party, which resulted in a further reduction of the sale consideration by AED 141 million. Further, the related party had also transferred plots of land thereby settling receivable balance of AED 669.3 million against the outstanding receivable.

During 2015, the Company settled an amount of AED 108 million relating to certain plots on behalf of the related party resulting in reduction of the Company's commitments. The receivable amount is reflected in the books of the Company after deducting the future committed payments of AED 170 million (Note 30) relating to rights to purchase plots from the sale consideration as per the sale and purchase agreement. Management is currently evaluating various options for settlement of the balance.

(d) Due to related parties comprises:

	2016 AED'000	2015 AED'000
Current		
Due to a significant shareholder	-	1,714
Due to a joint venture partner	12,299	12,299
	12,299	14,013

At 31 December 2016, the Group had bank borrowings from the significant shareholder (a bank) of AED 307.6 million (2015: AED 264.1 million) at market prevailing profit rates. Also refer note 15.

12 Cash and bank balances

	2016 AED'000	2015 AED'000
Cash and bank balances including call deposits	165,628	161,493
Fixed deposits	530,467	711,650
Cash in hand	1,453	1,847
	697,548	874,990
Less: long term fixed deposits with a financial institution – net (i)	(50,377)	(51,650)
	647,171	823,340

Bank balances include cash of AED 83.4 million (2015: AED 32 million) and fixed deposits of AED 205 million at market prevailing profit rates (2015: AED 245 million) held in escrow accounts.

(i) Long-term fixed deposits

During 2014, the Company had signed a financial restructuring plan with a financial institution for settling its Wakala deposit amounting to AED 101 million. Key terms of the financial restructuring plan were as follows:

- The financial institution will make a 20% of the outstanding amount as a down payment upon signing the restructuring plan;
- 65% of the amount will be paid in monthly predetermined instalments, over a period of 12 years and will carry profit rate of 2% per annum; and
- 15% of the remaining amount will be converted into convertible contingent instruments and will be settled in cash or the financial institution's equity shares or combination of both after a period of 12 years. This will carry a profit rate of 1% payment in kind.

In 2014, upon signing the restructuring plan, and considering the key terms of the same, management had recognised an impairment charge of AED 15.3 million and present value impact of AED 6.7 million on the non-current fixed deposit. In 2015, the Company received AED 2.3 million against convertible contingent instruments and had accordingly written back the impairment charge by that amount.

As at 31 December 2016, the Company has cumulatively received AED 32.4 million (2015: AED 30.3 million) from the financial institution towards the repayment of deposit including early repayment of some of the instalments. The balance outstanding amount has been classified as non-current in accordance with the agreement.

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2016 AED'000	2015 AED'000
Cash and bank balances	697,548	874,990
Less: deposits with original maturity more than three months	(190,376)	(421,650)
Cash and cash equivalents	507,172	453,340

Short-term fixed deposits have original maturities of three months or less. Short-term fixed and call deposits bear profit at market rates.

13 Share capital

At 31 December 2016 and 31 December 2015, share capital comprised of 5,778,000,000 shares of AED 1 each. All shares are authorised, issued and fully paid up.

14 Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of the profit for the year is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital.

15 Borrowings

	2016 AED'000	2015 AED'000
Non-current		
Islamic finance obligations	343,046	342,308
	343,046	342,308
Current		
Islamic finance obligations	95,633	136,540
	95,633	136,540
Total borrowings	438,679	478,848

	Total AED'000
1 January 2015	650,161
Repayments	(171,313)
31 December 2015	478,848
Additional drawdown	100,000
Repayments	(140,169)
31 December 2016	438,679

The Islamic finance obligations represent Ijarah and Murabaha facilities obtained from Dubai Islamic Bank PJSC (a significant shareholder), and from other local Islamic banks. The facilities were availed to finance the properties under construction. In the previous year, the Group signed restructuring agreements of Ijarah and Murabaha facilities with banks, whereby these facilities were restructured into finance obligations repayable over five to seven years, with revised profit rates. The Islamic finance obligations carry market prevailing profit rates and are repayable in monthly or quarterly instalments over a period of four to seven years from the reporting date (2015: one to eight years).

The Islamic finance obligations are secured by mortgages over properties classified under properties held for development and sale (note 9), property and equipment (note 5) and investment properties (note 6).

Also refer note 11.

16 Advances from customers

Advances from customers represent instalments received from customers towards purchases of properties held for development and sale.

17 Trade and other payables

	2016 AED'000	2015 AED'000
Trade payables	66,905	104,193
Payables for purchase of land	391,888	391,888
Accrued Islamic facilities charges	1,072	29
Project cost accruals	77,861	44,846
Other payables and accrued expenses	199,041	230,436
	736,767	771,392

18 Retentions payable

	2016 AED'000	2015 AED'000
Non-current portion	27,874	10,368
Current portion	1,155	17,499
	29,029	27,867

Non-current retention are due to be paid to contractors within 1 to 5 years from the reporting date.

19 Provision for employees' end of service benefits

	2016 AED'000	2015 AED'000
At 1 January	10,990	9,350
Charge for the year	2,917	2,503
Payments	(1,015)	(863)
At 31 December	12,892	10,990

The provision for employees' end of service benefits, disclosed as non-current liability, is calculated in accordance with the UAE Federal Labour Law.

20 Revenue

	2016 AED'000	2015 AED'000
Sale of properties	306,854	147,089
Forfeiture income	648	2,171
Property management	41,859	38,198
Leasing income	33,861	32,578
Facilities management	45,038	37,066
	428,260	257,102

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2017 AED'000	2018 AED'000	2019 AED'000	Total AED'000
Sale of properties	615,536	194,545	134,060	944,141

The Group applies the practical expedient as per IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

21 Direct/operating costs

	2016 AED'000	2015 AED'000
Cost of properties sold (Note 9)	240,418	109,750
Reversal of impairment of properties held for development and sale, net (Note 9)	(3,295)	(9,102)
Facilities management	27,141	20,752
Leasing cost	4,139	3,085
Others	399	-
	268,802	124,485

Applying the practical expedient as per IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

22 Other operating income

	2016 AED'000	2015 AED'000
Write back of provisions and liabilities no longer payable (refer note (i) below)	28,385	-
Reversal of provision for bad debts	8,400	-
Sales management fee	-	1,962
Others	18,459	13,207
	55,244	15,169

- This includes an amount AED 18 million representing the reversal of excess liability created during project construction phase in the previous years.
- The Company's management has performed assessment of all liabilities and provisions payable as at 31 December 2016.

23 General and administrative expenses

	2016 AED'000	2015 AED'000
Staff costs (Note 24)	89,858	90,942
Marketing and selling expenses	13,765	20,840
Legal and professional charges	8,512	14,945
Depreciation (Note 5)	3,945	5,406
Rent	2,367	1,177
Provision for impairment of trade and other receivables and due from a related party, net (Note 10 and 11)	193	1,345
Social contributions	-	132
Others	23,078	23,413
	141,718	158,200

24 Staff costs

	2016 AED'000	2015 AED'000
Salaries and wages	59,427	60,245
End of service benefits (Note 19)	2,917	2,503
Pension and social security contributions	788	831
Other benefits	26,726	27,363
	89,858	90,942

25 Provision for claims

Provision for claims includes the following:

- Provision of AED 6 million relates to legal claim made by customers against the Company for refund of partial payments made to purchase certain property units. In accordance with Law No. 9 of 2009 applicable in the Emirate of Dubai, the Company has earlier forfeited these amounts due to failure of customers to pay the outstanding balances as per the Sale and Purchase Agreement.
- Provision for claim of AED 65.9 million at the end of previous year was pertaining to the portion under appeal. The provision was based on management's best estimate after considering the potential cash flows in respect of the claim. In the current year, management has settled an amount of AED 64.6 million against this claim and written back the net provision of AED 1.3 million based on management's assessment of this claim.

The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and contractors claims are disputed, this information may be prejudicial to their position on these matters.

26 Write back of provision for impairment against advance for purchase of properties

In 2014, the Company recorded an impairment provision of AED 68.6 million against advance paid for purchase of properties of AED 114 million, which was expected to be swapped with other plots of land and cash payment due to changes in the master development plan. The provision was reflective of the initial assessment which was determined on the basis of management's best estimate of the value of the new land expected to be received by the Company. In March 2015, the master developer proposed settlement options to the Company to accommodate the Company for the advance paid for purchase of properties. The write back of provision for the year ended 31 December 2015 was determined on the basis of offers received from the master developer and their fair values as determined by an independent firm of surveyors and property consultant.

In August 2015, the Company had signed a sale and purchase agreement for a new plot of land with the master developer and recognised this land including expected legal / registration charges as at year ended 31 December 2015. On the basis of the fair value of land, cash received and registration charges for land, the Company had written back a net provision of AED 157.8 million during the year ended 31 December 2015 and recorded the land at the net realisable value as assessed and valued by an independent and professionally qualified valuer. During the current year, the Company has written back a provision of AED 6.1 million which is no longer required.

27 Finance (cost)/income

	2016 AED'000	2015 AED'000
Finance cost on bank borrowings	19,485	26,775
Finance income from short-term bank deposits	10,293	8,410
Finance income from unwinding of discount on trade receivables	971	1,482
Total finance income	11,264	9,892
Net finance cost	(8,221)	(16,883)

28 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares, if any.

	2016	2015
Profit attributable to equity holders of the Company (AED'000)	216,145	291,354
Weighted average number of ordinary shares in issue (thousands)	5,778,000	5,778,000
Earnings per share (AED)	3.74	5.04

Diluted

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

29 Cash flow from operating activities

	2016 AED'000	2015 AED'000
Profit for the year	216,145	291,354
<i>Adjustment for</i>		
Depreciation (Note 5)	3,945	5,406
Provision for employees' end of service benefits (Note 19)	2,917	2,503
Provision for doubtful debts, net (Note 10, 11 and 23)	193	1,345
Reversal of impairment of properties held for development and sale, net (Note 21)	(3,295)	(9,102)
Write back of provision against advance for purchase of properties	(6,144)	(157,877)
Reversal of provision of investment in an associate	(68,884)	-
Provision against claims	4,630	22,220
Finance income (Note 27)	(11,264)	(9,892)
Finance cost (Note 27)	19,485	26,775
Share of results from an associate and joint ventures (Note 7)	(5,492)	(166,818)
Gain on fair valuation of investment property (Note 6)	(75,492)	(16,176)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	76,744	(10,262)
Payment of employees' end of service benefits (Note 19)	(1,015)	(863)
<i>Changes in working capital:</i>		
Properties held for development and sale (net of project cost accruals)	24,733	15,412
Retention payable – non-current	17,506	9,127
Retention payable – current	(16,344)	(8,234)
Trade and other receivables – non-current	17,492	29,840
Trade and other receivables – current	8,495	(22,491)
Advance from customers – non-current	41,965	(89,230)
Advances from customers – current	(110,717)	117,710
Inventories	56	(485)
Due from related parties	(4,654)	8,641
Trade and other payables	(118,439)	(1,630)
Due to related parties	(1,714)	(161)
Net cash (used in) / generated from operating activities	(65,892)	47,374

30 Commitments

At 31 December 2016, the Group had total commitments of AED 612.1 million (2015: AED 643.7 million) with respect to project related contracts issued net of invoices received and accruals made at that date. The Group also had commitments with respect to purchase of land of AED 170.4 million (31 December 2015: AED 170.4 million) (Note 11(c) and Note 31).

31 Contingent liabilities

At 31 December 2016, the Group had contingent liabilities in respect of performance and other guarantees issued by a bank on behalf of a subsidiary, in the ordinary course of business, from which it is anticipated that no material liabilities will arise, amounting to AED 10.6 million (2015: AED 26.1 million).

The Company is also a party to certain legal cases in respect of certain plots of land. Based on review of opinion provided by the legal advisors, management is of the opinion that no cash outflow in respect of these claims is expected to be paid by the Company in these legal cases and accordingly no provision is recognised. The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters. Also refer Note 30.

Certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of management, these contingent liabilities are not likely to result in any cash outflows for the Group.

32 Segmental information

Operating segment

The Board of Directors are the Group's chief operating decision maker. The Board considers the business of the Group as a whole for the purpose of decision making.

Management has determined the operating segments based on the purpose of allocating resources and assessing performance. The Group is organised into two major operating segments: Property development and properties and facilities management.

Management monitors the operating results of its operating segments for the purpose of making strategic decisions about performance assessment. Segment performance is evaluated based on operating profit or loss.

	Property Development Activities AED'000	Properties and Facilities Management AED'000	Total AED'000
31 December 2016			
Segment revenues – external	341,363	86,897	428,260
Segment profit	188,688	27,457	216,145
Segment assets	6,049,892	164,838	6,214,730
31 December 2015			
Segment revenues – external	181,838	75,264	257,102
Segment profit	265,949	25,405	291,354
Segment assets	6,062,466	144,312	6,206,778

Geographic information

The carrying amount of the total assets located outside the United Arab Emirates as at 31 December 2016 is AED 3.3 million (31 December 2015: AED 3.3 million).

33 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and Receivables AED'000	Available-for-Sale AED'000	Total AED'000
31 December 2016			
Assets as per statement of financial position			
Available-for-sale financial assets	-	22,186	22,186
Trade and other receivables	111,411	-	111,411
Due from related parties	1,954,449	-	1,954,449
Long term fixed deposits	50,377	-	50,377
Bank balances	645,718	-	645,718
	2,761,955	22,186	2,784,141
		Amortised Cost AED'000	Total AED'000
Liabilities as per statement of financial position			
Trade and other payables		736,767	736,767
Retentions payable		29,029	29,029
Borrowings		438,679	438,679
Due to related parties		12,299	12,299
		1,216,774	1,216,774
		Amortised Cost AED'000	Total AED'000
31 December 2015			
Assets as per statement of financial position			
Available-for-sale financial assets	-	23,893	23,893
Trade and other receivables	102,080	-	102,080
Due from related parties	1,951,333	-	1,951,333
Long term fixed deposits	51,650	-	51,650
Bank balances	821,493	-	821,493
	2,926,556	23,893	2,950,449
		Amortised Cost AED'000	Total AED'000
Liabilities as per statement of financial position			
Trade and other payables		771,392	771,392
Retentions payable		27,867	27,867
Borrowings		478,848	478,848
Due to related parties		14,013	14,013
		1,292,120	1,292,120

34 Subsidiaries and equity accounted investees entities

Name of the Entity	Country of Incorporation	Effective Ownership	Principal Activities
Subsidiaries			
Deyaar Facilities Management LLC	UAE	100%	Facility Management Services
Nationwide Realtors LLC	UAE	100%	Brokerage and Other Related Services
Deyaar Hospitality LLC	UAE	100%	Property Investment and Development
Deyaar International LLC	UAE	100%	Real Estate Consultancy
Deyaar Ventures LLC	UAE	100%	Property Investment and Development
Flamingo Creek LLC	UAE	100%	Property Investment and Development
Beirut Bay Sal	Lebanon	100%	Property Investment and Development
Deyaar West Asia Cooperatief U.A.	Netherlands	100%	Investment Holding Company
Deyaar Development Cooperation	USA	100%	Property Investment and Development
Deyaar Al Emarat Holding WLL	Bahrain	100%	Property Investment and Development
Deyaar Al Tawassol Lil Tatweer Aleqare Co.	KSA	100%	Property Investment and Development
Deyaar Limited LLC	UAE	100%	Property Investment and Development
Deyaar Owners Association Management LLC	UAE	100%	Owners Association Management
Deyaar Parking Management LLC	UAE	100%	Parking Management
Joint Ventures			
Dubai International Development Co.	UAE	50%	Property Investment and Development
Arady Developments LLC	UAE	50%	Property Investment and Development
Associates			
SI Al Zorah Equity Investments Inc.	Cayman Islands	22.72%	Property Investment and Development

35 Investment in shares

During the year, the Group has not purchased or invested in any shares.

DEYAAR OFFICES

HEAD OFFICE

Deyaar Building
Level 5
Besides Mall of the Emirates, Al Barsha
P.O. Box 30833, Dubai
TEL: +971 4 3957700
FAX: +971 4 3957711

DEIRA

Al Fattan Plaza
Al Garhoud, Airport Road
Second floor
P.O. Box 30833, Dubai
TEL: +971 4 2940774
FAX: +971 4 2944029

SHARJAH

Crescent Tower
Corniche Street, Al Majaz
Sixth Floor
P.O. Box 28001, Sharjah
TEL: +971 6 5730500
FAX: +971 6 5730600

RAS AL KHAIMAH

Dubai Islamic Bank Building
Office # 102, Level 1
Al Nakheel Area
P.O. Box 9579, Ras Al Khaimah
TEL: + 971 7 2275666
FAX: +971 7 2285666

AL AIN

Dubai Islamic Bank Building
Office # 402, Level 2
Oudh Al Thouba Street, Global R/A
P.O. Box 86644, Al Ain
TEL: +971 3 7510443
FAX: +971 3 7513473

AJMAN

Dubai Islamic Bank Building
Ground Floor
Sheikh Khalifa Road, Naeimya Area
P.O. Box 17177, Ajman
TEL: +971 6 7415222
FAX: +971 6 7415114

ABU DHABI

Haji Abdullah Hussein Al Khoury Building
Office # 502 - 504
Above Union National Bank
Opp. Abu Dhabi Chamber of Commerce
Airport Road
P.O. Box 111130, Abu Dhabi
TEL: +971 2 6353000
FAX: +971 2 6353111

FUJAIRAH

Dubai Islamic Bank Building
Office # 201, 2nd Floor
Hamad Bin Abdullah Road
P.O. Box 1376, Fujairah
TEL: +971 9 2241235
FAX: +971 9 2241236

SALES CENTRE

BURLINGTON TOWER

Business Bay
Ground Floor
P.O. Box 30833, Dubai
TEL: +971 4 338 3533
FAX: +971 4 321 2665

DEYAAR FACILITIES MANAGEMENT

Head Office at 51 Tower
Al Abraj Street, Business Bay
First floor
P.O. Box 30833, Dubai
TEL: +971 4 5530325
FAX: +971 4 5530324