

## BASE PROSPECTUS



# MAF GLOBAL SECURITIES LIMITED

(incorporated with limited liability in the Cayman Islands)

U.S.\$2,000,000,000

Global Medium Term Note Programme

unconditionally and irrevocably guaranteed, on a joint and several basis, by

## MAJID AL FUTTAIM HOLDING LLC

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

and

## MAJID AL FUTTAIM PROPERTIES LLC

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

Under this U.S.\$2,000,000,000 Global Medium Term Note Programme (the **Programme**), MAF Global Securities Limited (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed, on a joint and several basis, by Majid Al Futtaim Holding LLC (**MAF Holding**) and Majid Al Futtaim Properties LLC (**MAF Properties**) and, together with MAF Holding, the **Guarantors** and each a **Guarantor**).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Description of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

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

This Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under Directive 2003/71/EC, as amended (the **Prospectus Directive**). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (**EU**) law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for Notes issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the **Irish Official List**) and trading on its regulated market (the **Main Securities Market**). Such approval relates only to Notes which are to be admitted to trading on its regulated market or any other regulated markets for the purposes of Directive 2004/39/EU (each such regulated market being a **MiFID Regulated Market**).

Application has been made for this Base Prospectus to be approved by the Dubai Financial Services Authority (the **DFSA**) under Markets Rule 2.6 of the DFSA. Application has also been made to the DFSA for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the **Dubai Official List**) maintained by the DFSA and to NASDAQ Dubai for such Notes to be admitted to trading on NASDAQ Dubai.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that (a) such Notes have been admitted to trading on NASDAQ Dubai and have been admitted to the Dubai Official List and/or (b) such Notes have been admitted to trading on the Main Securities Market and have been admitted to the Irish Official List.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantors and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other terms and conditions which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**), which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Central Bank and the Irish Stock Exchange and with respect to Notes to be listed on NASDAQ Dubai, will be delivered to the DFSA and NASDAQ Dubai.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with a securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. State securities laws. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Issuer and the Guarantors may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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

Fitch has rated MAF Holding's long-term issuer default rating and senior unsecured rating at 'BBB', with a stable outlook. Fitch has rated MAF Holding's short-term issuer default rating at 'F3'. Fitch has not independently rated the Issuer or MAF Properties. Fitch has also rated the Issuer's Programme at 'BBB'. S&P has given MAF Holding a corporate credit rating of 'BBB/A-2', with stable outlook. S&P has not independently rated the Issuer or MAF Properties. The rating of certain Series (as defined under "*Terms and Conditions of the Notes*") of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Arrangers**

**Barclays**

**Emirates NBD**

**Standard Chartered Bank**

**Dealers**

**Barclays  
Crédit Agricole CIB  
HSBC  
National Bank of Abu Dhabi**

**Citigroup  
Emirates NBD  
J.P. Morgan  
Standard Chartered Bank**

**UBS Investment Bank**

**The date of this Base Prospectus is 17 July 2013.**

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the *Prospectus Directive*).

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

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Issuer, each of the Guarantors and other persons, whose opinions are included in this Base Prospectus with their consent. The DFSA has also not assessed the suitability of any Notes issued under this Programme to any particular investor or type of investor. If you do not understand the contents of this Base Prospectus or are unsure whether any Notes issued under this Base Prospectus are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

Each Tranche of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” as completed by the applicable Final Terms. This Base Prospectus must be read and construed together with any supplements hereto, and, in relation to any Tranche of Notes, the applicable Final Terms.

The only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the relevant subscription agreement as the relevant Dealer or the Managers, as the case may be.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

Certain information under the headings “*Description of the Group*” and “*Book-Entry Clearance Systems*” has been extracted from information provided by Retail Planet, 2010, the Dubai Statistics Center, the Economist Intelligence Unit and the Dubai Department of Tourism and Commerce Marketing (in the case of “*Description of the Group*”) and the clearing systems referred to therein (in the case of “*Book-Entry Clearance Systems*”) and, in each case, the source of such information is specified where it appears under those headings. The Issuer and each of the Guarantors confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer or the Guarantors in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer or the Guarantors in connection with the Programme.

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

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

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

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

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or

where the currency for principal or interest payments is different from the potential Investor's Currency;

- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantors or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

#### U.S. INFORMATION

This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs and Institutional Accredited Investors (each as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of

certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (*Rule 144A*) or pursuant to any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Purchasers of Definitive IAI Registered Notes (as defined under "*Form of the Notes*" below), will be required to execute and deliver an IAI Investment Letter (as defined under "*Terms and Conditions of the Notes*"). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together *Legended Notes*) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S. INTERNAL REVENUE SERVICE, ANY TAX DISCUSSION HEREIN WAS NOT WRITTEN AND IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY TAXPAYER FOR PURPOSES OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER. ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES DESCRIBED HEREIN. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer and each of the Guarantors have undertaken in the Trust Deed (as defined under "*Terms and*

**Conditions of the Notes”)** to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and none of the Issuer or the Guarantors is a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the *Exchange Act*) or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

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

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

In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the Dubai courts are unlikely to enforce an English judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Notes and the Guarantee. Investors may have difficulties in enforcing any English judgments or arbitration awards against the Issuer or either Guarantor in the courts of Dubai, see "*Risk Factors—Factors which are Material for the Purpose of Assessing the Market Risks Associated with Notes Issued under the Programme—Risks Relating to Enforcement*".

## CAYMANS ISLANDS NOTICE

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

## NOTICE TO BAHRAIN RESIDENTS

A copy of this Base Prospectus has been submitted to the Central Bank of Bahrain (the **CBB**) by a bank licensed by the CBB. Submission of this Base Prospectus with the CBB does not imply that any Bahraini legal or regulatory requirements have been complied with. The CBB has not in any way considered the merits of the Notes to be offered for investment whether in or outside of the Kingdom of Bahrain.

Neither the CBB nor the licensed exchange assumes responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and each expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Base Prospectus.

## KINGDOM OF SAUDI ARABIA NOTICE

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

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



## NOTICE TO STATE OF QATAR RESIDENTS

This Base Prospectus does not and is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of Qatar. The Notes have not been and will not be authorised by the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in Qatar. The Notes are not and will not be traded on the Qatar Exchange.

## STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Subscription Agreement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### PRESENTATION OF GROUP FINANCIAL INFORMATION

The financial statements relating to the Group (as defined below) referred to in, and incorporated by reference into, this document are as follows:

- audited consolidated financial statements as at and for the financial year ended 31 December 2012 of MAF Holding (previously known as Majid Al Futtain Group LLC) (the **2012 Group Consolidated Financial Statements**); and
- audited consolidated financial statements as at and for the financial year ended 31 December 2011 of MAF Holding (previously known as Majid Al Futtain Group LLC) (the **2011 Group Consolidated Financial Statements**) and, together with the 2012 Group Financial Statements, the **Group Consolidated Financial Statements**).

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

During 2012, the Group sold its investment and operations in Syria and Iran to MAF Capital (see "*Description of the Group—Discontinued operations in Syria and Iran*" for further details on the transfer of these businesses). As a result, certain reclassifications have been made in the 2012 Group Consolidated Financial Statements and, as a result, these statements are not comparable in all respects to the 2011 Group Consolidated Financial Statements.

The table below summarises the effect of these reclassifications:

### Consolidated income statement

	Year ended 31 December 2011	
	After reclassification	Before reclassification
	<i>(AED thousands)</i>	
Revenue .....	18,730,475	19,589,821
Cost of sales .....	(12,914,450)	(13,605,102)
Operating expenses .....	(4,052,422)	(4,171,505)
Finance income .....	45,450	60,386
<b>Profit before tax .....</b>	<b>697,035</b>	<b>761,582</b>
Income tax charge/(credit) .....	24,232	(386)
<b>Profit after tax for the year .....</b>	<b>721,267</b>	<b>761,196</b>
Discontinued operations .....	39,929	—

### Consolidated statement of financial position

	As at 31 December 2011	
	After reclassification	Before reclassification
	<i>(AED thousands)</i>	
Investments .....	1,196,456	1,182,599
<b>Other non-current assets .....</b>	<b>1,494,719</b>	<b>1,480,862</b>
<b>Total non-current assets .....</b>	<b>31,483,310</b>	<b>31,469,453</b>
Due from related parties .....	73,484	87,341
<b>Current assets .....</b>	<b>4,646,710</b>	<b>4,660,567</b>
Trade and other payables .....	5,493,651	5,176,604
<b>Net current liabilities .....</b>	<b>(3,452,673)</b>	<b>(3,438,816)</b>

For more detail on these reclassifications, please see notes 3(a), 3(b) and 33 to the 2012 Group Consolidated Financial Statements.

### PRESENTATION OF MAF PROPERTIES FINANCIAL INFORMATION

The financial statements relating to MAF Properties referred to in, and incorporated by reference into, this document are as follows:

- audited consolidated financial statements as at and for the financial year ended 31 December 2012 of MAF Properties (the **2012 MAF Properties Financial Statements**); and
- audited consolidated financial statements as at and for the financial year ended 31 December 2011 of MAF Properties (the **2011 MAF Properties Financial Statements** and, together with the 2012 MAF Properties Financial Statements, the **MAF Properties Financial Statements**).

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

As outlined above in relation to the Group Consolidated Financial Statements, during 2012, MAF Properties sold its investment and operations in Syria to MAF Capital (see “*Description of the Group—Discontinued operations in Syria and Iran*” for further details on the transfer for this business). As a result, certain reclassifications have been made in the 2012 MAF Properties Financial Statements and, as a result, these statements are not comparable in all respects to the 2011 MAF Properties Financial Statements

The table below summarises the effect of these reclassifications:

### Consolidated income statement

	Year ended 31 December 2011	
	After reclassification	Before reclassification
	<i>(AED thousands)</i>	
Operating expenses .....	(1,657,463)	(1,661,910)
<b>Profit for the year before tax .....</b>	<b>44,406</b>	<b>39,959</b>
Income tax .....	81,900	76,359
<b>Profit for the year.....</b>	<b>126,306</b>	<b>116,318</b>
Loss on discontinued operations .....	(9,988)	—
Share of loss in joint ventures and associates .....	(93,335)	(93,361)

### Consolidated statement of financial position

	As at 31 December 2011	
	After reclassification	Before reclassification
	<i>(AED thousands)</i>	
Investment in joint ventures and associate .....	1,061,910	1,048,053
<b>Other non-current assets.....</b>	<b>1,214,394</b>	<b>1,200,537</b>
Due from related parties .....	61,575	75,432
<b>Current assets .....</b>	<b>1,458,548</b>	<b>1,472,405</b>
<b>Net current liabilities .....</b>	<b>(2,961,895)</b>	<b>(2,948,038)</b>

For more detail on these reclassifications, please see notes 3(a), 3(b) and 17(iv) to the 2012 MAF Properties Financial Statements.

### EBITDA

In certain places within this document, reference is made to EBITDA. EBITDA is not an IFRS measure. As referred to in this document, the Group has calculated EBITDA for each period as profit for the year after adding back extraordinary items, interest, tax, depreciation and amortisation.

EBITDA should not be considered as an alternative measure to operating profit, as an indicator of operating performance, as an alternative to operating cash flows or as a measure of the Group's or any other company's liquidity. EBITDA as presented in this document may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

EBITDA has important limitations as an analytical tool and should not be considered in isolation from, or as a substitute for an analysis of, the Group's or any other company's operating results as reported under IFRS. Some of the limitations are:

- EBITDA does not reflect all cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on debt;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements; and

- other companies may calculate EBITDA differently, limiting its usefulness as a comparative measure.

## UNAUDITED FINANCIAL INFORMATION

The information relating to the Group's and MAF Properties' financial performance during the first quarter of 2013 included in this Base Prospectus is sourced from the internal management accounts and records of MAF Holding and MAF Properties, respectively. Such financial information is unaudited.

## PRESENTATION OF OTHER INFORMATION

In this document, references to:

- **Carrefour** are to Carrefour France SA and Carrefour Nederland BV and (when referring to the Group's stores) include reference to the Group's Carrefour stores in Pakistan which are branded as "Hyperstar";
- **Group** are to MAF Holding and its consolidated subsidiaries, associates and joint ventures;
- **MAF Retail** are to Majid Al Futtaim Retail LLC and, unless the context does not permit, include its subsidiaries;
- **MAF Properties**, unless the context does not permit, include its subsidiaries;
- **MAF Ventures** are to Majid Al Futtaim Ventures LLC and, unless the context does not permit, include its subsidiaries;
- **Abu Dhabi, Dubai, Sharjah, Fujairah and Ajman** are to the Emirates of Abu Dhabi, Dubai, Sharjah, Fujairah and Ajman, respectively;
- a **Member State** are, unless the context does not permit, references to a Member State of the European Economic Area;
- the **MENA region** are to the Middle East and North Africa region and include Pakistan in this document;
- **U.S.\$** or **U.S. dollars** are to the lawful currency of the United States;
- **CNY, Renminbi and RMB** are to the lawful currency of the People's Republic of China (the **PRC**) which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan;
- **EUR, euro or €** are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time; and
- **AED, dirham or fils** are to the lawful currency of the UAE. One dirham equals 100 fils.

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

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary

slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

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

The risks and uncertainties referred to above include:

- each Guarantor's ability to successfully manage the growth of its business;
- the economic and political conditions in the markets in the UAE and the wider region in which the Guarantors operate;
- each Guarantor's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- each Guarantor's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and capital expenditures;
- changes in political, social, legal or economic conditions in the markets in which the Guarantors and their respective customers operate; and
- actions taken by each Guarantor's respective joint venture partners or associates that may not be in accordance with its policies and objectives.

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

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

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## DESCRIPTION OF THE PROGRAMME

*This description must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference, by any investor. The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, is completed by the applicable Final Terms.*

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this description.

Issuer:	MAF Global Securities Limited
Guarantors:	Majid Al Futtaim Holding LLC Majid Al Futtaim Properties LLC
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme and the Guarantors’ ability to fulfil their obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ”.
Description:	Global Medium Term Note Programme
Arrangers:	Barclays Bank PLC Emirates NBD PJSC Standard Chartered Bank
Dealers:	Barclays Bank PLC Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Emirates NBD PJSC HSBC Bank plc J.P. Morgan Securities plc National Bank of Abu Dhabi PJSC Standard Chartered Bank UBS Limited
	and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”) including the following restrictions applicable at the date of this Base Prospectus.

### **Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (or if the Notes are denominated in a currency other than sterling, the

equivalent amount in such currency), see “*Subscription and Sale and Transfer and Selling Restrictions*”.

Issuing and Principal Paying Agent and Agent Bank:	Citibank, N.A.
Trustee:	Citibank, N.A., London Branch
Programme Size:	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantors may increase the amount of the Programme in accordance with the terms of the Programme Agreement. Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of the different Tranches. The Notes of each Tranche will be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. The price and amount of Notes to be issued will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
Form of Notes:	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined:  (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the



relevant Series); or

- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Other provisions in relation to Floating Rate Notes:

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders (including following the occurrence of a Change of Control Event as described below) upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above

Change of Control:

If so specified in the applicable Final Terms, each investor will have the right to require the redemption of its Notes upon Majid Al Futtaim Capital LLC ceasing to be the ultimate owner (either directly or indirectly) of more than 50 per cent. of the share capital of MAF Holding.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed

or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “—*Certain Restrictions—Notes having a maturity of less than one year*” above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent thereof in any other currency).

Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Definitive IAI Registered Note will be U.S.\$500,000 or its approximate equivalent in other Specified Currencies.

Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 9. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantors will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledges and other Covenants:	The terms of the Notes will contain negative pledge provisions and covenants as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 11.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Guarantee:	The Notes will be unconditionally and irrevocably guaranteed, on a joint and several basis, by the Guarantors. The obligations of each Guarantor under the Guarantee will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the relevant Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of such Guarantor from time to time outstanding.
Rating:	The rating of certain Series of the Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms.
Listing and admission to trading:	This Base Prospectus, as approved and published by the Central Bank, in accordance with the requirements of the Prospective Directive, comprises a Base Prospectus for the purposes of the

Prospectus Directive and the Prospectus (Directive 2003/71/EC) Regulations 2005, and for the purpose of giving information with regard to the issue of Notes issued under this Programme, during the period of twelve months after the date hereof. Application has been made to the Irish Stock Exchange for such Notes to be admitted to trading on the Main Securities Market.

Application has also been made to the DFSA for Notes issued under the Programme during the period of 12 months from the date hereof to be admitted to the Official List maintained by the DFSA for such Notes to be admitted to the to trading on NASDAQ Dubai.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

**Clearing Systems:** Euroclear and/or Clearstream Luxembourg and/or DTC or, in relation to any Tranche of Notes, any other clearing system.

**Selling Restrictions:** There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), the Cayman Islands, Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (excluding the Qatar Financial Centre), the Qatar Financial Centre, Singapore and Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*"

**United States Selling Restrictions:** Regulation S, Category 2. Rule 144A and Section 4(2) and TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

## RISK FACTORS

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

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

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

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

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

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### **The Issuer has a limited operating history**

The Issuer is a company with limited liability incorporated under the laws of the Cayman Islands on 12 May 2011 and, accordingly, only has a limited operating history. The Issuer will not engage in any business activity other than the issuance of Notes under this Programme and other borrowing programmes established from time to time by the Guarantors, the making of loans to one or both of the Guarantors or other companies controlled by the Guarantors and other activities incidental or related to the foregoing. The Issuer is not expected to have any income but will receive payments from the Guarantors and/or from other companies controlled by the Guarantors in respect of loans made by the Issuer to those companies, which will be the only material sources of funds available to meet the claims of the holders of the Notes (the **Noteholders**). As a result, the Issuer is subject to all the risks to which the Guarantors are subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to the Issuer under any such loans. See "*—Risks Relating to the Group*", "*—Risks Relating to MAF Properties*", "*—Risks Relating to MAF Retail*" and "*—Risks Relating to MAF Ventures*" for a further description of certain of these risks.

### **RISKS RELATING TO THE GROUP**

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

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

All of the Group's businesses are, and will continue to be, affected by economic and political developments in or affecting the UAE and the MENA region. The Group currently has a significant proportion of its operations and interests in the UAE, with a particular focus on Dubai. While the UAE is currently seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is no guarantee that the UAE will continue to be so in the future. In particular, since early 2011 there has been political unrest in a range of countries in which the Group operates in the MENA region, including Bahrain, Egypt, Oman and Saudi Arabia. This unrest has ranged from

public demonstrations to, in extreme cases, armed conflict and has given rise to increased political uncertainty across the region. Unrest in Egypt (which accounted for 11.2 per cent. of the revenue and 6.0 per cent. of the total assets of the Group as at 31 December 2012) and Bahrain (which accounted for 2.7 per cent. of the revenue and 8.0 per cent. of the total assets of the Group as at 31 December 2012) directly impacted the Group, forcing the closure of some properties in Egypt for up to 60 days and the closure of its shopping mall in Bahrain for five days in 2011. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur.

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

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

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

- regional political instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- an increase in inflation and the cost of living;
- a devaluation in the currency of any country in which the Group has operations;
- cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use and foreign ownership;
- arbitrary, inconsistent or unlawful government action;
- changing tax regimes, including the imposition of taxes in tax favourable jurisdictions such as the UAE;
- difficulties and delays in obtaining governmental and other approvals for the Group's operations or renewing existing ones;

- potential lack of reliability as to title to real property in certain jurisdictions in which the Group operates; and
- inability to repatriate profits or dividends.

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

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

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

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

For the year ended 31 December 2012, 55.8 per cent. of the Group's revenue and 71.3 per cent. of the Group's EBITDA were attributable to its operations in the UAE, principally Dubai. This reflects the fact that a significant proportion of the Group's malls and Carrefour stores and nine of its eleven hotels which are currently operating are located in the UAE. In part, this is due to the fact that Dubai is a significant tourist destination. As a result, the Group is particularly exposed to adverse events affecting the UAE and Dubai in particular, including events which impact on Dubai's attractiveness as a tourist destination and to the occurrence of factors that result in a decline in consumer spending in the UAE, such as a downturn in general economic conditions, an increase in the cost of living, an increase in unemployment or a decline in tourism or business travel to Dubai. The occurrence of any or all of these factors could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

- identify suitable investments and/or development opportunities;
- reach agreements with joint venture and strategic partners on terms satisfactory to it;
- maintain, expand or develop relationships with customers, suppliers, contractors, lenders and other third parties;
- increase the scope of its operational and financial systems to handle the increased complexity and expanded geographic area of operations;
- secure adequate financing on commercially reasonable terms;

- recruit, train and retain qualified staff to manage its growing business efficiently and without losing operational focus; and
- obtain necessary permits or approvals from governmental authorities and agencies.

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

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

Several of the markets in which the Group operates are highly competitive. In particular, the Group faces increased shopping mall and hotel competition in Dubai, where the majority of its business is concentrated. The population growth of Dubai from 1.3 million in 2005 to an estimated 2.1 million in 2012 (as estimated by the Dubai Statistics Centre), along with the growth in business and leisure travel to Dubai, contributed to the opening and announced development of a number of new shopping malls and hotels over this period. The global financial crisis and associated decline in the property and construction market in the UAE since the end of 2008 has placed additional competitive pressure on these businesses. The Group's Carrefour stores also face significant competition in many of the markets in which the Group operates, including the UAE and Saudi Arabia in particular.

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

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

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

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

The countries in which the Group operates are emerging market economies which are characterised by less comprehensive legal and regulatory environments. However, as these economies mature, and in part due to the desire of certain countries in the MENA region, in particular the UAE, to accede to the World Trade Organisation, the governments of these countries have begun, and the Group expects they will continue, to implement new laws and regulations which could impact the way the Group conducts many of its businesses. For example, in 2007, the Dubai, Sharjah and Ajman governments passed laws restricting the ability of landlords to increase commercial rents and, in 2008, the Oman government followed suit. In addition, the government of the UAE has announced the potential

introduction of a value added tax to be implemented across the UAE. Other legislative changes could affect environmental issues. There can be no assurance that if a value added tax or other laws or regulations were imposed in respect of the products and services offered by the Group it would not adversely affect the way in which the Group conducts its business or otherwise adversely affect its financial condition, results of operations and prospects. In addition, given the relatively illiquid nature of the Group's property assets, a change in law or regulation that results in the Group ceasing to conduct business in a particular country could result in a significant loss to the Group on the sale of its material properties in that country.

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

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

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

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

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

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

Furthermore, changes to existing, or the introduction of new, laws or regulations or licensing requirements are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any such laws, regulations or licensing requirements could adversely affect its business by reducing its revenue and/or increasing its operating costs, and the Group may be unable to mitigate the impact of such changes. Any of



these occurrences could have a material adverse effect on its business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

The Notes issued under the Programme will also contain covenants similar to certain of those described above, see Condition 4 of the Notes. Any certificates issued under the U.S.\$1 billion trust certificate issuance programme established by MAF Holding and MAF Properties on 6 January 2012 and most recently updated on 17 July 2013 (as further updated from time to time) will also contain similar covenants.

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

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

As at 31 December 2012, the Group had short-term borrowings from related parties of AED 177 million and a AED 0.9 million bank overdraft. Approximately 7 per cent. of the Group's existing long-term borrowings at 31 December 2012 fall due to be repaid within one year. To the extent that it needs to, there is no assurance that the Group will be able to refinance such maturing borrowings as they fall due on terms acceptable to it or at all.

As at 31 December 2012, the Group had AED 9,728 million in outstanding borrowings (excluding bank overdrafts). Of this amount, AED 676 million was borrowing which had the benefit of security, see "*Group Financial Review—Liquidity and Borrowings*". As unsecured creditors, the claims of Noteholders will rank behind the claims of the Group's secured creditors to the extent of the security granted.

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

Interest rates are highly sensitive to many factors beyond the Group's control, including the interest rate and other monetary policies of governments and central banks in the jurisdictions in which it operates. As at 31 December 2012, almost all of the Group's interest bearing loans and borrowings carried interest at floating rates. A hypothetical 1.0 per cent. increase in interest rates (assuming all other relevant factors remained constant) would have resulted in the Group's finance costs decreasing by AED 11 million in 2012. The Group's interest-bearing loans and borrowings are subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such instruments. Consequently, any increase in such reference rates would result in an increase in the Group's interest rate expense and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Although the Group seeks to hedge part of its interest rate risk, there can be no assurance that this hedging will be successful or will protect the Group fully against

its interest rate risk. Such failure to successfully hedge against changes in interest rates could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### **Foreign exchange movements may adversely affect the Group's profitability**

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

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

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

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

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

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

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

Management believes that the Group's insurance coverage for all material aspects of its operations is comparable to that of other companies operating in the sectors and markets in which the Group operates. The Group's operations may, however, be affected by a number of risks for which

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

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

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

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

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

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

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

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

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

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

**RISKS RELATING TO MAF PROPERTIES**

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

MAF Properties engages in projects which require a substantial amount of capital and other long-term expenditures, including the development of new shopping malls, hotels and mixed-use developments. The capital commitments associated with these projects generally exceed MAF

Properties' cash inflows over the period of the project. In the past, these expenditures and investments have been financed through a variety of means, including internally-generated cash and external borrowings.

The Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including its future financial condition, general economic and capital market conditions, interest rates, credit availability from banks or other lenders or investors, lender and investor confidence in the Group's businesses and the markets in which they operate, the credit rating assigned to the Group by credit rating agencies, applicable provisions of tax and securities laws, and political and economic conditions in any relevant jurisdiction. The Group cannot provide any assurance that it will be able to arrange any such external financing on commercially reasonable terms, if at all, and it may be required to secure financing with a lien over its assets and those of its subsidiaries and/or agree to contractual limitations on the operation of its businesses. The Group's failure to obtain adequate funding as required to satisfy its contractual commitments could result in defaults on existing contracts, completion delays and damage to the Group's reputation as a reliable contractual counterparty, and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**A significant proportion of MAF Properties' and the Group's assets at 31 December 2012 comprised real estate held either as property, plant and equipment or investment property. The valuation of these assets is inherently subjective, the values attributed to these assets may not accurately reflect their market value at any future date and they may be difficult to sell**

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

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

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

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

## **The MENA region in which MAF Properties operates is characterised by a lack of real estate transparency**

According to a real estate transparency survey conducted by Jones Lang LaSalle in 2012, the real estate markets in which MAF Properties operates are categorised as semi-transparent (Dubai, Bahrain, Jordan and Abu Dhabi) and low-transparent (Saudi Arabia, Egypt, Oman, Qatar, Kuwait and Pakistan). The degree of transparency of a real estate market is determined by reference to a number of factors, including comparable transactions, accessibility of information relating to counterparties and land title, reliability of market data, clarity of regulations relating to all matters of real estate conveyance and access to government agencies to verify information provided by counterparties in connection with real estate transactions. Although MAF Properties endeavours to undertake comprehensive due diligence with respect to its real estate investments in order to mitigate any risks in connection with the markets in which it operates, there can be no assurance that the factors described above will not result in its discovery at a later date of information or liabilities in association with its investments that could affect their value, expected purpose or returns on investment, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

## **MAF Properties does not have unrestricted title to all of its land parcels**

As a result of issues related to the process of registration of title, MAF Properties does not have unrestricted title or interest to the land on which certain of its properties are located. In particular, the land on which two of MAF Properties' shopping malls in the UAE (being Mall of Emirates and Deira City Centre, which were together valued at AED 12,759 million as at 31 December 2012, which represented approximately 33.6 per cent. of the Group's total assets as at 31 December 2012) are built was gifted to Mr Majid Al Futtaim by the Ruler of Dubai and title to both of MAF Properties' shopping malls in Oman and the land on which they are built (which were together valued at AED 1,079 million as at 31 December 2012, which represented approximately 2.8 per cent. of the Group's total assets as at 31 December 2012) are also registered in the name of Mr Majid Al Futtaim in his personal capacity, the Group's major shareholder. MAF Properties has been granted use of such land and properties by Mr Majid Al Futtaim as referred to in notes 5.4 and 6.4 to the 2012 Group Consolidated Financial Statements. As a result of this status, MAF Properties cannot freely dispose of such land and properties and, should Mr Majid Al Futtaim or any person who acquires ownership of such land and properties (whether by inheritance or otherwise), for any reason ceases to permit the use by MAF Properties of such land and properties, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. It should also be noted that, in these circumstances, MAF Properties may or may not have recourse to Mr Majid Al Futtaim for any losses suffered.

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

In Egypt, title to the land on which two of MAF Properties' shopping malls are built is in the process of being transferred to MAF Properties, which may be a lengthy process. Registration of title to MAF Properties' land parcels may also be subject to conditions in relation to the completion of construction thereon.

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

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

## **MAF Properties is exposed to a range of development and construction risks**

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

- shortages and increases in the cost of raw materials (such as steel and other commodities common in the construction industry), energy, building equipment (including, in particular, cranes), labour or other necessary supplies;
- shortages of project managers, contractors and construction specialists, both within MAF Properties and externally, to ensure that planned developments are delivered both on time and on budget;
- an inability to obtain on a timely basis, if at all, requisite governmental licenses, permits or approvals;
- an inability to obtain necessary financing arrangements on acceptable terms or at all, and otherwise fund construction and capital improvements and provide any necessary performance guarantees;
- defaults by, or the bankruptcy or insolvency of, contractors and other counterparties;
- inadequate infrastructure, including as a result of failure by third parties to provide utilities and transportation and other links that are necessary or desirable for the successful operation of a project; and
- discovery of design or construction defects and otherwise failing to complete projects according to design specification.

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

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

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

MAF Properties seeks to ensure that it has the right mix of retail outlets in its shopping malls to cater to the consumer preferences of its local customers. In pursuit of this strategy, MAF Properties has sought in the past, and may seek in the future, to terminate lease agreements of existing tenants in order to add new tenants to its shopping malls. In addition, MAF Properties may seek to terminate the lease agreements of tenants who default under their leases. It is relatively difficult to evict tenants under the laws of the jurisdictions in which MAF Properties operates. Therefore, MAF Properties may experience delays in evicting tenants for cause or changing its tenant mix to meet strategic directives

prior to the expiry of relevant lease terms, and efforts to do so could require considerable expense. Although MAF Properties' tenants have rarely defaulted their obligations under the lease agreements they have entered into with MAF Properties, should one or more tenants stop paying rent for a period of time, whether with or without cause, this could reduce MAF Properties' cash flows and could have a material adverse affect on the business, financial condition, results of operations and prospects of MAF Properties and the Group as a whole.

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

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

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

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

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

**RISKS RELATING TO MAF RETAIL**

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

MAF Retail accounted for 82.5 per cent. of the Group's revenue and 30.8 per cent. of the Group's EBITDA for the year ended 31 December 2012. MAF Retail's performance depends on factors which may affect the level and patterns of consumer spending in the UAE and the MENA region. Such factors include consumer preferences, confidence, incomes and perceptions of the quality of certain products. A general decline in purchases at MAF Retail's Carrefour stores could occur as a result of a change in consumer preferences, perceptions and spending habits at any time and MAF Retail's future success will depend partly on its ability to anticipate or adapt to such changes and to offer, on a timely



basis, new products that match consumer demand. Such changes, and a failure to adapt its offering to respond to them, may result in reduced demand for the products sold at MAF Retail's Carrefour stores, a decline in the market share of its products and increased levels of selling and promotional expenses. Any changes in consumer preferences could result in lower sales of the products sold at MAF Retail's Carrefour stores or put pressure on pricing, and could materially adversely affect the business, financial condition, results of operations and prospects of MAF Retail and the Group as a whole.

#### **MAF Retail is dependent on its relationship with Carrefour and the market perception of Carrefour**

All of MAF Retail's revenue and EBITDA for the year ended 31 December 2012 was derived from the operations of its Carrefour stores. MAF Retail's joint venture with Carrefour presents risks common to joint ventures, see "*Risks Relating to the Group—Group companies are party to a number of joint ventures and franchise arrangements which give rise to specific operational risks*". The business, financial condition, results of operations and prospects of MAF Retail and the Group as a whole could be materially and adversely affected to the extent that MAF Retail's franchise rights and joint venture with Carrefour become compromised in any material respect.

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

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

MAF Retail plans to open 11 Carrefour hypermarkets (two stores in each of Egypt, Jordan and Armenia and one store in each of the UAE, Oman, Saudi Arabia, Lebanon and Kazakhstan) and 27 Carrefour supermarkets in 2013.

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

#### **Interruptions in the availability of products from suppliers or any changes in the costs to MAF Retail of obtaining such products could adversely affect its business**

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

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

#### **Interruptions in or changes to the terms of MAF Retail's shipping or distribution arrangements could adversely affect its business**

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

#### **MAF Retail faces the risk of product liability claims and associated adverse publicity**

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

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

### **RISKS RELATING TO MAF VENTURES**

#### **MAF Ventures' wholesale finance and credit card businesses may require higher costs of funding and expose it to credit risk**

MAF Ventures provides finance leasing services for moveable assets through its joint venture with Japan's Orix Corporation (**Orix**) and issues credit cards. As the Group does not have a consumer banking operation, which is considered to be one of the principal means of achieving inexpensive funding to support businesses like these, both operations are funded through inter-Group and third party loans, which may be more costly than the funding to which certain of its competitors, particularly local and regional banking groups, have access to. A decrease in MAF Ventures' access to external funding in particular, or a rise in the cost of inter-Group funding, could have an adverse effect on the results of operations and prospects of these businesses.

In addition, the target customers of its lease financing business are UAE-based small- and medium-size enterprises (**SMEs**), while those of its credit card business are principally UAE residents. The UAE lacks a centralised credit bureau, and MAF Ventures and its competitors do not share customer information. Therefore, these businesses are unable to confirm independently information provided by credit applicants regarding the extent of their credit exposure. As a result, customers may be overextended by virtue of other credit obligations about which MAF Ventures is unaware. To some extent, MAF Ventures is therefore exposed to credit risks which it may not be able to accurately assess or provide for and, in the case of expatriates, may be unable to enforce a judgment obtained against delinquent creditors who no longer live in the UAE. Such credit risks could have an adverse effect on the results of operations and prospects of MAF Ventures.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### ***The Notes may be subject to optional redemption by the Issuer***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***The Notes may be redeemed prior to their final maturity date for tax reasons***

If the Issuer becomes obliged to pay any additional amounts in respect of the Notes as provided or referred to in Condition 9 of the Notes or if either Guarantor is unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, the Issuer may redeem all but not some only of the outstanding Notes of such Tranche in accordance with Condition 8.2 of the Notes.

#### ***Dual Currency Notes***

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile; and
- (b) payment of principal or interest may occur at a different time or in a different currency than expected.

#### ***Partly-paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

### ***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes (as defined below) have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London interbank offered rate (**LIBOR**). The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes (as defined below) may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Notes denominated in RMB are subject to additional risks***

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi:

*RMB is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC and this may adversely affect the liquidity of the Notes*

RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies, including the Hong Kong dollar despite the significant reduction over the years by the PRC government of its control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover twenty provinces and cities in the PRC and to make Renminbi trade settlement and other current account item settlement available in all countries worldwide. It was further extended in August 2011 to cover all provinces and cities in the PRC. The Renminbi trade settlements under the pilot scheme have become one of the most significant sources of Renminbi funding in Hong Kong. The People's Bank of China (the **PBOC**) has established a RMB clearing and settlement system for participating banks in Hong Kong pursuant to a Settlement Agreement relating to the clearing of RMB business between PBOC and Bank of China (Hong Kong) Limited. However, the current size of RMB and RMB-denominated financial assets in Hong Kong is limited, and its growth is subject to many constraints which are directly affected by PRC laws and regulations on foreign exchange and may adversely affect the liquidity of the Notes.

On 12 October 2011, Ministry of Commerce People's Republic of China (**MOFCOM**) promulgated the Circular on Issues In relation to Cross-border Renminbi Foreign Direct Investment (the **MOFCOM RMB FDI Circular**). Pursuant to the MOFCOM RMB FDI Circular, prior written consent from the appropriate office of MOFCOM and/or its local counterparts (depending on the size and the relevant industry of the investment) is required for Renminbi foreign direct investments (**RMB FDI**). The MOFCOM RMB FDI Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement. On 13 October 2011, Measures on Administration of Renminbi Settlement In relation to Foreign Direct Investment (the **PBOC RMB FDI Measures**) issued by the PBOC set out operating procedures for PRC banks to handle Renminbi settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBOC RMB FDI Measures, cross-border Renminbi settlement for RMB FDI required approvals from the PBOC on a case-by-case basis. The new rules replace the PBOC approval requirement with a less onerous post-event registration and filing requirement. Under the new rules, foreign invested enterprises (whether established or acquired by foreign investors) need to (i) register their corporate information after the completion of a RMB FDI transaction, and (ii) make post-event registration or filing with the PBOC of any changes in registration information or in the event of increase or decrease of registered capital, equity transfer or replacement, merger or acquisition.

As the above measures and circulars are still relatively new, how they will be applied in practice still remains subject to the interpretation by the relevant PRC authorities.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Group is not able to repatriate funds outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the Group's ability to source Renminbi outside the PRC to service Notes denominated In CNY*

Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC, the central bank of the PRC, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the **Settlement Agreement**) between the PBOC and Bank of China (Hong Kong) Limited (the **RMB Clearing Bank**) to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit (other than as provided in the following paragraph) on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. As of 31 March 2013 the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business amounted to approximately RMB 668,058 millions (Hong Kong Monetary Authority Monthly Statistical Bulletin). In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of Renminbi (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than 25.0 per cent, of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The RMB Clearing Bank only has access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers with accounts in Hong Kong of up to RMB 20,000 per person per day. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Notes denominated in CNY. To the extent the Company is required to source Renminbi in the offshore market to service Notes denominated in CNY, there is no assurance that the Company will be able to source such Renminbi on satisfactory terms, if at all.

#### *RMB currency risk*

Except in limited circumstances, all payments of RMB under the Notes will be made solely by transfer to a RMB bank account maintained in Hong Kong in accordance with the prevailing rules and regulations for such transfer and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including by transfer to a bank account in the PRC or anywhere else outside Hong Kong). RMB is not freely convertible at present, and conversion of RMB into other currencies through banks in Hong Kong is subject to restrictions.

In addition, there can be no assurance that access to RMB for the purposes of making payments under the Notes by the Issuer or generally will remain or that new PRC regulations will not be promulgated which have the effect of restricting availability of RMB outside of the PRC. If it becomes impossible to convert RMB from/to another freely convertible currency, or transfer RMB between accounts in Hong Kong, or the general RMB exchange market in Hong Kong becomes illiquid, or any RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended, the Issuer may make any payment of RMB under the Notes in another currency selected by the Issuer using an exchange rate determined by the Calculation Agent.

#### *RMB exchange rate risk*

The value of RMB against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Issuer will make all RMB payments under the Notes in RMB unless otherwise specified. As a result, the value of such payments in RMB (in U.S. dollars or other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of RMB depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollars or other applicable foreign currency terms will decline.

### **Risks related to the Notes generally**

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

#### ***Modification, waivers and substitution***

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

The terms and conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, in the circumstances described in Condition 16 agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default (as defined in Condition 11) or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

#### ***European Monetary Union may cause Notes denominated in certain currencies to be redenominated in euro***

If Notes are issued under the Programme which are denominated in the currency of a country which, at the time of issue, has not adopted the euro as its sole currency and, before the relevant Notes are

redeemed, the euro becomes the sole currency of that country, a number of consequences may follow including, but not limited to: (i) all amounts payable in respect of the relevant Notes may become payable in euro, (ii) applicable law may allow or require such Notes to be redenominated into euro and additional measures to be taken in respect of such Notes and (iii) there may no longer be available published or displayed rates for deposits in such currency used to determine the rates of interest on such Notes. Any of these or any other consequences could adversely affect the holders of the relevant Notes.

### ***The EU Savings Directive may give rise to withholding on certain Notes***

Under EC Council Directive 2003/48/EC (the **EU Savings Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. Prospective investors should refer to the section *"Taxation—The proposed financial transactions tax"*.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

### ***U.S. Foreign Account Tax Compliance Withholding***

The U.S. "Foreign Account Tax Compliance Act" (or **FATCA**) imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section *"Taxation—Foreign Account Tax Compliance Act"*.

### ***Change of law***

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

### ***Bearer Notes where denominations involve integral multiples: definitive Bearer Notes***

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such

holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Bearer Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

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

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

### **Risks relating to enforcement**

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

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

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

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

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

The Notes, the Trust Deed, the Agency Agreement (as defined in “*Terms and Conditions of the Notes*”), and the Programme Agreement (as defined in “*Subscription and Sale and Transfer and Selling Restrictions*”) are governed by English law and the parties to such documents have agreed to refer



any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the LCIA in London, England.

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

#### ***There are limitations on the effectiveness of guarantees in the UAE***

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

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

#### **Risks related to the market generally**

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

#### ***The secondary market generally***

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

- the method of calculating the principal and interest in respect of the Notes;
- the time remaining to the maturity of the Notes;
- the outstanding amount of the Notes;
- the redemption features of the Notes;
- the amount of other debt securities linked to the index or formula applicable to the Notes; and
- the level, direction and volatility of market interest rates generally.

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

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes and the Guarantors will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank and DFSA shall be incorporated in, and form part of, this Base Prospectus:

- 1 the auditors' report and audited consolidated financial statements of MAF Holding for the year ended 31 December 2011;
- 2 the auditors' report and the audited consolidated financial statements of MAF Holding for the year ended 31 December 2012;
- 3 the auditors' report and the audited consolidated financial statements of MAF Properties for the year ended 31 December 2011;
- 4 the auditors' report and the audited consolidated financial statements of MAF Properties for the year ended 31 December 2012;
- 5 the Terms and Conditions of the Notes contained on pages 58-97 (inclusive) in the Base Prospectus dated 23 May 2012 prepared by the Issuer in connection with the Programme (the **2012 Terms and Conditions**).

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the specified offices of the Principal Paying Agent for the time being in London and from the Irish Stock Exchange's website at [http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data/?action=SEARCH&search\\_word](http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data/?action=SEARCH&search_word).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The parts of the above mentioned documents which are not incorporated by reference into this Base Prospectus are either not relevant for investors or covered elsewhere in this Base Prospectus.

Those parts of each of the Group's audited consolidated financial statements for the years ended 31 December 2012 and 31 December 2011, MAF Properties' audited financial statements for the years ended 31 December 2012 and 31 December 2011 and the 2012 Terms and Conditions which are not specifically incorporated by reference in this Base Prospectus are either not relevant for the investor or are covered elsewhere in this Base Prospectus.

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus in accordance with Article 16(1) of the Prospectus Directive, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Notes to be listed on the Irish Official List and admitted to trading on the Irish Stock Exchange, shall constitute a supplemental base prospectus in accordance with Article 16(1) of the Prospectus Directive. Statements contained in any such supplement (or any statement contained in a document, all or a portion of which is deemed to be incorporated by reference herein), shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

This Base Prospectus should be read and construed with any amendment or supplement hereto and with any other document incorporated by reference herein.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

### BEARER NOTES

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for, Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**).

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice given at any time from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the Common Depository on their behalf (acting on the instructions of any

holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

## REGISTERED NOTES

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions (i) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (**QIBs**) or (ii) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions (**Institutional Accredited Investors**) and who execute and deliver an IAI Investment Letter (as defined in the “*Terms and Conditions of the Notes*”) in which they agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, each a **Registered Global Note**).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (**DTC**) or (ii) be deposited with a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (**Definitive IAI Registered Notes**). Unless otherwise set forth in the applicable Final Terms, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions*”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may not elect to hold such Notes through DTC, Euroclear or Clearstream, Luxembourg, but transferees acquiring such Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A under

the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. The Registered Global Notes and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantors, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and, in any such case, no alternative clearing system is available, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

## **TRANSFER OF INTERESTS**

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

## **GENERAL**

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and

CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

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

No Noteholder, Receiptholder or Couponholder (each as defined under "*Terms and Conditions of the Notes*") shall be entitled to proceed directly against the Issuer or either Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

The Issuer and the Guarantors may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

## APPLICABLE FINAL TERMS

[•]

**MAF GLOBAL SECURITIES LIMITED**  
**Issue of [•] [•]**  
**guaranteed, on a joint and several basis, by**  
**Majid Al Futtaim Holding LLC and Majid Al Futtaim Properties LLC**  
**under the U.S.\$2,000,000,000**  
**Global Medium Term Note Programme**

### PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 17 July 2013 [and the supplementary prospectus dated [•]] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC), as amended (the **Prospectus Directive**)]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive] and must be read in conjunction with the Base Prospectus[, as so supplemented]. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus[, as so supplemented]. The Base Prospectus [and the supplementary prospectus(es)] [is/are] available for viewing on the Irish Stock Exchange's website at [http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data/?action=SEARCH&search\\_word](http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data/?action=SEARCH&search_word) and during normal business hours at the registered office of the Issuer at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and copies may be obtained from the registered office of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

[Terms used herein shall be deemed to be defined as such for the purposes of, and shall be read in conjunction with, the Conditions (the **Conditions**) contained in the Agency Agreement dated [•] and set forth in the Base Prospectus dated 23 May 2012 which are incorporated by reference into the Base Prospectus dated 17 July 2013. This document [constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC), as amended (the **Prospectus Directive**) and] must be read in conjunction with the Base Prospectus dated 17 July 2013 [and the supplemental prospectus dated [•]] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions]. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms [and] the Base Prospectus dated 17 July 2013[, and the supplemental prospectus dated [•]]. Copies of such Base Prospectuses are available for viewing on the Irish Stock Exchange's website at [http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data/?action=SEARCH&search\\_word](http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data/?action=SEARCH&search_word) and during normal business hours at the registered office of the Issuer at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and copies may be obtained from the registered office of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.]<sup>1</sup>

- |   |     |                                   |   |
|---|-----|-----------------------------------|---|
| 1 | (a) | Issuer:                           | MAF Global Securities Limited                                   |
|   | (b) | Guarantors:                       | Majid Al Futtaim Holding LLC<br>Majid Al Futtaim Properties LLC |
| 2 | (a) | Series Number:                    | [•]   |
|   | (b) | Tranche Number:                   | [•]   |
| 3 |     | Specified Currency or Currencies: | [•]   |

<sup>1</sup> All references to the Prospectus Directive should be removed if an issuance is not Prospectus Directive compliant.



- 4 Aggregate Nominal Amount: [•]
- (a) Series: [•]
- (b) Tranche [•]
- 5 Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
- 6 (a) Specified Denominations: *(in the case of Registered Notes this means the minimum integral amount in which transfers can be made)* [•]
- (b) Calculation Amount: [•]
- 7 (a) Issue Date: [•]
- (b) Interest Commencement Date: [•] / [Issue Date] / [Not Applicable]
- 8 Maturity Date: [•] / [Interest Payment Date falling in or nearest to [•]]
- 9 Interest Basis: [[•] per cent. Fixed Rate]
- 10 Redemption/Payment Basis: [Redemption at par]  
Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.  
[Zero Coupon]
- [Dual Currency Redemption - Condition 8.1 applies]  
[Partly Paid - Condition 8.6 applies]  
[Instalment - Condition 8.7 applies]
- 11 Change of Interest Basis or Redemption/Payment Basis: [[See paragraphs 14 an 15 below]/[Not Applicable].]
- 12 Put/Call Options: [Investor Put]  
[Change of Control Put]  
[Issuer Call]  
[(further particulars specified below)]
- 13 (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14 Fixed Rate Note Provisions: [Applicable/Not Applicable]

- (a) Rate(s) of Interest: [•] per cent. per annum [payable [annually/semi annually/quarterly/[•] in arrear]
- (b) Interest Payment Date(s): [[•] in each year up to and including the Maturity Date]/[•]
- (c) Fixed Coupon Amount(s): [•] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (d) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]  
*(Applicable to Notes in definitive form.)*
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (f) Determination Date(s): [[•] in each year] [Not Applicable]
- 15 Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [•]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (c) Additional Business Centre(s): [•]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [•]
- (f) Screen Rate Determination:
- Reference Rate: [[•] per cent., calculated in accordance with Condition 6.2(b)(ii)]
- Interest Determination Date(s): [•]

	Relevant Screen Page:	[•]
(g)	ISDA Determination:	
	Floating Rate Option	[•]
	Designated Maturity:	[•]
	Reset Date:	[•]
(h)	Margin(s):	[+/-] [•] per cent. per annum
(i)	Minimum Rate of Interest:	[•] per cent. per annum
(j)	Maximum Rate of Interest:	[•] per cent. per annum
(k)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA)]
16	Zero Coupon Note Provisions	[Applicable/Not Applicable]
(a)	Accrual Yield:	[•] per cent. per annum
(b)	Reference Price:	[•]
(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 8.5(c) and 8.10 apply/[•]]
17	Dual Currency Interest Note Provisions:	[Applicable - Condition 6.3 applies][Not Applicable]
(a)	Rate of Exchange/method of calculating Rate of Exchange:	[•]
(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent):	[•]

- (c) Person at whose option Specified Currency(ies) is/are payable: [•]

## PROVISIONS RELATING TO REDEMPTION

- 18 Issuer Call: [Applicable - Condition 8.3 applies][Not Applicable]
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount: [•] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [•]
- (ii) Maximum Redemption Amount: [•]
- (d) Notice period (if other than as set out in the Conditions): [•]
- 19 Investor Put: [Applicable - Condition 8.4 applies][Not Applicable]
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount: [•] per Calculation Amount
- (c) Notice period (if other than as set out in the Conditions): [•]
- 20 Change of Control Put: [Applicable/Not Applicable]
- (a) Change of Control Redemption Amount: [[•] per Calculation Amount/[•]]
- 21 Final Redemption Amount: [•] per Calculation Amount<sup>2</sup>

<sup>2</sup> If an issuance is Prospectus Directive compliant, final redemption will always be at par.

- 22 Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same: [[•] per Calculation Amount]  
[Final Redemption Amount]  
[Amortised Face Amount, calculated in accordance with Condition 8.5(c)]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 23 Form of Notes: [Bearer Notes:  
  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]  
  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]  
  
[Where interests in a Global Note are exchanged to Definitive Notes in circumstances other than in the limited circumstances specified in the relevant Global Note, such Definitive Notes will be issued in and only be allowed to trade in the Specified Denomination]]  
  
[Registered Notes:  
  
[Regulation S Global Note (U.S.\$[•] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]]  
  
[Rule 144A Global Note (U.S.\$[•] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]]  
  
[Definitive IAI Registered Notes]
- 24 Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/[•]]
- 25 Talons for future Coupons or Receipts to be attached to Definitive Notes in bearer form (and dates on which such Talons mature): [Yes [•]/No.]
- 26 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be: [Not Applicable]  
[[•] payable on Issue Date]] / [[•] payable on [*insert date(s)*]]
- 27 Details relating to Instalment

Notes:

- (a) Instalment Amount(s): [Not Applicable/[•]]
- (b) Instalment Date(s): [Not Applicable/[•]]
- 28 Redenomination applicable: Redenomination [not] applicable
- 29 RMB Currency Event: [Not Applicable/[RMB Illiquidity][RMB Non-Transferability][RMB Inconvertibility], as determined in accordance with Condition 7.9]
- 30 Financial covenants:
- (a) Total Indebtedness to Net Total Equity Ratio: [Does not exceed 1:1, as set out in Condition 4]/[Not Applicable]
- (b) EBITDA to Net Finance Costs Ratio: [Not less than 1.5:1, as set out in Condition 4]/[Not Applicable]
- (c) Secured Assets to Total Assets Percentage: [Not to exceed an amount equal to 49 per cent. of the Total Assets of the Group, as set out in Condition 4]/[Not Applicable]
- 31 U.S. Selling Restrictions: [Reg. S Category 2; [Rule 144A/Section 4(2)] TEFRA D/TEFRA C/TEFRA not applicable]
- 32 Stabilising Manager: [•]

Signed on behalf of

**MAF GLOBAL SECURITIES LIMITED:**

By: .....

*Duly authorised*

Signed on behalf of

**MAJID AL FUTTAIM HOLDING LLC:**

By: .....

*Duly authorised*

By: .....

*Duly authorised*

By: .....

*Duly authorised*

Signed on behalf of

**MAJID AL FUTTAIM PROPERTIES LLC:**

By: .....

*Duly authorised*

By: .....

*Duly authorised*

## PART B - OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading:

[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant market (for example, the Irish Stock Exchange's regulated market or NASDAQ Dubai and, if relevant, admission to an official list (for example, the Official List of the Irish Stock Exchange or the Official List maintained by the Dubai Financial Services Authority))*] with effect from [•].]<sup>3</sup>

[Not Applicable]

- (b) Estimate of total expenses related to admission to trading:

[•]

### 2 RATINGS

- (a) Ratings:

[S & P: [•]]

[Fitch: [•]]

[Other: [•]]

[The Notes to be issued [[have been]/[are expected to be]] rated [•] by [•].]

[[•] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

[[•] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).]

[[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended). The ratings [[have been]/[are expected to be]] endorsed by [•] in accordance with Regulation (EC) No. 1060/2009 (as amended). [•] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

[[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended), but it is certified in accordance with such Regulation.]

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer and the Guarantors are aware, no person involved in the issue of the Notes has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged, any may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer or the Guarantors or their affiliates in the ordinary course of business for which they may receive fees.]

### 4 YIELD (*Fixed Rate Notes only*)

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<sup>3</sup> Note that NASDAQ Dubai is a non-regulated market for the purposes of the Prospectus Directive.

Indication of yield: [•]

**5 PERFORMANCE OF RATE[S] OF EXCHANGE** (*Dual Currency Notes only*)

[•]

The Issuer [intends to provide post-issuance information [•]]/[does not intend to provide post-issuance information].

**6 OPERATIONAL INFORMATION**

(a) ISIN Code: [•]

(b) Common Code: [•]

(c) CUSIP: [•]

(d) CINS: [•]

(e) Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/[•]]

(f) Delivery: Delivery [against/free of] payment

(g) Names and addresses of additional Paying Agent(s) (if any): [•]



## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify terms and conditions which complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by MAF Global Securities Limited (the **Issuer**) constituted by an amended and restated trust deed dated 17 July 2013 (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer, Majid Al Futtaim Holding LLC (**MAF Holding**), Majid Al Futtaim Properties LLC (together with MAF Holding, the **Guarantors** and each a **Guarantor**) and Citibank, N.A., London Branch (the **Trustee**, which expression shall include all persons for the time being trustee or trustees appointed under the Trust Deed).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified
- (b) Denomination in the Specified Currency;
- (c) any Global Note;
- (d) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (e) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 17 July 2013 (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the Issuer, the Guarantors, the Trustee, Citibank, N.A. as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents appointed from time to time in connection with the Notes) and as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent appointed from time to time in connection with the Notes) and Citigroup Global Markets Deutschland AG as registrar (the **Registrar**, which expression shall include any successor registrar appointed from time to time in connection with the Notes) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents appointed from time to time in connection with the Notes).

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and complete these Terms and Conditions (the **Conditions**) for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the bearer of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the **Receiptholders**) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Principal Paying Agent being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the specified office of each of the Registrar and the other Paying Agents, the Exchange Agent and the other Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Principal Paying Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (Directive 2003/71/EC) as amended, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1 FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, each Guarantor, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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

For so long as the Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Guarantors, the Principal Paying Agent and the Trustee.

## **2 TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the

rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

## **2.2 Transfers of Registered Notes in definitive form**

Subject as provided in Conditions 2.5, 2.6 and 2.7 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

## **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

## **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## **2.5 Transfers of interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (a) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
  - (i) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

- (ii) to a person who is an Institutional Accredited Investor, together with, in the case of (ii), a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an **IAI Investment Letter**); or
- (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (a)(i) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (a)(ii) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

## 2.6 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (b) to a transferee who takes delivery of such interest through a Legended Note:
  - (i) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
  - (ii) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

## 2.7 Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

## 2.8 Definitions

In this Condition 2, the following expressions shall have the following meanings:

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

**Institutional Accredited Investor** means **accredited investors** (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

**Legended Note** means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

**QIB** means a **qualified institutional buyer** within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Note** means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Note** means a Registered Global Note representing Notes sold in the United States or to QIBs; and

**Securities Act** means the United States Securities Act of 1933, as amended.

## 3 STATUS OF THE NOTES AND THE GUARANTEE

### 3.1 Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

### 3.2 Status of the Guarantee

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed, on a joint and several basis, by the Guarantors in the Trust Deed (the **Guarantee**). The obligations of each Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of such Guarantor, from time to time outstanding.

## 4 NEGATIVE PLEDGES AND OTHER COVENANTS

### 4.1 Negative pledges

So long as any Note remains outstanding (as defined in the Trust Deed):

- (a) the Issuer will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**), other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, given by it without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, Relevant Sukuk Obligation, guarantee or indemnity or such other security is provided either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders; or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; and
- (b) each Guarantor will not, and MAF Holding will ensure that no Principal Subsidiary (as defined in Condition 11) will, create, or have outstanding, any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, given by it without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, Relevant Sukuk Obligation, guarantee or indemnity or such other security is provided either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders; or (ii) as shall be approved by an Extraordinary Resolution of the Noteholders.

### 4.2 Other Covenants

If specified as being applicable in the applicable Final Terms, so long as any Note remains outstanding, MAF Holding undertakes that unless otherwise specified in the applicable Final Terms:

- (a) it will not, and will not permit any of its Subsidiaries (as defined in Condition 11) to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to **Incur** or, as appropriate, an **Incurrence**) any Financial Indebtedness (other than Permitted Financial Indebtedness); provided that MAF Holding and its Subsidiaries will be permitted to Incur additional Financial Indebtedness if:
  - (i) no Potential Event of Default or Event of Default would occur and be continuing; and
  - (ii) the ratio of Consolidated Total Net Indebtedness to Total Equity (the **Total Net Indebtedness to Total Equity Ratio**) does not exceed a ratio of 1:1; and
  - (iii) on the date of such Incurrence the ratio of Consolidated EBITDA to Consolidated Net Finance Costs (the **EBITDA to Net Finance Costs Ratio**) is not less than 1.5:1; and
- (b) it will not, and will not permit any of its Subsidiaries to, grant any Security Interest over assets the value (calculated in the manner set out in the definition of Total Assets below) of which (when aggregated with the value of any other asset that is subject to a Security Interest which is not a Permitted Lien) exceeds an amount equal to 49 per cent. of the Total Assets of the Group at the time (the **Secured Assets to Total Assets Percentage**).

### 4.3 Definitions

In these Conditions:

**Borrowings** means, at any time, the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of Financial Indebtedness determined by reference to the most recent consolidated audited financial statements of the Group and, for the purposes of the definition of “Consolidated Total Net Indebtedness” only, taking account of the Incurrence or repayment of any Borrowings since that date;

**Consolidated Cash and Cash Equivalents** means, at any time:

- (a) cash in hand or on deposit with any acceptable bank;
- (b) certificates of deposit, maturing within one year after the relevant date of calculation, issued by an acceptable bank;
- (c) any investment in marketable obligations issued or guaranteed by the government of the United States of America or the United Kingdom or any other government of a state having an equivalent credit rating (an **Acceptable Government**) or by an instrumentality or agency of an Acceptable Government having an equivalent credit rating;
- (d) open market commercial paper:
  - (i) for which a recognised trading market exists;
  - (ii) issued in the United States of America or the United Kingdom;
  - (iii) which matures within one (1) year after the relevant date of calculation; and
  - (iv) which has a credit rating of either A-1 by Standard & Poor’s or Fitch or P-1 by Moody’s, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term debt obligations, an equivalent rating; or
- (e) Sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an acceptable bank or any dematerialised equivalent, in each case, to which any member of the Group is beneficially entitled at that time. An **acceptable bank** for this purpose is a commercial bank or trust company which has a rating of BBB minus or higher by Standard & Poor’s or Fitch or Baa3 or higher by Moody’s or a comparable rating from a nationally recognised credit rating agency for its long-term obligations;

**Consolidated EBIT** means, in relation to any period, the consolidated operating profit of the Group before taxation:

- (a) before deducting any Consolidated Finance Costs;
- (b) not including any accrued interest owing to any member of the Group;
- (c) before taking into account any Exceptional Items;
- (d) after deducting the amount of any profit of any Non-Group Entity to the extent that the amount of the profit included in the most recently available audited consolidated financial statements of MAF Holding exceeds the amount actually received in cash by members of the Group through distributions by the Non-Group Entity; and
- (e) before taking into account any unrealised gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis),



in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation;

**Consolidated EBITDA** means, in relation to any period, Consolidated EBIT for the immediately preceding Measurement Period after adding back any amount attributable to the amortisation, depreciation or impairment of assets of members of the Group (and taking no account of the reversal of any previous impairment charge made in that period);

**Consolidated Finance Costs** means, for any period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings whether such amounts were paid or payable (but excluding any such amounts which were capitalised) by any member of the Group (calculated on a consolidated basis) during the immediately preceding Measurement Period:

- (a) including any amortised upfront management or arrangement fees or costs;
- (b) including the interest (but not the capital) element of payments in respect of Finance Leases;
- (c) including any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Group under any interest rate hedging arrangement (other than an amount payable on the termination of any interest rate hedging agreement); and
- (d) excluding any dividends on preference shares,

so that no amount shall be added (or deducted or excluded) more than once;

**Consolidated Interest Receivable** means, in respect of any period, all interest and other financing charges received or receivable by the Group during the immediately preceding a Measurement Period calculated on a consolidated basis;

**Consolidated Net Finance Costs** means, in respect of any period, Consolidated Finance Costs for the immediately preceding Measurement Period less Consolidated Interest Receivable for the immediately preceding Measurement Period calculated on a consolidated basis;

**Consolidated Total Net Indebtedness** means at any time the aggregate amount of all obligations of the Group for or in respect of Borrowings but deducting the aggregate amount of Consolidated Cash and Cash Equivalents held by the Group at such time, and so that no amount shall be included or excluded more than once;

**Exceptional Items** means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

- (a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (b) disposals, revaluations or impairments of non-current assets (other than disposals of Investment Properties, to the extent they are classified as non-current assets); and
- (c) disposals of assets associated with discontinued operations;

**Finance Lease** means any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed;

- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any Non-recourse Project Financing, Securitisation and any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) (inclusive) above (but without double counting where Financial Indebtedness is both borrowed and guaranteed (or indemnified against) by different Group companies);

**Fitch** means Fitch Ratings Ltd;

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

**IFRS** means International Financial Reporting Standards;

**Investment Properties** means those assets designated as "Investment Properties" in the most recently available audited consolidated financial statements of MAF Holding;

**Measurement Period** means a period of 12 months ending on the last day of a financial year of MAF Holding for which consolidated audited financial statements are prepared;

**Moody's** means Moody's Investor Service, Inc.;

**Non-Group Entity** means any investment or entity (which is not itself a member of the Group (including associates and joint ventures)) in which any member of the Group has an ownership interest;

**Non-recourse Project Financing** means any financing of all or part of the costs of the acquisition, construction or development or any project, provided that (i) any Security Interest given by the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be, is limited solely to assets of the project; (ii) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of repayment for the moneys advanced; and (iii) there is no other recourse to the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be, in respect of any default by any person under the financing;

**Permitted Financial Indebtedness** means:

- (a) any Financial Indebtedness outstanding on the Issue Date of the first Tranche of the Notes;

- (b) Financial Indebtedness owed by MAF Holding or any Subsidiary of MAF Holding to MAF Holding or any other Subsidiary of MAF Holding; provided, however, that any subsequent disposition, pledge or transfer of such Financial Indebtedness (other than to MAF Holding or a Subsidiary of MAF Holding) shall be deemed, in each case, to constitute the Incurrence of such Financial Indebtedness by the obligor thereof;
- (c) Financial Indebtedness of MAF Holding or a Subsidiary of MAF Holding Incurred and outstanding on or prior to the date on which such Subsidiary became a Subsidiary of MAF Holding (other than Financial Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of related transactions pursuant to which the Subsidiary became a Subsidiary of MAF Holding);
- (d) Refinancing Financial Indebtedness Incurred by MAF Holding or a Subsidiary of MAF Holding in respect of Financial Indebtedness Incurred by MAF Holding or a Subsidiary of MAF Holding pursuant to Condition 4.2(a) or pursuant to paragraphs (a), (b) or (c) above;
- (e) any amounts owed to suppliers in respect of goods supplied in the ordinary course of business; and
- (f) any amounts owed in respect of transactions entered into (including, without limitation, letters of credit) to facilitate trade finance in the ordinary course of business;

**Permitted Lien** means:

- (a) any Security Interest comprising a netting or set-off arrangement entered into by a member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; and
- (b) any lien arising by operation of law and in the ordinary course of business;

**Permitted Security Interest** means:

- (a) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Notes;
- (b) any Security Interest securing the Relevant Indebtedness or Relevant Sukuk Obligation of a person existing at the time that such person is merged into, or consolidated with, the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be;
- (c) any Security Interest existing on any property or assets prior to the acquisition thereof by the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be, and not created in contemplation of such acquisition; or
- (d) any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (c) (inclusive) of this definition, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

**Refinancing** means, in respect of any Financial Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Financial Indebtedness in exchange or replacement for, such Financial Indebtedness;

**Relevant Indebtedness** means any Indebtedness (as defined in Condition 11), other than Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock,

certificates or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;

**Relevant Sukuk Obligation** means any Sukuk Obligation (as defined in Condition 11), other than a Sukuk Obligation incurred in connection with a Non-recourse Project Financing or a Securitisation, where the trust certificates or instruments, as the case may be, concerned for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;

**Securitisation** means any securitisation of existing or future assets and/or revenues, provided that (i) any Security Interest given by the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be, in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be, in respect of any default by any person under the securitisation;

**Standard & Poor's** means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.;

**Total Assets** means the aggregate value (less depreciation computed in accordance with international accounting standards) of all assets of the Group which are treated as assets determined in accordance with IFRS, as shown in the most recently available audited consolidated financial statements of MAF Holding or, if no such value is specified in those most recently available financial statements, the fair market value of such assets; and

**Total Equity** means at any time the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Group including minority interests (on a consolidated basis) and the aggregate of the amounts standing to the credit of the reserves of each member of the Group, including any amount credited to the share premium account and revaluation reserves, determined by reference to the most recent consolidated audited financial statements of the Group, but adding or deducting (as the case may be):

- (a) (to the extent included) any amount shown in respect of goodwill or other intangible assets of each member of the Group;
- (b) (to the extent included) any provision or credit for deferred taxation which relates to the revaluation of any item which is excluded from the calculation of Total Equity;
- (c) any amount in respect of any dividend or distribution declared, recommended or made by any member of the Group and to the extent such distribution is not provided for in the most recently available audited consolidated financial statements of MAF Holding; and
- (d) the amount raised in respect of any issue of ordinary share capital, including amounts credited to share premium account,

and so that no amount shall be included or excluded more than once.

## 5 REDENOMINATION

### 5.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority (if any), the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 7; and (ii) in the case of Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent and the Trustee may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

- (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding; and

- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

## 5.2 Definitions

In these Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 5.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

**Relevant Notes** means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

## 6 INTEREST

### 6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 6.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**Determination Period** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 6.2 Interest on Floating Rate Notes

### (a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and



- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent

for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (1) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (2) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined in relation to each Interest Period, determine the Rate of Interest for such Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner

provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**Y1** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y2** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M1** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M2** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D1** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D2** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{360 \times (Y2 - Y1) + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**Y1** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y2** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M1** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M2** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D1** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

**D2** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{360 \times (Y2 - Y1) + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**Y1** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y2** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M1** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M2** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D1** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

**D2** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the other Paying Agents and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15. If the Calculation Amount

is less than the minimum Specified Denomination, the Principal Paying Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) **Determination or Calculation by Trustee**

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances (having such regard as it thinks fit to paragraph (b) above) or, as the case may be, the Trustee shall calculate the Interest Amount(s) in accordance with paragraph (d) above and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(g) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantors, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantors, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **6.3 Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

### **6.4 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

### **6.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

## **7 PAYMENTS**

### **7.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (c) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

### **7.2 Presentation of definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10)

or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

### 7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

### 7.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment (in the case of a Specified Currency other than Renminbi) will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro or Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand

dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro and (in the case of payment in Renminbi) a bank of Hong Kong.

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

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 7.4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

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

## **7.5 General provisions applicable to payments**

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

Notwithstanding the foregoing provisions of this Condition 7, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payment



of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and each Guarantor, adverse tax consequences to the Issuer or either Guarantor.

All payments made pursuant to this Condition 7 are subject in all cases to any applicable fiscal laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses will be charged to the Noteholders in respect of such payments.

## 7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms;
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open or (3) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; and
- (c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

## 7.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.5); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

#### **7.8 RMB account**

All payments in respect of any Note, Receipt or Coupon in RMB will be made solely by credit to a registered RMB account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

#### **7.9 RMB Currency Event**

If the Specified Currency of the Notes is RMB and an RMB Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any principal or interest (in whole or in part) in respect of any Note, Receipt or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount (in whole or in part) in the Relevant Currency and converted using the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and the Paying Agents.

Upon the occurrence of an RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 15 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, a bank in New York City; and the definition of "Payment Day" in Condition 7.6 shall mean any day which (subject to Condition 10) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Notes in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition 7:

**Determination Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

**Determination Date** means the day which is two Determination Business Days before the due date of the relevant payment under the Notes, other than where the Issuer properly determines that a RMB Currency Event has occurred at any time during the period from and including 10:01 a.m. (Hong Kong time) on the second Determination Business Day preceding the original due date to and including 11:59 p.m. (Hong Kong time) on the original due date, in which case the **Determination Date** will be the Determination Business Day immediately following the date on which the determination of the occurrence of a RMB Currency Event has been made;

**Governmental Authority** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**Relevant Currency** means United States dollars;

**RMB Currency Events** means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

**RMB Illiquidity** means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

**RMB Inconvertibility** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date in the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**RMB Non-Transferability** means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

**Spot Rate** means the spot CNY/U.S.\$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11:00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.9 by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all CNY Noteholders.

## **8 REDEMPTION AND PURCHASE**

### **8.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date, subject as provided in Condition 7.

### **8.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or either Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the relevant Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, two Authorised Signatories (as defined in the Trust Deed) of the relevant Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the relevant Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Upon the expiry of any such notice as is referred to in this Condition 8.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.2.

### **8.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and

- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Trustee and the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**, in each case, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have been admitted to listing, trading and/or quotation). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

#### **8.4 Redemption at the option of the Noteholders (Investor Put)**

- (a) If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, or, at the Issuer's option, purchase (or procure the purchase of), subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed or, as the case may be, purchased under this Condition 8.4 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.
- (b) If Change of Control Put is specified in the applicable Final Terms and if a Change of Control Event occurs, the Issuer will, upon the holder of any Note giving notice within the Change of Control Put Period to the Issuer in accordance with Condition 15 (unless prior to the giving of the relevant Change of Control Notice (as defined below) the Issuer has given notice of redemption under Condition 8.2 or Condition 8.3), redeem or, at the Issuer's option, purchase (or procure the purchase of) such Note on the Change of Control Put Date at the Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the Change of Control Put Date.

Promptly upon the Issuer or MAF Holding becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a **Change of Control Notice**) to the Noteholders in accordance with Condition 15 to that effect.

If 75 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or, as the case may be, purchased, pursuant to this Condition 8.4(b), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (such notice to be given within 30 days of the Change of Control Put Date), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the remaining outstanding Notes at their Change of Control

Redemption Amount together (if applicable) with interest accrued to but excluding the date fixed for redemption or purchase, as the case may be.

- (c) To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8.4 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on such Noteholder's instruction by Euroclear, Clearstream, Luxembourg, DTC or any depository for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time and if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC given by a holder of any Note pursuant to this Condition

8.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 11, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.4.

- (d) For the purpose of these Conditions:

a **Change of Control Event** shall occur each time Majid Al Futtaim Capital LLC ceases to be the ultimate owner (either directly or indirectly) of more than 50 per cent. of the share capital of MAF Holding;

**Change of Control Redemption Amount** shall mean, in relation to each Note to be redeemed or purchased pursuant to Condition 8.4(b), an amount equal to the nominal amount of such Note or such other amount as may be specified in the applicable Final Terms;

**Change of Control Put Date** shall be the tenth day after the expiry of the Change of Control Put Period provided that, if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency, the Change of Control Put Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency; and

**Change of Control Put Period** shall be the period of 30 days commencing on the date that a Change of Control Notice is given.

## 8.5 Early Redemption Amounts

For the purpose of Condition 8.2 above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount =  $RP \times (1 + AY)^y$  where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**Y** is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

## 8.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.5 above.

## 8.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

## 8.8 Purchases

The Issuer, each Guarantor or any Subsidiary of a Guarantor may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

## 8.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to

Condition 8.8 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

#### **8.10 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 8.1, 8.2, 8.3 or 8.4 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 15.

### **9 TAXATION**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or either Guarantor will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments and governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, each Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) the holder of which is liable for such taxes, duties, assessments and governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (b) presented or surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting or surrendering the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6); or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or the United Arab Emirates or any Emirate therein or any political



subdivision or any authority thereof or therein having power to tax (in the case of payments by either Guarantor); and

- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

## 10 PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

## 11 EVENTS OF DEFAULT AND ENFORCEMENT

### 11.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in aggregate nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or pre-funded and/or secured to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) or (d) (other than the winding up or dissolution of the Issuer or either Guarantor) or (e) to (h) inclusive below (other than the happening of any such event in relation to the Issuer or either Guarantor), only if the Trustee shall have certified in writing to the Issuer and the Guarantors that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven Business Days in the case of principal and 14 Business Days in the case of interest; or
- (b) if the Issuer or either Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer or the relevant Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (c) if the holders of any Indebtedness or Sukuk Obligation of the Issuer, either Guarantor or any Principal Subsidiary accelerate such Indebtedness or Sukuk Obligation or declare such Indebtedness or Sukuk Obligation to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such Indebtedness or Sukuk Obligation), prior to the stated maturity thereof or (ii) the Issuer, either Guarantor or any Principal Subsidiary fails to pay in full any principal of, or interest or profit, as the case may be, on, any of its Indebtedness or Sukuk Obligations when due (after expiration of any applicable grace period) or any guarantee of any Indebtedness or Sukuk Obligation of others given by the Issuer, either Guarantor or any Principal Subsidiary shall not be honoured when due and called upon; provided that the aggregate amount of the relevant Indebtedness,

Sukuk Obligation or guarantee in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred equals or exceeds U.S.\$40,000,000 (or its equivalent in any other currency or currencies); or

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, either Guarantor or any Principal Subsidiary, save in connection with a Permitted Reorganisation; or
- (e) if the Issuer, either Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save in connection with a Permitted Reorganisation, or the Issuer, either Guarantor or any Principal Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) proceedings are initiated against the Issuer, either Guarantor or any Principal Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by the Issuer, the relevant Guarantor or the relevant Principal Subsidiary, as the case may be), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, either Guarantor or any Principal Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking, assets or revenues of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or
- (g) if the Issuer, either Guarantor or any Principal Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save, in all cases, in connection with a Permitted Reorganisation; or
- (h) if any event occurs which under the laws of the Cayman Islands (in the case of the Issuer) or the United Arab Emirates or any Emirate therein (in the case of the Guarantors) has an analogous effect to any of the events referred to in paragraphs (d) to (g) (inclusive) above, or any event occurs which under the laws of the jurisdiction under which the relevant Principal Subsidiary is incorporated or constituted has an analogous effect to any of the events referred to in paragraphs (d) to (g) (inclusive) above; or
- (i) if any Security Interest, present or future, created or assumed by the Issuer, either Guarantor or any Principal Subsidiary and securing an amount which equals or exceeds U.S.\$40,000,000 (or its equivalent in any other currency or currencies) becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to the Issuer, either Guarantor or any Principal Subsidiary, as the case may be, that such Security Interest has become enforceable) unless the full amount of the debt which is secured by the relevant Security Interest is discharged within 60 days of the later of the first date on which: (a) a step is taken to enforce the relevant Security Interest; or (b) the Issuer, either Guarantor or the relevant Principal Subsidiary, as the case may be, is notified that a step has been taken to enforce the relevant Security Interest; or
- (j) if the Guarantee ceases to be, or is claimed by the Issuer or by either Guarantor not to be, in full force and effect.

## 11.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or either Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in aggregate nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or either Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## 11.3 Definitions

For the purposes of the Conditions:

**EBIT** shall have the same meaning as Consolidated EBIT save that (i) all references in the definition of Consolidated EBIT to: (a) “consolidated” (and similar expressions) shall be deemed to be deleted; and (b) “Group” shall be construed as a reference to the “relevant Subsidiary”; and (ii) the definition of “Consolidated Finance Costs” used therein shall be construed to refer only to the relevant Subsidiary;

**EBITDA** shall have the same meaning as Consolidated EBITDA save that references in the definition of Consolidated EBITDA to “Consolidated EBIT” and “member of the Group” (and similar expressions) shall be deemed to be references to “EBIT” and the “relevant Subsidiary”, respectively;

**Indebtedness** means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) other than any such obligations, guarantees or indemnities owing or given by one member of the Group to another member of the Group;

**Non-Recourse Indebtedness** means any present or future Indebtedness or Sukuk Obligation, as the case may be, of any Subsidiary with respect to which there is no contractual recourse against MAF Holding or any other Subsidiary of MAF Holding other than (i) recourse resulting from a pledge of shares of such Subsidiary held by MAF Holding or any of its Subsidiaries in order to secure such Indebtedness or Sukuk Obligation, (ii) recourse resulting from commitments entered into by MAF Holding prior to 31 December 2012 or (iii) recourse against any Subsidiary of such Subsidiary to secure such Indebtedness or Sukuk Obligation, as the case may be;

**Non-Recourse Subsidiary** means any Subsidiary whose Non-Recourse Indebtedness represents at any relevant time more than 50 per cent. of its aggregate Indebtedness or Sukuk Obligations, as the case may be;

**Permitted Reorganisation** means:

- (a) any winding-up or dissolution of a Principal Subsidiary or any Guarantor whereby the undertaking or assets of that Principal Subsidiary are transferred to or otherwise vested in a Guarantor and/or any of its other Subsidiaries provided that, in the case of any Guarantor and such transfer to or vesting in another Subsidiary, at the same time or prior to any such transfer or vesting the payment of principal and interest on the Notes and all other amounts payable by the Issuer under or pursuant to the Trust Deed has been guaranteed by such other Subsidiary by its assumption of the Guarantor’s obligations under the Guarantee it has entered into; or

- (b) any composition or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution;

**Principal Subsidiary** means at any time a Subsidiary, other than a Non-Recourse Subsidiary, of MAF Holding:

- (a) whose EBITDA (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of MAF Holding and its Subsidiaries relate, are equal to) not less than 10 per cent. of Consolidated EBITDA or, as the case may be, consolidated total assets of MAF Holding and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of MAF Holding and its Subsidiaries, provided that in the case of a Subsidiary of MAF Holding acquired after the end of the financial period to which the then latest audited consolidated accounts of MAF Holding and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of MAF Holding and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by MAF Holding;
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of MAF Holding which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of MAF Holding and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of MAF Holding and its Subsidiaries relate, generate EBITDA equal to) not less than 10 per cent. of Consolidated EBITDA, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of MAF Holding and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate EBITDA equal to) not less than 10 per cent. of Consolidated EBITDA, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of MAF Holding and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of MAF Holding and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition, all as more particularly defined in the Trust Deed.

A report by two Authorised Signatories of MAF Holding (whether or not addressed to the Trustee) that in their opinion a Subsidiary of MAF Holding is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties;

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

- (a) which is then directly or indirectly controlled by the first person; or
- (b) more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the first person.

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

**Sukuk Obligation** means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other instruments intended to be issued in compliance with the principles of Shari'ah, whether or not in return for consideration of any kind.

## 12 REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 13 AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading and/or quotation by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and

- (d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantors and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **14 EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

## **15 NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading and/or quotation by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the

day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

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

## 16 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, either Guarantor or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than one-twentieth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes, the Receipts or the Coupons or amending the Guarantee in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and

Couponholders. The expression **Extraordinary Resolution** is defined in the Trust Deed to mean either (i) a resolution passed at a meeting duly convened and held by a majority consisting of not less than three-fourths of the votes cast or (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification, waiver, authorisation or determination which is of a formal, minor or technical nature or to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification, waiver, authorisation or determination shall be notified by the Issuer to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination under these Conditions and the Trust Deed), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders

whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantors, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of another company, being a Subsidiary of either Guarantor, subject to (i) the Notes being unconditionally and irrevocably guaranteed, on a joint and several basis, by the Guarantors, (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with.

## **17 INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTORS**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or prefunded and/or secured to its satisfaction, as well as provisions entitling the Trustee to be paid its costs and expenses in priority to the claims of the Noteholders.

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

## **18 FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders, and in accordance with the Trust Deed, to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **19 CURRENCY INDEMNITY**

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, the Receipts and the Coupons, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder, Receiptholder or Couponholder, as the case may be, in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of Specified Currency is less than the amount of Specified Currency expressed to be due to the recipient under any Note, Receipt or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In



any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder, Receiptholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder, Receiptholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Receipt or Coupon, as the case may be, or any other judgment or order.

## **20 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

## **21 GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **21.1 Governing Law**

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons (including the remaining provisions of this Condition 21), are and shall be governed by, and construed in accordance with, English law.

### **21.2 Agreement to arbitrate**

Subject to Condition 21.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes (including any dispute as to their existence, validity,

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

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

### **21.3 Option to litigate**

Notwithstanding Condition 21.2 above, the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (b) in the event no arbitration is commenced, require that a Dispute be heard by a court of law. If the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 21.4 and, subject as provided below, any arbitration commenced under Condition 21.2 in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

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

- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (ii) his entitlement to be paid his proper fees and disbursements; and
- (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

#### **21.4 Effect of exercise of an option to litigate**

In the event that a notice pursuant to Condition 21.3 is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (b) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (c) this Condition 21.4 is for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders only. As a result, and notwithstanding paragraph (a) above, the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Trustee (or, but only where it is permitted to take action in accordance with the Trust Deed, any Noteholder) may take concurrent Proceedings in any number of jurisdictions.

#### **21.5 Appointment of Process Agent**

The Issuer appoints Norose Notices Limited at its registered office at 3 More London Riverside, London, SE1 2AQ as its agent for service of process, and undertakes that, in the event of Norose Notices Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

#### **21.6 Waiver of immunity**

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

#### **21.7 Other documents and the Guarantors**

The Issuer and the Guarantors have in the Trust Deed and the Agency Agreement, made provision for arbitration and appointed an agent for service of process in terms substantially similar to those set out above. The Issuer and the Guarantors have in the Trust Deed and the

Agency Agreement irrevocably and unconditionally waived with respect to those documents any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consent to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings or Disputes.

## **USE OF PROCEEDS**

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

## DESCRIPTION OF THE ISSUER

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

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

### BUSINESS OF THE ISSUER

The Issuer will issue Notes under the Programme and may enter into other borrowing arrangements from time to time, may make loans to one or both of the Guarantors or other companies controlled by the Guarantors and may conduct other activities incidental or related to the foregoing. The Issuer is not expected to undertake any other business or to incur any substantial liabilities other than in connection with the Notes issued and to be issued under the Programme and as a result of conducting other financing activities as described above. The Notes are the obligations of the Issuer alone.

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

### FINANCIAL STATEMENTS

Since the date of incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law to publish audited financial statements.

### DIRECTORS OF THE ISSUER

The Directors of the Issuer are:

<b>Name:</b>	<b>Principal Occupation outside of the Issuer:</b>
Iyad Malas	Chief Executive Officer, Majid Al Futtaim Holding LLC
Ahmed Bin Brek	Deputy Chief Executive Officer, Majid Al Futtaim Holding LLC
Daniele Vecchi	Senior Vice President, Group Treasurer, Majid Al Futtaim Holding LLC
Joseph Haddad	General Counsel, Majid Al Futtaim Holding LLC

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

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

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

## SUMMARY OF GROUP FINANCIAL INFORMATION

The following summary of consolidated historical financial information as at and for the years ended 31 December 2012 and 2011 has been extracted from the Group Consolidated Financial Statements, which have been incorporated by reference into this document. Certain reclassifications have been made in the 2012 Group Consolidated Financial Statements and, as a result, these statements are not comparable in all respects to the 2011 Group Consolidated Financial Statements. See “*Presentation of Financial and Other Information—Presentation of Group Financial Information*”.

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

## STATEMENT OF COMPREHENSIVE INCOME

The following table shows the Group's consolidated statements of comprehensive income for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Revenue.....	20,824	18,730
Cost of sales.....	(14,219)	(12,914)
Operating expenses.....	(4,565)	(4,052)
Net valuation gain/(loss) on land and buildings.....	573	(329)
Finance costs.....	(599)	(614)
Finance income.....	82	45
Other expenses - net.....	(42)	(18)
Impairment gain/(loss) - net.....	8	(71)
Share of (loss) in joint ventures & associate - net.....	(32)	(80)
<b>Profit before tax.....</b>	<b>2,031</b>	<b>697</b>
Income tax (charge) / credit - net.....	(94)	24
<b>Discontinued operation.....</b>	<b>(261)</b>	<b>40</b>
<b>Profit for the year.....</b>	<b>1,676</b>	<b>761</b>
<b>Profit for the year attributable to:</b>		
Owners of the Group.....	1,532	572
Non-controlling interest.....	144	189
<b>Profit for the year.....</b>	<b>1,676</b>	<b>761</b>
<b>Other comprehensive income</b>		
Foreign currency translation differences from foreign operations.....	(283)	(103)
Foreign currency translation reserve transferred to profit or loss on disposal of subsidiaries.....	300	—
Net change in fair value of cash flow hedges transferred to profit or loss.....	88	106
Effective portion of changes in fair value of cash flow hedges.....	(97)	(170)
Net gain on valuation of land and buildings.....	757	1,163
Deferred tax liability (charged) / reversed on revaluation of lands and buildings.....	0.8	11
Share of loss in joint ventures.....	—	(93)
<b>Total other comprehensive income for the year.....</b>	<b>765</b>	<b>914</b>
<b>Total comprehensive income for the year.....</b>	<b>2,441</b>	<b>1,675</b>
<b>Attributable to:</b>		
Owners of the Group.....	2,287	1,490
Non-controlling interest.....	154	185
<b>Total comprehensive income for the year.....</b>	<b>2,441</b>	<b>1,675</b>

## STATEMENT OF FINANCIAL POSITION

The following table shows the Group's consolidated statement of financial position as at 31 December in each of 2012 and 2011, respectively.

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(AED millions)</i>	
<b>Tangible fixed assets</b>		
Property, plant and equipment.....	19,706	19,431
Investment property .....	11,307	10,557
	<b>31,014</b>	<b>29,989</b>
<b>Other non-current assets</b>		
Investments .....	1,161	1,196
Net investments in finance leases - long term portion .....	175	97
Long term prepaid lease premium - non current portion.....	13	14
Long term loans and advances .....	95	34
Intangible assets .....	134	153
Deferred tax asset.....	—	0.3
<b>Total non-current assets.....</b>	<b>32,592</b>	<b>31,483</b>
<b>Current assets</b>		
Short term loans to related parties.....	99	—
Development property.....	66	—
Inventories.....	966	884
Trade and other receivables .....	1,132	1,136
Due from related parties .....	147	73
Net investment in finance leases - current portion .....	208	158
Cash in hand and at bank.....	2,719	2,395
	<b>5,337</b>	<b>4,647</b>
<b>Current liabilities</b>		
Short term loan from related parties .....	177	303
Trade and other payables.....	5,505	5,494
Due to related parties.....	77	72
Other employment benefits payable - current portion.....	154	151
Bank overdraft.....	0.9	5
Current maturity of long term loans .....	720	2,074
	<b>6,634</b>	<b>8,099</b>
<b>Net current liabilities .....</b>	<b>(1,296)</b>	<b>(3,453)</b>
<b>Non-current liabilities</b>		
Long term loans .....	8,831	7,575
Deferred tax liabilities.....	117	111
Other long-term liabilities .....	83	96
Other employment benefits payable - non current portion.....	24	24
Provision for staff terminal benefits.....	299	237
<b>Total non-current liabilities.....</b>	<b>9,353</b>	<b>8,043</b>
<b>Net assets .....</b>	<b>21,943</b>	<b>19,988</b>
<b>Equity</b>		
Share capital .....	2,487	2,487
Statutory reserve.....	1,355	1,248
Revaluation reserve .....	14,051	13,295
Other reserve .....	3,466	2,434
<b>Total equity attributable to the owners of the Group .....</b>	<b>21,359</b>	<b>19,464</b>
Non-controlling interest .....	583	524
<b>Total equity .....</b>	<b>21,943</b>	<b>19,988</b>



## CASH FLOW STATEMENT

The following table summarises the Group's cash flows for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Cash inflow from operating activities .....	3,103	3,040
Cash (used in) investing activities .....	(2,323)	(1,877)
Cash flow used in financing activities .....	(862)	(1,274)
<b>Decrease in cash and cash equivalents .....</b>	<b>(82)</b>	<b>(111)</b>
Cash and cash equivalents at the beginning of the year .....	1,551	1,662
<b>Cash and cash equivalents at end of the year .....</b>	<b>1,470</b>	<b>1,551</b>

## EBITDA

The following table shows the Group's EBITDA and certain ratios as at and for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
EBITDA <sup>(1)</sup> <i>(AED millions)</i> .....	3,008	2,805
EBITDA margin <sup>(2)</sup> <i>(per cent.)</i> .....	14.4	15.0
EBITDA/interest <sup>(3)</sup> <i>(times)</i> .....	5.5	4.77
LTV <sup>(4)</sup> <i>(per cent.)</i> .....	22.6	25.2
Net debt/EBITDA <sup>(5)</sup> <i>(times)</i> .....	2.3	2.7
Debt/capital <sup>(6)</sup> <i>(per cent.)</i> .....	44.3	49.8

(1) Calculated as profit for the year after adding back extraordinary items, interest, tax, depreciation and amortisation, see reconciliation below.

(2) Calculated as EBITDA divided by total revenue.

(3) Calculated as EBITDA divided by net interest, which is calculated as interest costs (excluding capitalised interest costs) less interest earned.

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

(5) Calculated as net debt divided by EBITDA.

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

The following table shows a reconciliation of the Group's EBITDA to profit/(loss) as shown in the consolidated income statement for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
EBITDA .....	3,008	2,805
Depreciation .....	(921)	(936)
Amortisation of lease premiums and intangible assets .....	(21)	(22)
Share of (loss)/gain in joint ventures and associates .....	(32)	(80)
Net finance cost .....	(517)	(568)
Net valuation gains/(loss) on land and buildings .....	573	(329)
Taxation.....	(94)	24
Project costs written off .....	(14)	(4)
Impairment provision - net .....	8	(71)
Forex loss.....	(21)	(40)
Currency translation adjustment (CTA).....	(300)	—
Net profit from discontinued operations.....	39	—
Others.....	(32)	(17)
<b>(Loss)/profit for the year .....</b>	<b>1,676</b>	<b>761</b>

## GROUP FINANCIAL REVIEW

The following review of the Group's financial position and results of operations is based upon and should be read in conjunction with the Group Consolidated Financial Statements which have been incorporated by reference into this document and which are available for inspection at the registered office of the Issuer and at the specified office of the Paying Agent for the time being in London (see "*General Information—Documents Available*"). As a result of certain reclassifications made in 2012, adjustments have been made to the Group's statement of comprehensive income for the year ended 31 December 2011 and its statement of financial position as at 31 December 2011, in each case as included in the 2012 Group Consolidated Financial Statements. As a result, these statements are not comparable in all respects to those in the 2011 Group Consolidated Financial Statements.

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

### OVERVIEW

The Group is one of the largest developers and operators of shopping malls and hypermarkets in the MENA region. Founded in Dubai in 1992 to bring the first regional shopping mall to the Middle East, the Group's activities have since grown to include hotel development and the provision of complementary leisure and entertainment products and services. The Group currently has operations in 12 countries predominantly in the MENA region.

The Group's operations are carried out by three complementary operating companies: MAF Properties, MAF Retail and MAF Ventures, each of which is a wholly-owned subsidiary of MAF Holding:

- **MAF Properties** develops and manages shopping malls, which is the Group's core business. MAF Properties currently operates 11 shopping malls in the UAE, Egypt, Oman and Bahrain and is currently constructing or master planning an additional four malls, located in Lebanon and Egypt. MAF Properties also develops hotels adjacent to or in close proximity to shopping mall destinations and, on a selective basis, undertakes mixed-use developments, in each case where this adds value to its core mall development business. MAF Properties currently owns 11 hotels, of which nine are located in the UAE and two are located in Bahrain. MAF Properties operates through its three business units: Shopping Malls, Hotels and Communities.
- **MAF Retail** first introduced the hypermarket model to the Middle East in 1995 through MAF Hypermarkets, originally established as a joint venture company with Carrefour in which MAF Retail had a 75 per cent. interest. As at the date of this Base Prospectus, MAF Hypermarkets is a wholly owned subsidiary of the Group, managed by MAF Retail in which MAF Retail has a 99.9 per cent. interest and MAF Holding has a 0.1 per cent. interest. For further detail on the history of MAF Hypermarkets please see "*Description of the Group—MAF Retail*" and for further detail on MAF Holding's recent acquisition of Carrefour's 25 per cent. interest please see "*Group Financial Review—Recent Developments*". Carrefour stores are a key anchor tenant in each of the Group's shopping malls and the Group has also opened Carrefour stores outside its shopping malls. MAF Retail has expanded the Carrefour concept across the UAE and into Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia and Georgia. As at 31 December 2012, MAF Retail operated 48 Carrefour hypermarkets and 43 Carrefour supermarkets in 11 countries predominantly in the MENA region.
- **MAF Ventures** operates the Group's leisure and entertainment services, including a unique leisure offering in each of its three super-regional shopping malls, for example Ski Dubai which is located in the Group's flagship shopping mall, Mall of the Emirates. MAF Ventures also owns 13 Magic Planet entertainment centres located in ten of the Group's shopping malls and elsewhere and five cinemas located in four of the Group's shopping malls and elsewhere. MAF Ventures also offers Najm Visa credit cards and has a small portfolio of other investments.

## SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Group Consolidated Financial Statements requires management to make certain estimates and judgments, some of which are subjective and complex, often as a result of the need to make estimations of future events. The Group's significant accounting policies are set out in note 3 to the 2012 Group Consolidated Financial Statements and a summary of the critical accounting estimates and judgments that are made in preparing the consolidated financial statements is set out in note 37 to the 2012 Group Consolidated Financial Statements.

## RESULTS OF OPERATIONS FOR THE TWO YEARS ENDED 31 DECEMBER 2012

### Revenue

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

The table below shows a breakdown of the Group's revenue for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December			
	2012		2011	
	(AED millions)	(%)	(AED millions)	(%)
Sale of goods.....	15,898	76.3	14,528	77.6
Rental income.....	2,204	10.6	1,976	10.5
Fees and commissions.....	1,273	6.1	1,060	5.7
Leisure and entertainment.....	638	3.1	556	3.0
Hospitality revenue.....	520	2.5	418	2.2
Others.....	291	1.4	193	1.0
<b>Total revenue .....</b>	<b>20,824</b>	<b>100.0</b>	<b>18,730</b>	<b>100.0</b>

The Group's total revenue increased by AED 2,094 million, or 11.2 per cent., in 2012 (from AED 18,730 million in 2011 to AED 20,824 million in 2012). The majority of the increase resulted from a 9.4 per cent. increase in revenue from the sale of goods but all other revenue sources also increased.

In geographical terms, in 2012, 55.8 per cent. of the Group's revenue was derived from the UAE, 11.2 per cent. was derived from Egypt, 8.6 per cent. was derived from Saudi Arabia, 7.9 per cent. was derived from Qatar, 5.6 per cent. was derived from Oman and the remaining 10.9 per cent. was derived from other countries in the MENA region.

A more detailed analysis of the Group's three principal sources of revenue is set out below. Together, these revenue streams comprised 93.0 per cent. and 93.8 per cent. of the Group's total revenue in 2012 and 2011, respectively.

### **Sale of goods**

The Group's revenue from the sale of goods increased by AED 1,370 million, or 9.4 per cent., in 2012 (from AED 14,528 million in 2011 to AED 15,898 million in 2012). This principally reflected the opening of 5 Carrefour hypermarkets and 8 Carrefour supermarkets during 2012.

### **Rental income**

The Group's rental income increased by AED 228 million, or 11.5 per cent., in 2012 (from AED 1,976 million in 2011 to AED 2,204 million in 2012). This principally reflected the rental income generated by Fujairah City Centre which opened in April 2012 and increases in base rent and percentage rent (see

“Description of the Group—MAF Properties—Shopping Malls Business Unit—Lease arrangements” for detail on how rent is charged).

### **Fees and commissions**

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

The Group’s fees and commissions increased by AED 213 million, or 20.1 per cent., in 2012 (from AED 1,060 million in 2011 to AED 1,273 million in 2012).

### **Cost of sales**

The Group’s cost of sales almost entirely consists of the cost to it of acquiring the goods sold by it in its Carrefour stores. Cost of sales is presented net of any rebates which the Group is able to secure from its suppliers. The Group’s cost of sales increased by AED 1,304 million, or 10.1 per cent., in 2012 (from AED 12,914 million in 2011 to AED 14,219 million in 2012). The Group’s sales margin was 31.72 per cent. in 2012 compared to 31.05 per cent. in 2011 principally due to the Group’s ability to apply higher prices to certain foods across a number of its Carrefour stores.

### **Operating expenses**

The table below shows the Group’s operating expenses for the two years ended 31 December 2012 and 2011, respectively.

	<b>Year ended 31 December</b>			
	<b>2012</b>		<b>2011</b>	
	<i>(AED millions)</i>	<i>(%)</i>	<i>(AED millions)</i>	<i>(%)</i>
Staff costs.....	(1,936)	42.4	(1,685)	41.6
Rent.....	(321)	7.0	(279)	6.9
Depreciation.....	(921)	20.2	(936)	23.1
Amortisation.....	(21)	0.5	(22)	0.5
Consultancy costs.....	(64)	1.4	(43)	1.1
Legal and professional fees.....	(37)	0.8	(35)	0.9
Selling and marketing expenses.....	(243)	5.3	(217)	5.4
Utilities.....	(272)	6.0	(247)	6.1
Repair and maintenance.....	(191)	4.2	(183)	4.5
Insurance charges.....	(19)	0.4	(25)	0.6
Franchise and management fees.....	(90)	2.0	(82)	2.0
Other general and administrative expenses.....	(449)	9.8	(297)	7.3
<b>Total operating expenses.....</b>	<b>(4,565)</b>	<b>100.0</b>	<b>(4,052)</b>	<b>100.0</b>

The Group’s principal operating expenses are staff costs and depreciation, which together comprised 62.6 per cent. and 64.7 per cent. of its total operating expenses in 2012 and 2011, respectively. Each of these items is analysed in more detail below.

The Group’s total operating expenses increased by AED 513 million, or 12.7 per cent., in 2012 (from AED 4,052 million in 2011 to AED 4,565 million in 2012). The principal contributors to this increase were increased staff costs, rent, utilities and selling and marketing expenses which, together, increased by AED 344 million.

### **Staff costs**

The Group's staff costs (which exclude staff costs capitalised as part of projects under construction) increased by AED 251 million, or 14.9 per cent., in 2012 (from AED 1,685 million in 2011 to AED 1,936 million in 2012), principally reflecting increased employee numbers. The number of employees increased by 9.7 per cent. in 2012 from 22,369 at the start of the year to 24,598 at the end of 2012, although the majority of the new employees were employed in MAF Retail's Carrefour stores and MAF Ventures' leisure and entertainment venues at the lower end of the Group's salary scale.

### **Depreciation**

The Group's depreciation charge decreased by AED 15 million, or 1.6 per cent., in 2012 (from AED 936 million in 2011 to AED 921 million in 2012).

### **Net valuation change on land and buildings**

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

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

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

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

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

In 2012, the Group recorded an AED 239 million fair value gain on the revaluation of certain property, plant and equipment (principally the Sheraton Mall of the Emirates Hotel in the UAE) and a net fair value gain of AED 334 million on its various investment properties, through profit or loss.

## Net finance cost

The table below shows the Group's net finance cost recognised in profit or loss for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Arrangement and participation fee .....	(46)	(17)
Interest charges (less capitalised interest) .....	(452)	(427)
Net changes in fair value of financial assets at fair value through profit and loss .....	—	(45)
Ineffective portion of changes in fair value of cash flow hedges .....	(9)	(5)
Net changes in fair value of cash flow hedges transferred from equity ....	(88)	(106)
Change in the fair value of investment in equity .....	—	(3)
Bond programme cost written off .....	(4)	(5)
Change in the fair value investment in bonds .....	—	(6)
Finance costs .....	<b>(599)</b>	<b>(614)</b>
Interest income .....	70	44
Ineffective portion of changes in fair value of cash flow hedges .....	12	2
<b>Finance income .....</b>	<b>82</b>	<b>45</b>
<b>Net finance costs .....</b>	<b>(517)</b>	<b>(569)</b>

The Group's net finance cost charged to profit and loss decreased by AED 52 million, or 9.1 per cent., in 2012 (from AED 569 million in 2011 to AED 517 million in 2012). This principally reflected the net effect of the following factors:

- an increase of AED 25 million, or 5.9 per cent., in interest charges (after deducting capitalised interest). The Group pays interest on its outstanding borrowings and the increase is mainly due to changes in the Group's borrowing portfolio (particularly in the proportion of floating rate against fixed rate borrowings) and slight increase in margins on floating rate borrowings;
- a decrease of AED 18 million, or 17.0 per cent., in net changes in fair value of cash flow hedges transferred from equity. Under IFRS, changes in the fair values of the effective portion of derivative instruments that are designated as cash flow hedges are recognised directly in other comprehensive income and presented in equity (in the hedging reserve). The amount recognised in other comprehensive income is removed and included in profit or loss in the same period that the hedged item affects profit or loss; and
- an increase of AED 37 million, or 82.2 per cent., in finance income. The Group receives interest income on funds invested and on the principal amounts due under finance lease receivables.

## Other income and expenses, net

The Group's other income and expenses comprise the net gain or loss made on the disposal of non-current assets, project costs written off, any net foreign exchange gain or loss, a provision for other receivables and other income. The Group's other expenses, net increased by AED 23 million, or 128.6 per cent., in 2012 (from AED 18 million in 2011 to AED 42 million in 2012).

## Impairment losses, net

The Group believes that its policy for taking impairments is conservative. The Group recognised a net impairment reversal of AED 8 million in 2012 and a net impairment loss of AED 71 million in 2011. In 2011, the impairment loss principally related to the effect of adverse market and business conditions on the value of property, plant & equipment, receivables from and investments in certain joint ventures in the UAE. In 2012, due to the strengthening of the business volumes and related future cash flows which were used for the valuation of the investment in an associate, the provision recorded earlier in 2011 was reversed.

### **Share of gain in joint ventures and associates, net**

A list of the Group's joint ventures and associates is set out in note 39 to the 2012 Group Consolidated Financial Statements. Joint ventures and associates are accounted for using the equity method and, as a result, the Group's proportionate share of the profit or loss made by each joint venture or associate is included under this line item.

The table below shows the Group's share of the profit or loss of its joint ventures and associates for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Share of (loss)/profit of associates .....	(31)	0.3
Share of (loss) of joint ventures.....	(0.9)	(81)
<b>Total .....</b>	<b>(32)</b>	<b>(80)</b>

The Group's share of the net loss in joint ventures and associates was AED 32 million in 2012 compared to net loss of AED 80 million in 2011.

### **Profit before tax**

Reflecting the above factors, the Group's profit before tax was AED 2,031 million in 2012 compared to a profit before tax of AED 697 million in 2011.

### **Income tax**

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

The Group's operations in these jurisdictions gave rise to a AED 94.2 million net tax charge in 2012 compared to a AED 24.2 million credit in 2011.

In 2012, a deferred tax charge of AED 16.9 million was made compared to a deferred tax reversal of AED 63.2 million in 2011.

### **Profit for the year**

Reflecting the above factors, the Group's profit for the year was AED 1,676 million in 2012 compared to a profit of AED 761 million in 2011.

### **Other comprehensive income**

In 2012, the Group's other comprehensive income was AED 765 million compared to other comprehensive income of AED 914 million in 2011. The principal factor affecting other comprehensive income is the fair value gains and losses made on the valuation of land and buildings classified as property, plant and equipment each year and the foreign currency translation reserve transferred to profit or loss on the disposal of subsidiaries. In 2012, the Group's net fair value gain on land and buildings classified as property, plant and equipment was AED 757 million compared to net fair valuation gain of AED 1,163 million in 2011. In 2012, the Group's foreign currency translation reserve transferred to profit and loss on the disposal of subsidiaries was AED 300 million. No such reserve was transferred in 2011.

### **Total comprehensive income**

Together with the Group's profit for each year, this resulted in total comprehensive income for the Group amounting to AED 2,441 million in 2012 and total comprehensive income for the Group of AED 1,675 million in 2011.

## Segments

The Group has four reporting segments as follows:

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

Note 4 to the 2012 Group Financial Statements presents certain financial information for each segment. In revenue terms, Retail is the most significant segment, accounting for 82.5 per cent. of Group revenue in 2012. In terms of profit before tax, all segments were profitable in 2012 and 2011. In terms of assets, Properties is the most significant segment, with 83.7 per cent. of Group assets at 31 December 2012.

## CASH FLOWS FOR THE TWO YEARS ENDED 31 DECEMBER 2012

The table below summarises the Group's cash flows for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Net cash from operating activities .....	3,103	3,040
Net cash used in investing activities.....	(2,323)	(1,877)
Net cash used in financing activities .....	(862)	(1,274)
<b>Decrease in cash and cash equivalents.....</b>	<b>(82)</b>	<b>(111)</b>
Cash and cash equivalents at start of period .....	1,551	1,662
<b>Cash and cash equivalents at end of period .....</b>	<b>1,470</b>	<b>1,551</b>

In 2012, the Group's net cash from operating activities was AED 3,103 million. The Group's net cash used in investing activities in the same year was AED 2,323 million, principally reflecting the cost of acquiring property, plant and equipment (including investment property and capital work in progress), which was AED 1,516 million. Of this amount, AED 225 million was invested in capital work in progress and AED 514 million was spent on the construction of investment property mostly relating to Beirut City Centre and Mall of Egypt. The net cash used by the Group in financing activities in 2012 was AED 862 million. Although the Group borrowed AED 5,157 million in new long term debt in 2012, it also repaid AED 5,258 million of such debt in 2012. In 2012, the Group paid interest of AED 442 million, and also paid dividends of AED 94 million to minority shareholders.

In 2011, the Group's net cash from operating activities was AED 3,040 million. The Group's net cash used in investing activities in the same year was AED 1,877 million, principally reflecting the cost of acquiring property, plant and equipment (including investment property and capital work in progress), which was AED 1,499 million. Of this amount, AED 502 million was invested in capital work in progress principally on the Kempinski Hotel in Bahrain and AED 472 million was spent on the construction of investment property, mostly relating to the Fujairah City Centre and Beirut City Centre shopping malls. The net cash used by the Group in financing activities in 2011 was AED 1,274 million. Although the Group borrowed AED 3,306 million in new long term debt in 2011, it also repaid AED 4,156 million of such debt. In 2011, the Group paid interest of AED 618 million, and also paid dividends of AED 118 million to minority shareholders.

## LIQUIDITY AND BORROWINGS

The Group's long-term financing needs are established based on five-year plans from each operating subsidiary. The Group targets available liquidity (defined as cash in hand and committed facilities available for drawing) sufficient to cover at least 18 months of financing requirements. Throughout the



liquidity crisis in 2009, the Group maintained its liquidity coverage although it also scaled back its planned capital expenditure by around 40 per cent. in 2009 and early 2010 to enable it to achieve this. Ensuring flexibility in its capital expenditure plans is another significant liquidity tool utilised by the Group.

The table below summarises the Group's borrowings as at 31 December in each of 2012 and 2011, respectively.

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(AED millions)</i>	
Long-term loans.....	9,551	9,649
Less current portion.....	(720)	(2,074)
Total non current portion .....	8,831	7,575
Short term loans .....	177	303
Bank overdrafts .....	1	5
<b>Total borrowings .....</b>	<b>9,728</b>	<b>9,957</b>

Details of the Group's 18 outstanding long term loans at 31 December 2012 are set out in note 21 to the 2012 Group Consolidated Financial Statements. The loans have maturity dates extending to 30 January 2022. The loans are denominated in U.A.E. dirhams, U.S. dollars, Egyptian pounds and Lebanese pounds. The floating rate loans carry margins ranging from 1 per cent. to 3.5 per cent. per annum over the base lending rate, whilst fixed rates on loans range from 5.25 per cent. to 5.85 per cent. Certain of the loans (as identified in note 21 to the 2012 Group Consolidated Financial Statements) are secured against assets of the Group or guaranteed by MAF Properties. The principal amount outstanding of secured loans at 31 December 2012 was AED 676 million.

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

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

The table below shows the Group's borrowings (excluding bank overdrafts) at 31 December 2012 by debtor:

**At 31 December 2012**  
(AED millions)

<b>MAF Holding</b>	
Unsecured but with MAF Properties guarantee .....	5,752
Unsecured but with MAF Cinemas guarantee.....	155
Unsecured and unguaranteed .....	239
<b>Total MAF Holding .....</b>	<b>6,146</b>
<b>MAF Properties</b>	
Secured .....	—
Unsecured but with MAF Holding guarantee.....	2,735
Unsecured and unguaranteed .....	—
<b>Total MAF Properties .....</b>	<b>2,735</b>
<b>Other</b>	
Secured and/or guaranteed by banks <sup>(1)</sup> .....	667
Unsecured .....	180
<b>Total other .....</b>	<b>847</b>
<b>Total borrowings (excluding bank overdrafts)<sup>(2)</sup> .....</b>	<b>9,728</b>

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

(2) Unamortised bank arrangement fees of AED 48.0 million have been deducted from total borrowings in the 2012 Group Financials Statements.

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

The table below shows the maturity profile of the Group's outstanding borrowings (excluding bank overdrafts) as at 31 December 2012:

**At 31 December 2012**  
(AED millions)

Principal amount of borrowings maturing in:	
2013.....	849
2014.....	1,140
2015.....	1,024
2016.....	903
2017.....	1,789
2018 onwards .....	4,023
<b>Total borrowings (excluding bank overdrafts) .....</b>	<b>9,728</b>

## SHAREHOLDERS' EQUITY

The table below shows the Group's shareholders' equity as at 31 December in each of 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Share capital.....	2,487	2,487
Statutory reserve .....	1,355	1,248
Revaluation reserve.....	14,051	13,295
Other reserves .....	3,466	2,434
Total equity attributable to the owners of MAF Holding .....	21,359	19,464
Non-controlling interest.....	583	524
Total equity .....	21,943	19,988

### Share capital

MAF Holding's share capital comprises 2,486,729 shares of AED 1,000 each, all of which are fully paid and owned by Majid Al Futtaim Capital LLC which, in turn, is owned as to 99.6 per cent. by Mr Majid Al Futtaim, the founder of the Group.

### Revaluation reserve

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

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

### Other reserves

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

## RELATED PARTIES

The Group's related party transactions are described in note 24 to the 2012 Group Consolidated Financial Statements and principally comprise transactions with other Group companies, MAF Holding's parent company and its shareholders, companies under common control with MAF Holding and key management personnel and/or their close family members.

## OFF-BALANCE SHEET LIABILITIES

The Group has significant off-balance sheet liabilities in the form of capital commitments, letters of credit granted by bankers in the normal course of business, forward contracts and guarantees given by Group companies.

The table below shows the Group's off-balance sheet liabilities as at 31 December in each of 2012 and 2011, respectively.

	<b>At 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(AED millions)</i>	
Capital commitments .....	2,563	4,465
Letters of credit .....	1	—
Bank Guarantees .....	138	55
<b>Total .....</b>	<b>2,702</b>	<b>4,520</b>

## **FINANCIAL RISK MANAGEMENT**

Note 34 to the 2012 Group Consolidated Financial Statements describes the principal financial risks faced by the Group and the principal procedures used by the Group to manage these risks. The principal financial risks faced by the Group are credit risk, liquidity risk and interest rate risk as further described below.

### **Credit risk**

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

### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk through the use of bank overdrafts, bank loans and credit facilities, see "*Liquidity and Borrowings*".

### **Market risk**

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

### **Foreign currency risk**

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

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

### **Interest rate risk**

Interest rate risk is managed within the framework of the interest rate risk management policy. The Group adopts a policy of maintaining target duration on its liability portfolio of about four years with a

deviation of plus or minus one year. This is achieved through cash and/or by using derivative financial instruments which are eligible for hedge accounting.

### Capital management

The Group uses a gearing ratio to monitor its capital. This is calculated as debt divided by total equity. Debt comprises long-term interest bearing loans and borrowings whilst capital comprises all equity attributable to the shareholder, including reserves. As at 31 December 2012, the Group's gearing ratio was 44 per cent.

MAF Orix Finance Co. PJSC (**MAF Orix**), a joint venture with Orix in which MAF Ventures owns 60 per cent. of the share capital and which is involved in leasing moveable assets, and MAF Finance in which MAF Ventures owns 100 per cent. of the share capital and is involved in credit card operations, are each required by the UAE Central Bank to maintain its capital at a minimum of 15 per cent. of its total available funds. At 31 December 2012, the capital (as defined by the UAE Central Bank) of MAF Orix and MAF Finance was equal to 53 per cent. and 40 per cent. respectively of its total available funds.

The Group has various borrowing arrangements which require it to comply with net worth, interest cover and debt/equity ratios. The Group was in compliance with all such requirements at 31 December 2012 and remains in compliance with all such requirements as at the date of this Base Prospectus.

### DIVIDEND POLICY

MAF Holdings is the only company within the Group to have a set dividend policy, the conditions for which are as follows:

- (a) MAF Holding intends to distribute approximately 10 per cent. of its annual consolidated net income to its shareholders (the **distribution**), which distribution shall be made no later than 6 months after the end of the financial year to which the distribution relates or at such other intervals as the board of directors may determine from time to time;
- (b) the terms of any distribution (including the final amount and timing of such distribution) will at all times remain at the sole and absolute discretion of the board of directors, who will be required to approve every distribution by separate resolution in advance of declaring such distribution. Final payment of any declared distribution will be subject to the final approval by the company's shareholders;
- (c) the board of directors shall take into consideration a number of factors before declaring or making such distribution, including (without limitation):
  - (i) general economic and business conditions, MAF Holding's and the Group's strategic plans, MAF Holding's financial results and conditions, its cash requirements and the benefits of investing any future earnings in the development and growth of the Group's business;
  - (ii) any legal requirements and any contractual obligations or limitations, whether currently applicable or which may become relevant in the future, which affect, or may affect, the ability of MAF Holding to approve or make such distribution;
  - (iii) the requirements of any future financing agreements to which MAF Holding may be a party; and
  - (iv) any other factors which the board of directors may deem relevant in respect of the distribution in question.

## RECENT DEVELOPMENTS

### Source of information

The information relating to the Group's and MAF Properties' financial performance during the first quarter of 2013 included in this Base Prospectus is sourced from the internal management accounts and records of MAF Holding and MAF Properties, respectively. Such financial information is unaudited.

### Overview

In the first three months of 2013, the Group's revenue increased by 8 per cent. to AED 5,290 million and its EBITDA increased by 12 per cent. to AED 838 million, in each case compared to the same period in the year ended 31 December 2012.

The increase in revenue reflected improved results in a number of the Group's business operations during the first three months of 2013 (compared to the same period in the year ended 31 December 2012) as follows:

- an increase of 7 per cent. in revenue from MAF Retail with 3 per cent. of the growth attributed to sales from established stores, mostly in the UAE and Saudi Arabia, and the remaining 4 per cent. of the growth coming from new store openings in the UAE, Georgia, Iraq, Egypt, Qatar and Saudi Arabia;
- an increase of 13 per cent. in revenue from MAF Properties mainly due to a 9 per cent. increase in revenue from the Shopping Malls Business Unit and a 24 per cent. increase in revenue from the Hotels Business Unit. Revenue growth from established malls, mostly in the UAE, was 7 per cent. while revenue growth from established hotels was 29 per cent.; and
- an increase of 12 per cent. in revenue from MAF Ventures, principally due to the performance of MAF Finance, MAF Cinemas and MAF Orix. This increase was partially offset by lower revenue from MAF Fashion as a result of store closures.

The EBITDA increase reflected an increase of 16 per cent. in EBITDA from MAF Properties and an increase of 11 per cent. in EBITDA from MAF Retail which was offset by a decrease of 24 per cent. in EBITDA from MAF Ventures.

The table below shows certain balance sheet line items for the Group as at 31 March 2013 and 31 December 2012.

	<b>At 31 March 2013</b>	<b>At 31 December 2012</b>
	<i>(unaudited)</i>	
	<i>(AED millions)</i>	
Total assets .....	38,718	37,930
Gross debt (excluding overdraft) .....	9,762	9,728
Cash in hand and at bank.....	3,210	2,719
Net debt .....	6,553	7,010
Total equity .....	22,420	21,943
Net debt/total equity.....	29.2	31.9

## Liquidity and borrowings

The table below summarises the Group's borrowings as at 31 March 2013 and as at 31 December in each of 2012 and 2011, respectively.

	At 31 March	At 31 December	
	2013	2012	2011
	<i>(unaudited)</i>	<i>(AED millions)</i>	
Long-term loans.....	9,657	9,551	9,649
Less current portion.....	(697)	(720)	(2,074)
Total non current portion .....	8,961	8,831	7,575
Short term loans .....	105	177	303
Bank overdrafts .....	—	1	5
<b>Total borrowings .....</b>	<b>9,762</b>	<b>9,728</b>	<b>9,957</b>

The table below shows the Group's borrowings (excluding bank overdrafts) as at 31 March 2013 by debtor:

	At 31 March 2013
	<i>(unaudited)</i>
	<i>(AED millions)</i>
<b>MAF Holding</b>	
Unsecured but with MAF Properties guarantee .....	5,617
Unsecured but with MAF Cinemas guarantee.....	155
Unsecured and unguaranteed.....	245 <sup>(1)</sup>
<b>Total MAF Holding.....</b>	<b>6,017</b>
<b>MAF Properties</b>	
Secured .....	—
Unsecured but with MAF Holding guarantee.....	2,736
Unsecured and unguaranteed .....	—
<b>Total MAF Properties .....</b>	<b>2,736</b>
<b>Other</b>	
Secured and/or guaranteed by banks <sup>(2)</sup> .....	784
Unsecured .....	225
<b>Total other .....</b>	<b>1,009</b>
<b>Total borrowings (excluding bank overdrafts).....</b>	<b>9,762</b>

<sup>(1)</sup> Inclusive of short term debt payable to a related party amounting to AED 105 million as at 31 March 2013.

<sup>(2)</sup> Borrowings by subsidiaries of MAF Holding or MAF Properties, in certain cases on a limited recourse basis to the borrower. Certain of these borrowings are also guaranteed by MAF Holding or MAF Properties.

The table below shows the maturity profile of the Group's outstanding borrowings (excluding bank overdrafts) as at 31 March 2013:

	<b>At 31 March 2013</b>
	<i>(unaudited)</i>
	<i>(AED millions)</i>
Principal amount of borrowings maturing in:	
2013 (April to Dec).....	581
2014.....	1,250
2015.....	1,043
2016.....	922
2017.....	1,792
After 2017.....	4,174
<b>Total borrowings (excluding bank overdrafts).....</b>	<b>9,762</b>

### **MAF Orix**

The Group is currently in advanced discussions with a third party buyer regarding a potential divestment of its 60 per cent. interest in MAF Orix. At present there can be no certainty that this potential divestment will conclude. MAF Orix contributes less than 1.0 per cent. to the Group's EBITDA.

### **MAF Hypermarkets Acquisition and Carrefour Franchise Agreement**

MAF Holding entered into an agreement dated 22 May 2013 with Carrefour France SA (the **Sale and Purchase Agreement**) whereby MAF Holding acquired Carrefour SA's 25 per cent. ownership interest in MAF Hypermarkets for a consideration of Euro 530 million (the **Acquisition**). The Acquisition became effective in June 2013.

The Acquisition will not have a material impact on the financial position of the Group as MAF Hypermarkets is a fully consolidated subsidiary of MAF Holding for accounting purposes, save that, as the purchase consideration was higher than 25 per cent. of the net assets of MAF Hypermarkets, the Acquisition resulted in a reduction in Shareholders' equity in accordance with IFRS of approximately AED 2.1 billion on a Group consolidated basis. The impact of such reduction is expected to be substantially offset by an issuance planned in 2013 of debt instruments which are expected by the Group's management to receive full equity accounting treatment in accordance with IFRS.

The Group's management believes that the Acquisition will generate substantial benefits to the Group's business in the future, including affording the Group: (i) the ability to pursue its growth strategy in respect of MAF Hypermarkets in the region with greater flexibility as the Group will no longer be bound by the terms of the current joint venture agreement governing the ownership and management of MAF Hypermarkets; and (ii) the ability to retain and optimally utilize all cash flows generated by MAF Hypermarkets for the benefit of the Group and achieve a more efficient balance sheet structure.

In addition, MAF Hypermarkets and Carrefour France SA have agreed to extend the franchise agreement currently in place between the two parties. The revised franchise agreement extends MAF Hypermarket's use of the Carrefour brand name until 2025 and provides MAF Hypermarkets with the opportunity to expand its use of the Carrefour brand into new jurisdictions and in new formats (such as, for example, in relation to convenience stores and cash-and-carries) across the regions in which the Group currently operates.



## SUMMARY OF MAF PROPERTIES FINANCIAL INFORMATION

The following summary of consolidated historical financial information as at and for the years ended 31 December 2012 and 2011 has been extracted from the 2012 MAF Properties Financial Statements, which have been incorporated by reference into this document. Certain minor reclassifications have been made in the 2012 MAF Properties Financial Statements and, as a result, these statements are not comparable in all respects to the 2011 MAF Properties Financial Statements. See “*Presentation of Financial and Other Information—Presentation of MAF Properties Financial Information*”.

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

## STATEMENT OF COMPREHENSIVE INCOME

The following table shows MAF Properties' consolidated statements of comprehensive income for the two years ended 31 December 2012 and 2011 respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Revenue.....	3,149	2,758
Operating expenses.....	(1,803)	(1,657)
Net valuation gains/(loss) on land and buildings.....	549	(483)
Other income - net.....	3	11
Impairment reversal/(loss) - net.....	27	(45)
Share of loss in joint ventures and associate - net.....	(50)	(94)
Finance income.....	8	5
Finance costs.....	(601)	(449)
<b>Profit before tax.....</b>	<b>1,282</b>	<b>44</b>
Income tax (charge)/credit.....	(55)	82
<b>Profit for the year from continuing operations.....</b>	<b>1,227</b>	<b>126</b>
Loss on discontinued operations – net of tax.....	(117)	(10)
<b>Profit for the year.....</b>	<b>1,110</b>	<b>116</b>
<b>Profit / (loss) attributable to:</b>		
Owners of MAF Properties.....	1,103	118
Non-controlling interest.....	7	(2)
<b>Profit for the year.....</b>	<b>1,110</b>	<b>116</b>
<b>Other comprehensive income</b>		
Net valuation gain on land and building.....	754	1,290
Share of (loss) in joint ventures and associate.....	-	(93)
Net change in fair value of cash flow hedges transferred to profit or loss.....	64	106
Effective portion of changes in fair value of cash flow hedges.....	(45)	(94)
Hedging reserve transferred to profit or loss on novation of hedging instruments.....	189	-
Foreign currency translation reserve transferred to profit or loss on disposal of subsidiaries.....	120	-
Foreign currency translation differences from foreign operations.....	(141)	(87)
<b>Other comprehensive income for the year, net of income tax.....</b>	<b>941</b>	<b>1,122</b>
<b>Total comprehensive income for the year.....</b>	<b>2,051</b>	<b>1,238</b>
<b>Attributable to:</b>		
Owners of MAF Properties.....	2,043	1,240
Non-controlling interest.....	8	(2)
<b>Total comprehensive income for the year.....</b>	<b>2,051</b>	<b>1,238</b>

## STATEMENT OF FINANCIAL POSITION

The following table shows MAF Properties' consolidated statement of financial position as at 31 December in each of 2012 and 2011 respectively.

	At 31 December	
	2012	2011
	<i>(AED millions)</i>	
<b>Non-current assets</b>		
Property, plant and equipment .....	3,119	16,676
Investment property .....	26,099	11,466
	<b>29,218</b>	<b>28,142</b>
<b>Other non-current assets</b>		
Investment in joint ventures and associate .....	1,118	1,062
Intangible assets .....	132	152
Deferred tax asset .....	-	0.3
	<b>1,250</b>	<b>1,214</b>
<b>Current assets</b>		
Development property .....	66	-
Assets classified as held for sale .....	-	-
Inventories .....	28	25
Receivables and prepayments .....	530	603
Due from related parties .....	66	62
Cash in hand and at bank .....	602	769
	<b>1,292</b>	<b>1,459</b>
<b>Current liabilities</b>		
Payables and accruals .....	1,806	2,037
Provisions .....	101	78
Due to related parties .....	58	33
Current maturity of long term loans .....	3,997	2,273
	<b>5,962</b>	<b>4,421</b>
<b>Net current liabilities</b> .....	<b>(4,670)</b>	<b>(2,962)</b>
<b>Non-current liabilities</b>		
Long term loans .....	3,106	5,343
Other long term liabilities .....	90	104
Deferred tax liabilities .....	116	101
Long term portion of provision for employment benefits .....	11	14
Provision for staff terminal benefits .....	51	41
	<b>3,374</b>	<b>5,603</b>
<b>Net assets</b> .....	<b>22,424</b>	<b>20,791</b>
<b>Equity:</b>		
Share capital .....	3,500	3,500
Shareholder contribution .....	2,938	2,750
Revaluation reserve .....	13,095	12,341
Other reserves .....	2,813	2,130
<b>Total equity attributable to the owners of MAF Properties</b> .....	<b>22,347</b>	<b>20,721</b>
Non-controlling interest .....	77	70
<b>Total equity</b> .....	<b>22,424</b>	<b>20,791</b>

## CASH FLOW STATEMENT

The following table summarises MAF Properties' cash flows for the two years ended 31 December 2012 and 2011 respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
Cash from operating activities.....	2,144	1,783
Cash (used in) investing activities.....	(1,148)	(1,083)
Cashflows from/(used in) financing activities .....	(1,281)	(673)
<b>Net (decrease)/increase in cash and cash equivalents .....</b>	<b>(285)</b>	<b>26</b>
Cash and cash equivalents at the beginning of the year .....	769	743
<b>Cash and cash equivalents at end of year .....</b>	<b>484</b>	<b>769</b>

## EBITDA

The following table shows a reconciliation of MAF Properties' EBITDA to profit/(loss) as shown in the consolidated income statement for the two years ended 31 December 2012 and 2011 respectively.

	Year ended 31 December	
	2012	2011
	<i>(AED millions)</i>	
EBITDA <sup>(1)</sup> .....	1,930	1,712
Depreciation .....	(556)	(600)
Amortisation of intangible asset.....	(20)	(20)
Impairment loss.....	27	(45)
Net finance cost .....	(593)	(445)
Net valuation gain / (loss) on land and buildings.....	549	(483)
Taxation.....	(55)	82
Fixed assets/project costs written off .....	(14)	(4)
Share of gain in joint ventures and associates, net.....	(50)	(94)
Others.....	11	5
Forex .....	(5)	(18)
IAS - 17 Adjustments .....	6	26
Recycling of accumulated currency translation losses on disposal of subsidiaries.....	(120)	-
<b>Profit for the year after tax .....</b>	<b>1,110</b>	<b>116</b>

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

## MAF PROPERTIES FINANCIAL REVIEW

The following review of MAF Properties' financial position and results of operations is based upon and should be read in conjunction with the MAF Properties Financial Statements which have been incorporated by reference into this document and which are available for inspection at the registered office of the Issuer and at the specified office of the Paying Agent for the time being in London (see "General Information—Documents Available"). As a result of certain reclassifications made in 2012, adjustments have been made to MAF Properties' statement of comprehensive income for the year ended 31 December 2011 and its statement of financial position as at 31 December 2011, in each case as included in the 2012 MAF Properties Financial Statements. As a result, these statements are not comparable in all respects to those in the 2011 MAF Properties Financial Statements.

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

### SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the MAF Properties' Financial Statements requires management to make certain estimates and judgments, some of which are subjective and complex, often as a result of the need to make estimations of future events. The Group's significant accounting policies are set out in note 3 to the 2012 MAF Properties Financial Statements and a summary of the critical accounting estimates and judgments that are made in preparing the financial statements is set out in note 4 to the 2012 MAF Properties Financial Statements.

### RESULTS OF OPERATIONS FOR THE TWO YEARS ENDED 31 DECEMBER 2012

#### Revenue

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

The table below shows a breakdown of MAF Properties' revenue for the two years ended 31 December 2012, and 2011, respectively.

	Year ended 31 December			
	2012		2011	
	(AED millions)	(%)	(AED millions)	(%)
Rental income.....	2,383	75.7	2,141	77.6
Hotel revenue .....	533	16.9	429	15.6
Leisure and entertainment revenue.....	233	7.4	188	6.8
Total revenue.....	3,149	100.0	2,758	100.0

MAF Properties' total revenue increased by AED 391 million, or 14.2 per cent., in 2012 (from AED 2,758 million in 2011 to AED 3,149 million in 2012). The increase reflected a 11.3 per cent. increase in rental income and 24.2 per cent. increase in hotel revenue primarily driven by the performance of its comparable like-for-like assets and reflect the partial results of a new shopping mall in Fujairah, UAE in 2012. The year-on-year results also reflect the effects of civic disturbances on shopping malls in Bahrain and Egypt and the opening of the Bahrain Kempinski hotel in 2011.

In geographical terms, in 2012, 80.6 per cent. of MAF Properties' revenue was derived from the UAE, 9.8 per cent. was derived from Bahrain, 4.6 per cent. was derived from Oman, 4.7 per cent. was derived from Egypt and 0.3 per cent. was derived from Lebanon.

## Rental income

MAF Properties derives almost all of its rental income from renting units in its shopping malls and a very small proportion from renting offices in three office buildings (of which two are partially occupied by Group companies). Rental income increased by AED 242 million, or 11.3 per cent., in 2012 (from AED 2,141 million in 2011 to AED 2,383 million in 2012).

The increase principally reflected: (i) full year operation of Deira City Centre following the extension of the mall at the end of 2011; (ii) an increase in both the base rent and percentage rent charged by tenants' in the Mall of the Emirates as a result of increased sales; (iii) partial results of a new shopping centre opened in Fujairah, UAE in 2012; and (iv) the effects of civic disturbances in 2011 on shopping malls in Bahrain and Egypt.

## Hotel revenue

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

MAF Properties' hotel revenue increased by AED 104 million, or 24.2 per cent. in 2012 (from AED 429 million in 2011 to AED 533 million in 2012). The increase principally reflected full year operations of Bahrain Kempinski hotel which opened in 2011 and an increase in the occupancy rate and average room rate in the Sheraton Hotel, Mall of the Emirates.

## Leisure and entertainment revenue

Leisure and entertainment revenue increased by AED 45 million, or 23.9 per cent. in 2012 (from AED 188 million in 2011 to AED 233 million in 2012) principally due to an increase in revenue from Ski Dubai amounting to AED 41 million.

## Operating expenses

The table below shows MAF Properties' operating expenses for the two years ended 31 December 2012 and 2011 respectively.

	Year ended 31 December			
	2012		2011	
	(AED millions)	(%)	(AED millions)	(%)
Staff costs .....	(446)	24.7	(408)	24.6
Depreciation .....	(556)	30.8	(601)	36.2
Legal, professional and consultancy fees .....	(57)	3.2	(43)	2.6
Selling and marketing expenses .....	(104)	5.8	(105)	6.3
Other operating expenses .....	(640)	35.5	(502)	30.3
<b>Total operating expenses .....</b>	<b>(1,803)</b>	<b>100</b>	<b>(1,659)</b>	<b>100.0</b>

MAF Properties' principal operating expenses are staff costs and depreciation, which together comprised 55.6 per cent. and 60.8 per cent. of its total operating expenses in 2012 and 2011, respectively. Each of these items is analysed in more detail below.

MAF Properties' total operating expenses increased by AED 144 million, or 8.7 per cent., in 2012 (from AED 1,659 million in 2011 to AED 1,803 million in 2012). This increase principally reflected increased staff costs and other operating expenses which, together, increased by AED 176 million, offset by a decrease in depreciation of AED 45 million.

## Staff costs

MAF Properties' staff costs (which exclude staff costs capitalised as part of projects under construction) increased by AED 38 million, or 9.3 per cent., in 2012 (from AED 408 million in 2011 to AED 446 million

in 2012), reflecting both increased costs in relation to employee departures and salary increases. The number of employees increased by 2.0 per cent. in 2012, from 2,565 at the start of the year to 2,617 principally due to the opening of Fujairah City Centre and an increase in other staffing requirements of MAF Properties' business.

### **Depreciation**

MAF Properties' depreciation charge decreased by AED 45 million, or 7.5 per cent. in 2012 (from AED 601 million in 2011 to AED 556 million in 2012). In 2011, MAF Properties reassessed the estimated useful lives of certain assets to align them with their expected operational lives. This resulted in a decrease in depreciation charge of AED 47 million in 2012 and an increase in depreciation of AED 30 million in 2011.

### **Net valuation change on land and buildings**

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

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

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

In 2012, MAF Properties recognised a net valuation gain of AED 960 million on property, plant and equipment of which a valuation gain of AED 754 million (mainly on the Mall of the Emirates and Kempinski Hotel, Mall of the Emirates) was credited to other comprehensive income and a valuation gain of AED 206 million (principally on Sheraton Mall of the Emirates) was charged to the profit and loss account. A gain on valuation of investment property of AED 343 million (principally on Mirdif City Centre, Bahrain City Centre and Egypt properties) was also charged to the profit and loss account in 2012.

In 2011, MAF Properties recognised a net valuation gain of AED 1,128 million on property, plant and equipment of which a valuation gain of AED 1,291 million (mainly on the Mall of the Emirates and Deira City Centre) was credited to other comprehensive income and a valuation loss of AED 163 million (principally on the Kempinski Hotel in Bahrain) was charged to the profit and loss account. A loss on valuation of investment property of AED 320 million (principally on Egypt and Lebanon properties) was also charged to the profit and loss account in 2011.

### **Other income and expenses, net**

MAF Properties' other income and expenses comprise the net gain or loss made on the disposal of property, plant and equipment, investment property and assets held for sale, fixed assets and project costs written off once the Group determines not to proceed with a particular project, any net foreign exchange gain or loss, service charges levied on related parties, a provision for a related party balance and other income. MAF Properties' other income and expenses, comprised net income of AED 3 million in 2012 and net income of AED 11 million in 2011.

### Impairment reversal/(provision) net

MAF Properties recognised an impairment reversal of AED 27 million in 2012 and net impairment losses of AED 45 million in 2011. In 2012 MAF Properties reversed the impairment provision of AED 27 million created in 2011, towards its investment in the associate.

The impairment losses in 2011 principally related to the effect of adverse market and business conditions on the value of investment in associates and impairment of an advance given towards land acquisition. Also, an impairment loss of AED 31.5 million recognised in 2009 against an advance for a potential joint venture was reversed in 2011, on recovery of funds. In addition, during 2011, MAF Properties reassessed the carrying amount of certain leisure and entertainment assets acquired in 2010 and recognised an additional impairment loss of AED 23 million.

### Share of gain in joint ventures and associate, net

A list of MAF Properties' joint ventures and associates is set out in notes 32 and 33 to the 2012 MAF Properties Financial Statements. Joint ventures and associates are accounted for using the equity method, which means that MAF Properties' proportionate share of the profit or loss made by each joint venture or associate is included under this line item.

The table below shows MAF Properties' share of the profit or loss of its joint ventures and associates for the two years ended 31 December 2012 and 2011, respectively.

	At 31 December	
	2012	2011
	<i>(AED millions)</i>	
Share of (loss) of joint ventures.....	(8)	(86)
Share of (loss) of associates .....	(42)	(8)
<b>Total .....</b>	<b>(50)</b>	<b>(94)</b>

MAF Properties' share of loss in joint ventures and associates was AED 50 million in 2012 and AED 94 million in 2011. The loss in 2012 principally reflected MAF Properties' share of the net assets of the associate.

### Net finance cost

The table below shows MAF Properties' net finance cost recognised in profit or loss for the two years ended 31 December 2012 and 2011, respectively.

	At 31 December	
	2012	2011
	<i>(AED millions)</i>	
Arrangement and participation fee .....	(6)	(6)
Interest charges (less capitalised interest) .....	(342)	(333)
Ineffective portion of changes in fair value of cash flow hedges .....	-	(4)
Net changes in fair value of cash flow hedges transferred from equity .....	(64)	(106)
Hedging reserve transferred from equity on novation of hedging instruments .....	(189)	—
<b>Finance costs.....</b>	<b>(601)</b>	<b>(449)</b>
Interest income .....	8	4
<b>Finance income .....</b>	<b>8</b>	<b>4</b>
<b>Net finance costs.....</b>	<b>(593)</b>	<b>(445)</b>

MAF Properties' net finance cost charged to profit and loss increased by AED 148 million, or 33.3 per cent., in 2012 (from AED 445 million in 2011 to AED 593 million in 2012). This principally reflected the net effect of the following factors:

- a decrease of AED 42 million, or 39.6 per cent., in net changes in fair value of cash flow hedges transferred from equity in 2012, as one derivative instrument matured and two derivative instruments were novated to MAF Holding in 2012. Under IFRS changes in the fair values of the



effective portion of derivative instruments that are designated as cash flow hedges are recognised directly in other comprehensive income and presented in equity (in the hedging reserve). The amount recognised in other comprehensive income is reclassified and included in profit or loss in the same period that the hedged item affects profits or loss; and

- during 2012 the remaining balance of hedging reserve of AED 189 million in respect of the derivative instruments that were novated to MAF Holding was transferred to profit or loss.

### **Profit before tax**

Reflecting the above factors, MAF Properties' profit before tax was AED 1,282 million in 2012 and AED 44 million in 2011.

### **Income tax**

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

MAF Properties' operations in these jurisdictions gave rise to an income tax charge of AED 55 million in 2012 and tax credit of AED 82 million in 2011, MAF Properties recognises deferred tax on the temporary differences arising between the tax base and asset base on fair valuation of properties in Egypt and Lebanon. The tax credit in 2011 reflected the deferred income tax recognised in respect of the net valuation losses in each of these countries.

### **Discontinued operations**

Under IFRS, when an operation is classified as a discontinued operation, the comparative income statement is reclassified as if the operation had been discontinued from the start of the comparative year. During 2012, MAF Properties sold its investment and operations in MAF Investment Syria LLC (a subsidiary incorporated in Syria) and MAF Syria for Investment and Development LLC (a subsidiary incorporated in the UAE) to MAF Capital. Accordingly, the profit/(loss) from discontinued operations has been stated separately in the consolidated income statement of MAF Properties and shows a loss of AED 117 million for 2012 and a loss of AED 10 million in 2011. See "*Description of the Group—Discontinued operations in Syria and Iran*" for further details on the transfer for these businesses.

### **Profit / (loss) for the year**

Reflecting the above factors, MAF Properties' profit for the year was AED 1,110 million in 2012 and AED 116 million in 2011.

### **Other comprehensive income/(loss)**

In 2012, MAF Properties' other comprehensive income was AED 941 million compared to the other comprehensive income of AED 1,122 million in 2011.

The principal factor affecting other comprehensive income and loss is the fair value gains and losses made on the valuation of land and buildings each year, see "*—Net valuation change on land and buildings*". Furthermore, in 2012, on the novation of the two derivative instruments to MAF Holding, MAF Properties transferred a hedging reserve of AED 189 million to profit or loss. The accumulated foreign currency translation differences in respect of the subsidiaries disposed during 2012 amounting to AED 120 million were previously recognized in other comprehensive income and presented in the currency translation reserve in equity. On disposal, these currency translation differences have been included in profit or loss in 2012. The combined impact of both these transactions resulted in an increase in other comprehensive income of AED 309 million in 2012.

MAF Properties' loss or profit for each year, the items above and other less significant changes in other comprehensive income line items, resulted in total comprehensive income for MAF Properties of AED 2,051 million in 2012 and AED 1,238 million in 2011.

## Segments

MAF Properties is organised to achieve its objectives through three business units: the Shopping Mall Business Unit, the Hotels Business Unit and the Communities Business Unit and is sustained by corporate support functions such as business development, finance, information technology, human resources, project management, legal, valuation and risk management. Geographic segments are divided into the UAE, Oman, Bahrain, the Kingdom of Saudi Arabia ((**KSA**) and together, the **GCC**), Egypt and Lebanon.

MAF Properties' three business units are responsible for managing owned assets, as well as strategic equity investments or joint ventures which are defined as those in relation to which MAF Properties has management agreements such as asset management agreements or development management agreements.

Equity investments or joint ventures without such agreements are considered as non-strategic and are managed by corporate support functions.

## Management Reporting

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

- **Management Revenue:** Statutory reported revenues are adjusted to exclude the impacts of non-cash IAS17 lease accounting impacts, and include the Group's proportionate share of strategic equity investments or joint ventures revenues.
- **Business unit EBITDA:** This key reporting measure includes: (i) all revenues and expenses for assets managed by the business unit, including the proportionate share of strategic equity investments or joint ventures, and management fees but excluding all finance costs, taxes, depreciation, amortisation and impairment charges and fair value changes; and (ii) all business unit overhead expenses.
- **MAF Properties EBITDA:** This is considered to be the key measure of the Group's operating performance and cash generation. It is defined as the aggregate of business unit EBITDA less corporate support overhead expenses, and excludes all finance costs, taxes, depreciation, amortisation, impairment charges and fair value changes.
- **Business unit Operating Profit:** This business unit financial measure is defined as business unit EBITDA after impacts of gross asset fair value changes (irrespective of IAS16 or IAS40 classification) and includes non-cash charges such as depreciation, amortisation, impairment and asset write-offs.
- **Management Net Profit:** This corporate measure is defined as the aggregate of the business unit's operating profit adjusted for accounting impacts of non-strategic equity investments, gain or loss on disposal of assets, gain or loss on foreign exchange, net finance costs, income or deferred tax charges and accounting impacts of minority (non-controlling) interest.

## Shopping Mall Business Unit

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

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

## Hotels Business Unit

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

Revenues from this business unit principally comprise of room revenues, food and beverage revenues and management fees (in cases where the Hotels Business Unit is responsible for the management of the hotel).

## Communities Business Unit

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

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

The table below shows each business unit's EBITDA, operating profit and management net profit for the years ended 31 December 2012 and 2011.

	Year ended 31 December					
	EBITDA		Operating profit		Management net profit	
	2012	2011	2012	2011	2012	2011
	<i>(AED millions)</i>		<i>(AED millions)</i>		<i>(AED millions)</i>	
Shopping Malls Business Unit ...	1,988	1,725	2,601	2,546	2,601	2,546
Hotels Business Unit .....	160	128	207	(261)	207	(261)
Communities Business Unit.....	(19)	(2)	(24)	(78)	(24)	(78)
Total Business Units.....	2,129	1,851	2,784	2,207	2,784	2,207
Corporate Support.....	(199)	(139)	(197)	(386)	(1,002)	(1,104)
<b>Total .....</b>	<b>1,930</b>	<b>1,712</b>	<b>2,587</b>	<b>1,821</b>	<b>1,782</b>	<b>1,103</b>

The table below shows the geographical breakdown of EBITDA, operating profit and management net profit for the years ended 31 December 2012 and 2011.

	Year ended 31 December					
	EBITDA		Operating profit		Management net profit	
	2012	2011	2012	2011	2012	2011
	<i>(AED millions)</i>		<i>(AED millions)</i>		<i>(AED millions)</i>	
UAE .....	1,545	1,397	2,192	2,407	1,541	1,827
Oman.....	122	114	132	148	129	123
Bahrain .....	196	140	227	(195)	127	(286)
Kingdom of Saudi Arabia.....	(4)	—	(4)	—	(4)	—
<b>GCC Total .....</b>	<b>1,859</b>	<b>1,651</b>	<b>2,547</b>	<b>2,360</b>	<b>1,793</b>	<b>1,664</b>
Egypt.....	105	76	142	(303)	66	(320)
Lebanon.....	(30)	(6)	(97)	(218)	(82)	(227)
Syria.....	(4)	(9)	(5)	(17)	5	(14)
<b>Total Non-GCC Countries .....</b>	<b>71</b>	<b>61</b>	<b>40</b>	<b>(538)</b>	<b>(11)</b>	<b>(561)</b>
<b>Total .....</b>	<b>1,930</b>	<b>1,712</b>	<b>2,587</b>	<b>1,822</b>	<b>1,782</b>	<b>1,103</b>

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

	Year ended 31 December	
	2012	2011
	(AED millions)	
Statutory net profit .....	1,103	120
<i>Reconciling items:</i>		
Fair value adjustments <sup>(1)</sup> .....	(553)	(591)
IAS-16 Fair value changes recognised in income statement <sup>(1)</sup> .....	754	1,291
Depreciation on strategic assets <sup>(2)</sup> .....	515	526
Coupons declared to MAF Holding <sup>(3)</sup> .....	(220)	(220)
Transfer of hedging reserve from equity to profit or loss on novation of derivative instruments to MAF Holdings .....	189	—
Non-cash IAS-17 lease adjustments <sup>(4)</sup> .....	(6)	(26)
Other adjustments .....	—	3
Total reconciling items .....	679	983
Management net profit / (loss) .....	1,782	1,103

(1) For the calculation of Management net profit, gross changes in fair value from one reporting date to another are reported in the income statement compared to the net accounting valuation change computed as per the requirements of IAS 16/40 for statutory purposes. Also, for the calculation of management net fair value changes, changes in fair value of non-strategic assets are not considered and the proportionate equity share of strategic equity investments or joint ventures are considered as part of the respective business unit.

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

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

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

Note 5 to the 2012 MAF Properties Financial Statements presents certain financial information for each segment. In revenue and assets terms, the Shopping Malls Business Unit is the most significant segment, accounting for 82.3 per cent. of MAF Properties' revenue in 2012 and for 78.3 per cent. of its assets as at 31 December 2012. In terms of EBITDA, the Shopping Mall Business Unit and the Hotels Business Unit each generated positive EBITDA in 2012 and 2011. The Communities Business Unit generated a negative EBITDA in 2012 and 2011.

**CASH FLOWS FOR THE TWO YEARS ENDED 31 DECEMBER 2012**

The table below summarises MAF Properties' cash flows for the two years ended 31 December 2012 and 2011, respectively.

	Year ended 31 December	
	2012	2011
	(AED millions)	
Net cash from operating activities .....	2,144	1,783
Net cash (used in) investing activities .....	(1,148)	(1,083)
Net cash (used in) financing activities .....	(1,281)	(673)
<b>Increase / (decrease) in cash and cash equivalents .....</b>	<b>(285)</b>	<b>27</b>
Cash and cash equivalents at start of year .....	769	743
<b>Cash and cash equivalents at end of year .....</b>	<b>484</b>	<b>769</b>

In 2012, MAF Properties' net cash from operating activities was AED 2,144 million and net cash used in investing activities was AED 1,148 million, principally reflecting the cost of acquiring property, plant and equipment, which was AED 351 million, and investment property, which was AED 584 million. The majority of these amounts reflected capital work in progress. The additions in property, plant and equipment principally reflected redevelopment work in Deira City Centre, Mall of the Emirates, refurbishment of City Centre Hotel and Kempinski Hotel, Mall of the Emirates. Additions in investment property mainly pertained to Fujairah City Centre, Beirut City Centre and Mall of Egypt. MAF Properties also invested AED 83 million in a joint venture and AED 117 million in fixed deposits with maturity of more than 3 months in 2012. The net cash used by MAF Properties in financing activities in 2012 was

AED 1,281 million. MAF Properties paid a net AED 513 million in 2012 against its borrowings and paid interest of AED 548 million.

In 2011, MAF Properties' net cash from operating activities was AED 1,783 million. MAF Properties' net cash used in investing activities in the same year was AED 1,083 million, principally reflecting the cost of acquiring property, plant and equipment, which was AED 431 million, and investment property, which was AED 506 million. The majority of these amounts reflected capital work in progress, the additions in property, plant and equipment principally reflected the expenditure on Kempinski Hotel in Bahrain, refurbishment of City Centre Hotel and the Khams Shamat Tourist Complex. Additions in investment property mainly pertained to Fujairah City Centre and Beirut City Centre. MAF Properties also invested AED 145 million in a joint venture in 2011. The net cash used by MAF Properties in financing activities in 2011 was AED 673 million. MAF Properties paid a net AED 102 million in 2011 against its borrowings and paid interest of AED 461 million.

## LAND AND BUILDINGS

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

Certain of MAF Properties' properties include a portion that is held to generate rental income or capital appreciation and another portion that is held for own use in the supply of services or for administrative purposes. These properties may be split between the two categories where applicable law provides that separate title could be granted to each portion. Due to legal restrictions in Oman, and in the UAE in respect of properties which are built on land gifted by the Ruler of Dubai, these properties cannot currently be sold or finance-leased separately (in the case of the UAE, without the prior consent of the Ruler). As a result, these properties are classified as investment properties only if an insignificant portion is held for own use. As at 31 December 2012, MAF Properties' has revised its basis of estimating the level of own use of properties that cannot be sold or finance-leased separately. The basis has changed from the level of ancillary income to leasable value of the self-occupied and let out portions of the respective properties. If the level of own use of a property, as determined by leasable value, is insignificant, the property is classified as investment property, otherwise, it is classified as property plant and equipment. This change in accounting estimate will only have an impact on future periods, commencing after 31 December 2012.

MAF Properties determines the fair value of undeveloped land and other developed properties twice a year on 31 December and 30 June using valuations made by an independent firm of RICS valuers. Internal valuations are used to assess fair value changes between valuation dates. Fair value is the market value of the properties determined as the highest possible price for which the property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. If there is no market-based evidence of the fair value of a property, fair value is determined using the present value of the estimated future net cash flows for the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to determine the fair value.

The table below shows the value of MAF Properties' land and buildings as at 31 December in each of 2012 and 2011, respectively.

	<b>At 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(AED millions)</i>	
Classified as property, plant and equipment .....	2,826	16,090
Classified as investment property .....	23,659	9,162
<b>Total</b> .....	<b>26,485</b>	<b>25,252</b>

In addition, MAF Properties had undeveloped land classified as investment property and valued at AED 931 million at 31 December 2012.

## BORROWINGS

MAF Properties' external borrowings comprise long-term loans from commercial banks. In addition, as at 31 December 2012 MAF Properties has loans outstanding from MAF Holding totalling AED 3,655 million, see "Related Parties".

The table below summarises MAF Properties' borrowings as at 31 December in each of 2012 and 2011, respectively.

	At 31 December	
	2012	2011
	<i>(AED millions)</i>	
Long-term loans.....	7,104	7,616
Of which current portion .....	3,997	2,273

Details of MAF Properties' seven outstanding external loans and facilities at 31 December 2012 are set out in note 21 to the 2012 MAF Properties Financial Statements. The loans have maturity dates ranging from 8 September 2013 to 30 January 2022. The loans are denominated in dirham, U.S. dollars, Egyptian pound and Lebanese pound. The majority of the loans bear interest at floating rates with margins ranging from 1 per cent. to 3.5 per cent. above a reference rate. One loan has a fixed 5.85 per cent. rate of interest. Certain of the loans (as identified in note 21) are secured against assets of MAF Properties. The principal amount outstanding of secured loans at 31 December 2012 was AED 1,182 million.

## SHAREHOLDERS' EQUITY

The table below shows MAF Properties' shareholders' equity as at 31 December in each of 2012 and 2011, respectively.

	At 31 December	
	2012	2011
	<i>(AED millions)</i>	
Share capital.....	3,500	3,500
Shareholder contribution... ..	2,938	2,750
Retained earnings ... ..	2,388	1,943
Revaluation reserve.....	13,095	12,341
Other reserves .....	426	187
<b>Total equity attributable to the owners of MAF Properties .....</b>	<b>22,347</b>	<b>20,721</b>

### Share capital

MAF Properties' share capital as at 31 December 2012 comprised 3,500,000 shares of AED 1,000 each, all of which are fully paid and owned by MAF Holding.

### Shareholder contribution

In October 2009, MAF Properties issued perpetual subordinated loan instruments of AED 2,500 million to MAF Holding. During 2010, a further AED 250 million of these instruments were issued. The instruments bear interest at 8 per cent. to 7 October 2019 at which point they can be called for redemption. If not redeemed, they will bear interest at a floating rate equal to a margin of 5 per cent. over a defined benchmark. The coupon is not cumulative and can be deferred at MAF Properties' discretion. Should MAF Holding cease to control MAF Properties, the coupon will increase by 5 per cent. and become cumulative. All of the instruments were issued against cancellation of an equivalent amount of debt owed to MAF Holding by MAF Properties and the first coupon declared in 2010 was similarly set-off.

In 2012 MAF Properties novated derivative instruments with a negative fair value of AED 188 million to MAF Holding. MAF Holding waived its contractual obligation of recovering the liability from MAF Properties and accordingly this balance was classified within shareholder contribution.

## Revaluation reserve

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

## Other reserves

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

## RELATED PARTIES

MAF Properties' related party transactions are described in note 17 to the 2012 MAF Properties Financial Statements and principally comprise transactions with other Group companies and key management personnel and/or their close family members. In 2010, a number of unique leisure offerings were transferred from MAF Leisure and Entertainment to MAF Properties and these transactions, together with the shareholder contributions described under "*Shareholders' Equity—Shareholder contribution*", the guarantees given by and to MAF Properties in respect of borrowings by it and other Group companies as referred to under "*Group Financial Review—Liquidity and Borrowings*" and the additional transactions described in note 17 to the 2012 MAF Properties Financial Statements and note 16 to the 2011 MAF Properties Financial Statements, comprise the principal related party transactions in the two years under review.

## OFF-BALANCE SHEET LIABILITIES

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

The table below shows MAF Properties' off-balance sheet liabilities as at 31 December in each of 2012 and 2011, respectively.

	At 31 December	
	2012	2011
	<i>(AED million)</i>	
Capital commitments <sup>(1)</sup> .....	2,238	948 <sup>(2)</sup>
Letters of credit .....	—	—
Financial guarantees .....	3,787	3,673
Other operational guarantees .....	5	6
<b>Total .....</b>	<b>6,030</b>	<b>4,627</b>

(1) MAF Syria for Investment and Development LLC has entered into a development agreement with a government agency in Syria to invest AED 3,673.0 million over a period of 15 years from July 2009, of which AED 1,101.9 million should be invested in the first five years. At 31 December 2011, MAF Properties had invested AED 324.7 million in the project. During 2011, MAF Properties sold its investment and operations in MAF Syria for Investment and Development LLC and accordingly this commitment is no longer applicable to MAF Properties.

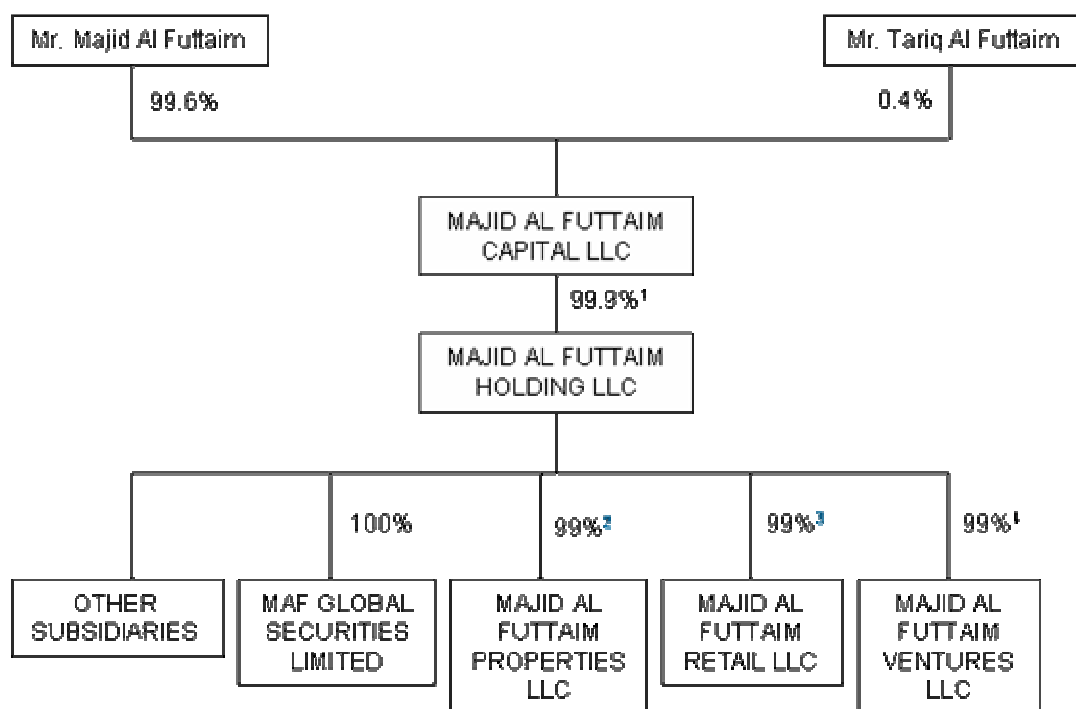
(2) Adjusted in the 2012 MAF Properties Financial Statements to accurately reflect MAF Properties share of capital commitments in relation to its equity accounted investees.

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Group is one of the largest developers and operators of shopping malls and hypermarkets in the MENA region. Founded in Dubai in 1992 to bring the first regional shopping mall to the Middle East, the Group's activities have since grown to include hotel development and the provision of synergistic leisure and entertainment products and services. The Group currently has operations in 12 countries predominantly in the MENA region.

In 2012, driven by annual footfall of approximately 147 million people through its shopping mall destinations, MAF Holding had consolidated revenue of AED 20,824 million and consolidated EBITDA of AED 3,008 million, as well as consolidated assets of AED 37,930 billion at 31 December 2012. MAF Holding had consolidated revenue of AED 18,730 million and consolidated EBITDA of AED 2,805 million, as well as consolidated assets of AED 36,130 billion at 31 December 2011.



1: 0.1% held by MAJID AL FUTTAIM TRUST LLC

2: 1% held by Tariq Al Futtaim

3: 1% held by MAJID AL FUTTAIM VENTURES LLC

4: 1% held by MAJID AL FUTTAIM TRUST LLC

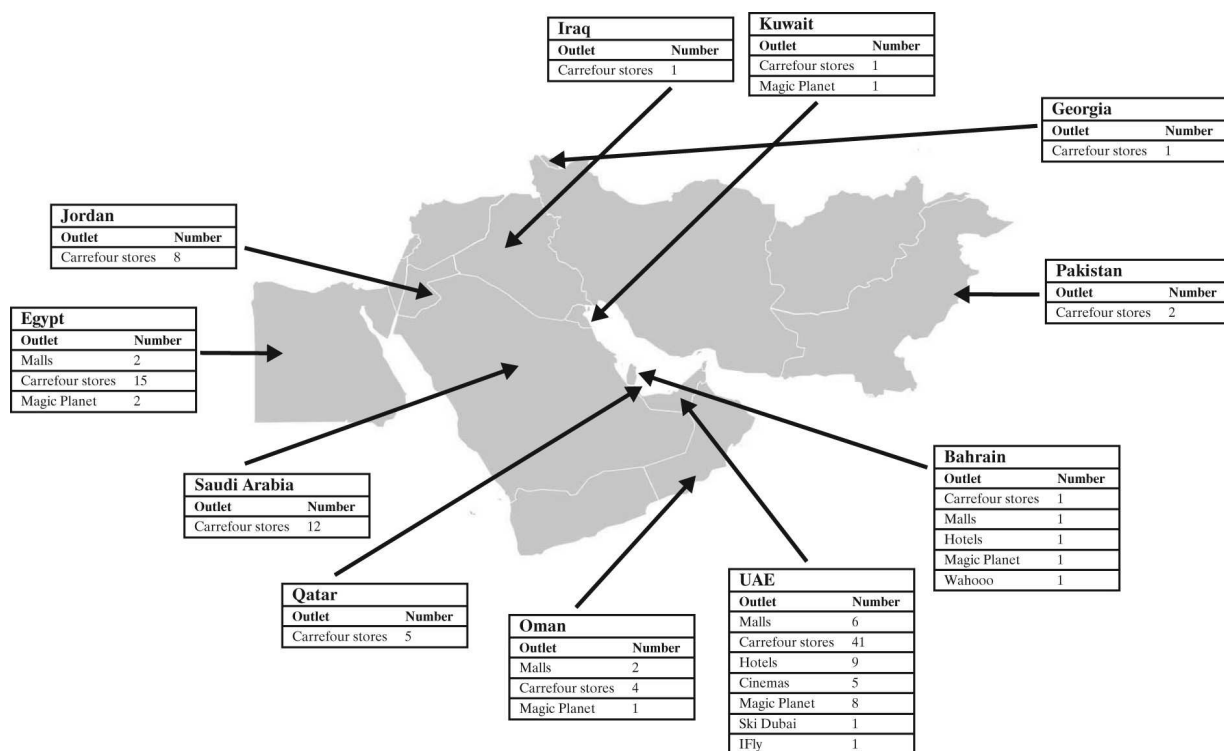
The Group's operations are carried out by three complementary operating companies: MAF Properties, MAF Retail and MAF Ventures, each of which is a wholly-owned subsidiary of MAF Holding:

- MAF Properties** develops and manages shopping malls, which is the Group's core business. MAF Properties currently operates 11 shopping malls in the UAE, Egypt, Oman and Bahrain and is currently constructing or master planning an additional four malls, located in Lebanon and Egypt. MAF Properties also develops hotels adjacent to or in close proximity to shopping mall destinations and, on a selective basis, undertakes mixed-use developments, in each case where this adds value to its core mall development business. MAF Properties currently owns 11 hotels, of which nine are located in the UAE and two are located in Bahrain. MAF Properties operates through its three business units: Shopping Malls, Hotels and Communities. For the year ended 31 December 2012, MAF Properties had revenue of AED 3,149 million and EBITDA of AED 1,954 million, whereas for the year ended 31 December 2011, MAF Properties had revenue of AED 2,758 million and EBITDA of AED 1,735 million.



- MAF Retail** first introduced the hypermarket model to the Middle East in 1995 through MAF Hypermarkets, originally established as a joint venture company with Carrefour in which MAF Retail had a 75 per cent. interest. As at the date of this Base Prospectus, MAF Hypermarkets is a wholly owned subsidiary of the Group, managed by MAF Retail in which MAF Retail has a 99.9 per cent. interest and MAF Holding has a 0.1 per cent. interest. For further detail on the history of MAF Hypermarkets please see “*Description of the Group—MAF Retail*” and for further detail on MAF Holding’s recent acquisition of Carrefour’s 25 per cent. interest please see “*Group Financial Review—Recent Developments*”. Carrefour stores are a key anchor tenant in each of the Group’s shopping malls and the Group has also opened Carrefour stores outside its shopping malls. MAF Retail has expanded the Carrefour concept across the UAE and into Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia and Georgia. As at 31 December 2012, MAF Retail operated 48 Carrefour hypermarkets and 43 Carrefour supermarkets in 11 countries predominantly in the MENA region. For the year ended 31 December 2012, MAF Retail had revenue of AED 17,798 million and EBITDA of AED 927 million, whereas for the year ended 31 December 2011, MAF Retail had revenue of AED 16,290 million and EBITDA of AED 958 million.
- MAF Ventures** operates the Group’s leisure and entertainment services, including a unique leisure offering in each of its three super-regional shopping malls, for example Ski Dubai which is located in the Group’s flagship shopping mall, Mall of the Emirates. MAF Ventures also owns 13 Magic Planet entertainment centres located in ten of the Group’s shopping malls and elsewhere and five cinemas located in four of the Group’s shopping malls and elsewhere. MAF Ventures also offers Najm Visa credit cards and has a small portfolio of other investments. For the year ended 31 December 2012, MAF Ventures had revenue of AED 810 million and EBITDA of AED 174 million, whereas for the year ended 31 December 2011, MAF Ventures had revenue of AED 724 million and EBITDA of AED 159 million.

The following map sets out details of the Group’s principal operations in each of the countries in which it currently operated as at 31 December 2012.



In geographical terms, during the year ended 31 December 2012, 55.8 per cent. of the Group's revenue was derived from the UAE, 11.2 per cent. was derived from Egypt, 8.6 per cent. was derived from Saudi Arabia, 7.9 per cent. was derived from Qatar, 5.6 per cent. was derived from Oman, and the remaining 10.9 per cent. was derived from other countries predominantly in the MENA region.

## HISTORY

Founded in 1992 in Dubai, the Group operated solely in Dubai until 1999. During that period, the joint venture with Carrefour was established, and the Group operated shopping malls, hypermarkets, hotels and cinemas. Between 1999 and 2001, the Group expanded across the UAE and into Oman. Between 2001 and 2003, the Group expanded into Egypt. Between 2003 and 2005, the Group expanded into Saudi Arabia. Between 2005 and 2008, the Group expanded into Kuwait, Bahrain, Jordan and Qatar and invested in a mixed-use development in Oman. Between 2008 and 2010, the Group expanded into Pakistan. The Group's geographic expansion has principally been driven by its retail business with five Carrefour hypermarkets operating by the end of 2000, 18 by the end of 2005, 45 by the end of 2011 and 48 by the end of 2012.

In July 2011, the franchise agreement between MAF Hypermarkets and Carrefour was extended to four countries in the Commonwealth of Independent States: Armenia, Azerbaijan, Georgia and Kazakhstan.

## CREDIT STRENGTHS

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

- **Low volatility in operating income:** Reflecting the fact that a significant majority of its revenue is derived from food retailing (which is relatively unaffected by economic cycles) and, to a lesser extent, from rental income from tenants in its shopping malls (which is also a generally stable source of income), the Group experiences low levels of volatility in its operating income. The Group's operating income in each of 2010, 2011 and 2012 was AED 5,237 million, AED 5,816 million and AED 6,606 million, respectively, and its operating margins were 29.5 per cent., 31.1 per cent and 31.7 respectively;
- **Leadership in markets where the Group competes:** The Group's principal market is the UAE and Dubai in particular. The Group believes that it has a leading position as a shopping mall developer in Dubai as it owns three of the leading shopping malls currently operating in Dubai. The Group also believes that it has a leading position as a shopping mall developer in the MENA region as no other company operating in the region has a geographic spread of shopping malls to match the Group's and that its experience of operating in a wide range of markets within the MENA region will help the Group as it seeks to expand into new markets such as Armenia and Kazakhstan;
- **Steady cash flows and balanced financial profile:** The Group benefits both from a sound asset base in MAF Properties, which accounted for 85.3 per cent. and 83.7 per cent. of the Group's assets at 31 December 2011 and 31 December 2012, respectively, and also from a stable source of operating cash flow from the retailing business carried on by MAF Retail, which accounted for 83.2 per cent. and 82.5 per cent. of the Group's revenue in 2011 and 2012, respectively, and from rentals generated by its shopping malls and certain other properties. The Group believes that this combination of sound asset base and stable cash flow is a significant differentiator from other property development companies in the region;
- **Complementary businesses:** The Group has a focused strategy aimed to ensure that it delivers outstanding shopping destinations in significant part through creating and exploiting a range of synergies in its businesses. For example, having Carrefour as an anchor tenant helps to drive significant footfall in the Group's shopping malls which makes the malls more attractive to prospective tenants. In addition, the Group's hotels and leisure businesses help to differentiate its shopping malls and provide additional attractions to shoppers, particularly tourist shoppers in Dubai and Bahrain. The Group's credit cards help to build customer loyalty and to differentiate the Group whilst the Group's significant customer base is a large potential target market for its credit card offering. Management of MAF Holding believes that these synergies

were a major factor in insulating the Group against the worst effects of the global financial crisis during 2008 and 2009;

- **Strong corporate governance:** Management of MAF Holding believes that the Group has robust corporate governance procedures in place. In particular, the Group has voluntarily adopted the principles of the Combined Code on Corporate Governance for listed companies in the UK across all areas of its business and established principles of corporate governance and defined their application across each of the Group's operating companies. In addition, the Group has established strong operating company board structures reporting to the Board of MAF Holding, has segregated shareholdings in and management of the Group's operating companies and ensures that all applicable laws and regulations in the countries in which it operates are complied with. Although the Chief Executive Officer (**CEO**) and Chairman of MAF Holding are in regular contact with Mr. Majid Al Futtaim, the Majid Al Futtaim family does not actively participate in the day-to-day operations of the Group;
- **Presence in locations with strong business potential:** When considering a new shopping mall or stand alone Carrefour store project, the Group conducts extensive due diligence and market research in order to identify the best sites. In particular, factors such as current and anticipated population, catchment areas, accessibility to the proposed shopping mall or store, potential rate of urbanisation and known or planned competing facilities are all considered and, in the case of additional shopping malls or stores in a single city, enhanced market research is conducted into relevant catchment areas to ensure that competition between the Group's facilities is minimised. The Group believes that it has been able to secure prime locations for many of its assets. In addition, particularly in Dubai (where it has three shopping malls) and Bahrain, the Group is not solely reliant on the local population and benefits from significant tourist footfall in its shopping malls. In all of the countries in which the Group operates, it also benefits from factors such as the generally high temperatures which encourage indoor shopping and the fact that shopping malls are perceived as family-friendly places to socialise and engage in wider activities other than just shopping;
- **Low leverage:** The Group's net debt to EBITDA ratios in each of 2010, 2011 and 2012 were 3.5, 2.7 and 2.3 respectively. For these purposes, the Group's net debt is defined as long-term loans (including current maturity), short-term loans and bank overdrafts less cash in hand and at banks;
- **Operating in markets with long-term macro-economic potential:** The Group's principal market is the UAE but other markets which are significant to the Group are Egypt, Qatar, Saudi Arabia, Oman and Bahrain. Between 2006 and 2012, each of these markets experienced significant increases in nominal GDP, had growing populations and experienced an average annual growth in private consumption in excess of 5 per cent. Reflecting these factors, retail sales grew significantly in each market over the 2006 to 2012 period, with MAF Retail, reporting in 2012 compound annual growth rates in retail sales of 8.1 per cent. in Bahrain (for the period 2009-2012 only), 11.87 per cent. in the UAE, 14.88 per cent. in Saudi Arabia, 16.74 per cent. in Oman, 17.38 per cent. in Egypt and 17.61 per cent. in Qatar; and
- **Prudent financial management and track record:** The Group believes that it has implemented strong risk management policies, particularly as regards managing its liquidity and credit risks, see "*Group Financial Review—Financial Risk Management*". The Group has experienced steady revenue and EBITDA growth, even through the global financial crisis and property market crash in Dubai and other countries in the MENA region. The Group's revenue grew by 11.6 per cent. in 2010, 10.4 per cent. in 2011 and 11.2 per cent. in 2012 whilst its EBITDA grew by 31.3 per cent. in 2010, 18.8 per cent. in 2011 and 7.2 per cent. in 2012. In addition, the Group follows a conservative investment capital expenditure policy, typically entering new markets with lower cost hypermarket developments before committing to capital intensive shopping mall developments, adhering to a defined and rigorous process for making investment decisions, seeking to pre-fund its capital expenditure, entering into joint ventures where appropriate and by retaining the flexibility to scale back its developments in adverse market conditions.

## STRATEGY

The Group's corporate strategy is focussed on achieving outstanding shopping destinations. The Group intends to focus on core sectors and markets where it has existing market leadership or where it sees an opportunity to establish itself as a leader in an under-developed market and to continue to create and exploit the synergies between its different businesses. In particular, the Group intends to:

- **Enhance and grow its shopping destination business:** The Group intends to continue to undertake shopping mall developments on a regional basis both within the UAE and, outside the UAE, in markets which it believes are currently under-developed and offer a combination of increasing consumer spending power, increasing openness to international markets and low levels of international competitiveness. The Group intends, over time, to continue to diversify away from Dubai, where its revenues are currently concentrated;
- **Control and grow its retail businesses:** The Group expects to continue to develop its Carrefour hypermarket and supermarket business, both as anchor tenants for its new shopping mall developments and also on a stand alone basis. In particular, the Group expects to continue to expand its portfolio of Carrefour supermarkets to meet customer preferences for more convenient food retail outlets and to exploit other synergies within its business, such as the loyalty rewards it can offer through the credit cards issued by MAF Finance (see "*— Development pipeline*"); and
- **Strengthen its core capabilities to compete in the future:** The Group intends to strengthen certain aspects of its individual businesses to further support its retail-focused corporate strategy. One of the Group's core capabilities is its ability to identify retail potential in specific catchment areas within a city, which is critical to the decision of where to locate a new shopping mall, Carrefour store or other relevant asset. To this end, the Group continues to invest in proprietary research methods based on primary ground research and its accumulated experience gained in relation to the Carrefour stores and shopping malls already opened. Another core capability that the Group is further strengthening is its accumulation and integration of customer data that allows it to better serve the needs of its final consumers. During 2012, Carrefour worked on a personalised loyalty programme in the UAE that allows the capture of data in relation to individual shoppers. MAF Properties also designed a loyalty programme for shopping mall visitors. Customer data from these programmes is expected to be integrated with existing MAF Finance credit card data and loyalty programmes in the Group's cinema and leisure businesses.

## MAF PROPERTIES

### Overview

MAF Properties' vision is to be recognised as the market leader in the development, ownership and management of shopping malls in the MENA region. MAF Properties' goal is to create long-term sustainable wealth for the Group through:

- the entrepreneurial development and management of a diversified portfolio of shopping centres; and
- the development of hotels and, on a selective basis, mixed-use projects where they add synergistic value to its shopping centres.

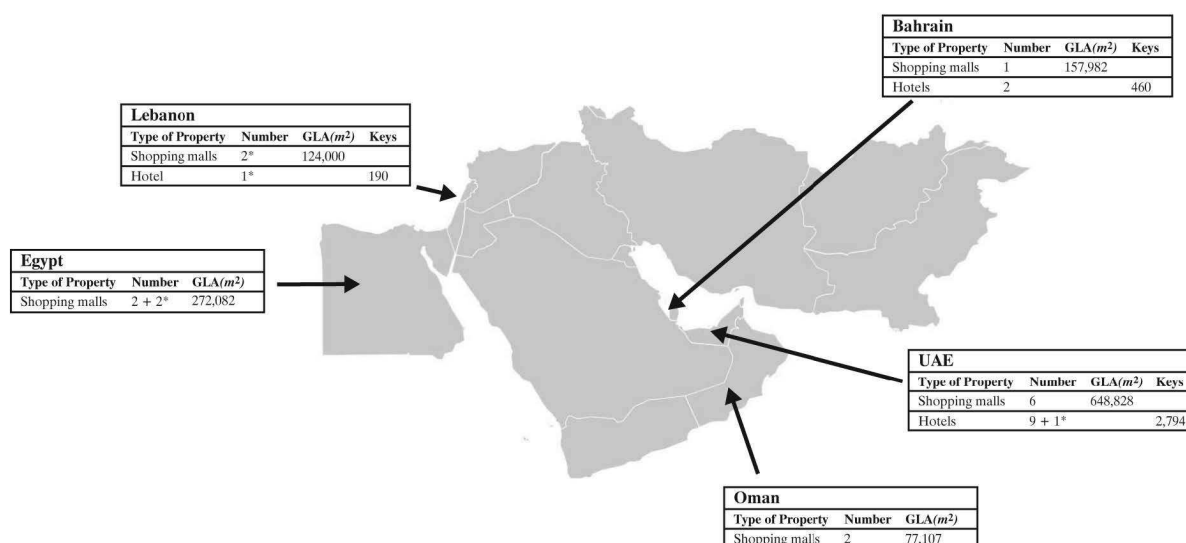
MAF Properties operates through three independent business units as follows:

- **Shopping Malls:** At 31 December 2012, the Shopping Malls Business Unit owned and operated 11 shopping malls with a gross leasable area of approximately 973,500 square metres. One new community mall was opened in April 2012 at Fujairah, UAE with a gross leasable area of 30,800 square meters (excluding the new cinema) with 100 per cent. tenant occupancy (this mall also includes a new cinema with 11 screens which MAF Cinemas opened in February 2013). MAF Properties is also constructing or planning an additional four shopping malls with a combined planned gross leasable area of approximately 306,000 square metres in

Lebanon and Egypt. The Shopping Malls Business Unit is also currently undertaking redevelopment projects at Mall of the Emirates and Deira City Centre in the UAE. Combined, the Group's malls attracted approximately 147 million visitors in 2012. The Shopping Malls Business Unit's revenue and EBITDA were AED 2,584 million and AED 1,988 million, respectively, in 2012 and its assets were AED 25.5 billion at 31 December 2012, representing 11.9 per cent., 66.1 per cent. and 67.2 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2012. By comparison, the Shopping Malls Business Unit's revenue and EBITDA were AED 2,307 million and AED 1,725 million, respectively, in 2011 and its assets were AED 25.0 billion at 31 December 2011, representing 11.8 per cent., 61.5 per cent. and 69.2 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2011;

- Hotels:** The Hotels Business Unit primarily focuses on developing hotels adjacent to, or in close proximity to, the MAF Properties shopping malls. The Hotels Business Unit currently owns 11 hotels, nine of which are in the UAE and two in Bahrain with one hotel in Lebanon (Waterfront City Dbayeh) and one hotel in Dubai, UAE in development. The operating hotels offer a total of 2,980 keys, with revenue and EBITDA of AED 533 million and AED 160 million in 2012 and assets as at 31 December 2012 of AED 3,064 million, representing 2.5 per cent., 5.3 per cent. and 8.1 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 2012. By comparison, the Hotels Business Unit's revenue and EBITDA were AED 429 million and AED 127 million, respectively, in 2011 and its assets were AED 2,801 million at 31 December 2011, representing 2.2 per cent., 4.5 per cent. and 7.8 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2011; and
- Communities:** The Communities Business Unit focuses on selective community developments principally covering land, residential and office developments and also provides access to MAF Properties' core shopping mall business. Currently, this is achieved primarily through limited- or non-recourse joint ventures accounted for under the equity method. The Communities Business Unit is also responsible for managing three office buildings in Dubai, UAE. The Communities Business Unit's revenue in 2012 was AED 32 million and it had assets of AED 1,227 million at 31 December 2012 representing 0.1 per cent. and 3.4 per cent., respectively, of the Group's revenue and assets as of and for the year ended 31 December 2012. The Communities Business Unit's EBITDA for the year ended 31 December 2012 was negative AED 19 million compared to an EBITDA of negative AED 1.6 million for the year ended 31 December 2011.

The following map sets out details of MAF Properties' operating properties, properties under construction, properties under master planning and design and land bank in each of the countries in which it was present as at 31 December 2012:



\* Denotes hotels being master planned or under construction

Two of MAF Properties' shopping malls in Dubai (being Mall of the Emirates and Deira City Centre, which were together valued at AED 12,759 million as at 31 December 2012, which represented approximately 33.6 per cent. of the Group's total assets as at 31 December 2012) are built on land gifted by the Ruler of Dubai to Mr. Majid Al Futtaim and title to both of MAF Properties' shopping malls in Oman and the land on which they are built (which were together valued at AED 1,079 million as at 31 December 2012, which represented approximately 2.8 per cent. of the Group's total assets as at 31 December 2012) are also registered in the name of Mr. Majid Al Futtaim in his personal capacity. This status imposes certain restrictions on MAF Properties' ability to dispose freely of the properties, see "*MAF Properties Financial Review—Land and Buildings*" and "*Risk Factors—Risks relating to MAF Properties—MAF Properties does not have unrestricted title to all of its land parcels*". In addition, MAF Properties owns a land bank of approximately 868,000 square metres of land, located primarily in the UAE, which is neither developed nor currently under development and which has a book value of AED 930.7 million as of 31 December 2012. In accordance with Group policy, land exceeding a valuation threshold of AED 50 million is valued on an annual basis by an external firm of chartered surveyors and valuers.

MAF Properties had revenue of AED 3,149 million and EBITDA of AED 1,930 million in 2012 as well as assets of AED 31.8 billion at 31 December 2012, equal to 14.6 per cent., 64.2 per cent. and 83.8 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2012.

MAF Properties had revenue of AED 2,758 million and EBITDA of AED 1,712 million in 2011 as well as assets of AED 30.8 billion at 31 December 2011, equal to 14.1 per cent., 61.0 per cent. and 85.3 per cent., respectively, of the Group's revenue (not including inter-segment revenue), EBITDA and assets as of and for the year ended 31 December 2011.

## Strategy

MAF Properties' strategy is to focus on the development and operation of shopping malls within the MENA region. This is done as its core business through developing different product types: (i) super-regional shopping malls (malls with in excess of 120,000 square metres of gross leasable area); (ii) regional shopping malls (malls with between 60,000 and 120,000 square metres of gross leasable area); (iii) community malls (malls with between 15,000 and 60,000 square metres of gross leasable area); and (iv) neighbourhood community malls (malls with less than 15,000 square metres of gross leasable area). MAF Properties expects to build a network of malls covering differing catchment areas in selected cities in which it believes it can achieve a dominant position and/or capture unique market opportunities and aims to develop hotels and undertake mixed-use projects preferably where there are clear synergistic benefits to the Group's core shopping mall business. In relation to its hotel developments, MAF Properties' strategy is to outsource the day-to-day operational management of the hotels to specialist hotel management companies, such as Kempinski, Accor and Starwood (Sheraton).

MAF Properties intends to prioritise its future capital expenditures on existing and new markets, utilising existing land owned by it, new land acquisition where practicable and through joint ventures where it can secure development and asset management agreements. It also expects to realise value through the sale of non-strategic properties within its land bank and to provide development, management and other shopping centre related services to third parties where this generates knowledge or other benefits to its existing shopping malls and where it can ensure that reputational and conflict risks are properly controlled. Wherever possible, MAF Properties intends to add value to its non-strategic land, for example through planning approvals, prior to its sale.

## Competitive advantages

MAF Properties believes that its competitive advantages include:

- **Established track record and reputation:** MAF Properties owns and manages 11 shopping malls in four countries, including its flagship mall, the Mall of the Emirates in Dubai, which was opened in 2005 and had an annual footfall of approximately 35 million in 2012. MAF Properties' first mall, Deira City Centre, was opened in November 1995. As at 31 December 2012, the average occupancy rates of its shopping mall portfolio was around 98 per cent. MAF Properties

believes that this track record, along with its established reputation, give it a significant competitive advantage in attracting consumers and customers (tenants) both to its existing and future shopping malls;

- **Locations:** In many of the countries and markets in which it operates, MAF Properties has been able to secure prime locations for its shopping malls. In addition, MAF Properties seeks to ensure that malls are located in all prime catchment areas within its target markets;
- **In-house expertise:** MAF Properties benefits from having integrated development, project management and asset management teams. MAF Properties outsources site project management and construction activities to reputable firms and construction contractors with which it has established relationships;
- **Alliances and partnerships:** Through its alliance with MAF Retail (Carrefour franchisee) and its established relationships with a number of regional retail franchise groups, MAF Properties is able to secure a strong tenant base for each of its shopping malls. In addition, MAF Properties is able to leverage these relationships and the demand for prime space in certain of its malls (such as the Mall of the Emirates) to help achieve an optimal tenant mix in its shopping malls. See “*Risk Factors—Risks Relating to MAF Properties—MAF properties rental revenues depend upon its ability to find tenants for its shopping malls and offices and the ability of such tenants to fulfil their lease obligations as well as on MAF Properties achieving an optimal tenant mix for its shopping malls. In addition, MAF Properties is exposed to tenant concentration*”; and
- **Unique leisure offers:** Through its collaboration with MAF Ventures, MAF Properties’ super-regional shopping malls are each able to provide a unique leisure offering to their customers. These offerings include Ski Dubai (at Mall of Emirates), Wahoo water park (at Bahrain City Centre) and IFly (a simulated sky diving experience at Mirdif City Centre). MAF Properties’ regional and community shopping malls benefit from other leisure and entertainment facilities such as cinemas and family entertainment centres, in each case where appropriate to the shopping mall concerned.

### **Project development model**

MAF Properties has three asset creation functions: business development, project development and project management, which are responsible for conceptualising, sourcing, developing and delivering projects for each of the three business units: Shopping Malls, Hotels and Communities. The business development function pursues project opportunities and assesses their feasibility prior to acquisition. The project development function is responsible for producing business plans, detailed master plans and concept designs for each project. The project management function manages project construction with the goal of delivering projects on time, in scope and within budget.

All development projects undertaken by MAF Properties follow a rigorous standard operating process designed to ensure consistent oversight and that all development projects are executed in line with overall Group strategy, represent economically sound investments that add shareholder value and are able to be funded. MAF Properties’ project development model is a nine-stage process and is followed for all asset classes. The expertise of MAF Properties’ business development, and project development functions is utilised at each step of the process.

#### ***Stage 1: Sourcing, due diligence & land acquisition***

The first of the nine stages principally involves potential site identification and the preparation and approval of a due diligence scope and budget for each potential development site. Target markets and geographies are identified within MAF Properties’ strategic priorities which are approved by senior management in line with MAF Properties’ strategic plan.

#### ***Stage 2: Land purchase and outline master plan***

During this stage, a high level feasibility study is undertaken. This seeks to identify the potential options for the project and key success criteria. Additional due diligence is undertaken, including background market research by internal and external research providers (including current and

projected population and household numbers in the catchment areas, any current and potential future competitors, potential tenant interest and any environmental or other material factors affecting the site concerned), traffic assessment (including ease of accessibility) and financial criteria such as indicative land, construction and other development costs, as well as possible financing strategies. This research is updated at each later stage of the project. Exit options are also identified for any non-strategic assets and approval by both senior management and the Board of MAF Properties is required before the identified land is purchased and the next stage can commence. MAF Properties prefers to acquire 100 per cent. ownership of its properties and to develop its assets itself, but will enter into joint ventures where appropriate, for example as a result of legal restrictions on foreign ownership in some of the countries in which it operates. Key considerations for entering into a joint venture agreement include property location, identity of the joint venture partner and clarity of land ownership as well as control over development and operations. Although it has not done so to date, MAF Properties will also consider acquiring existing companies or properties where economically attractive to do so. When constructing a new shopping mall, MAF Properties seeks to purchase sufficient land to allow for future expansion projects and may also seek to plan the development in stages. See *“Risk Factors—Risks Relating to MAF Properties—The success of MAF Properties’ business strategy and profitability depends upon its ability to locate and acquire or lease land suitable for development at attractive terms”*.

### **Stage 3: Master plan approval and development budget**

During this stage, the proposed structure of the project is identified and the high level feasibility study is developed into an indicative business and financial plan and more detailed success criteria (such as cash yield, internal rates of return, payback and net present value) are developed and analysed together with benchmarking and sensitivities, with a view to establishing a clear understanding of the financial, resourcing and risk implications of the proposed project. A financing strategy is also formulated at this stage. In the case of a new shopping mall project, the proposed merchandising mix is identified and for all new projects any necessary statutory approvals are applied for and obtained. Approval by the Project Control Group is required for the key elements of this stage. The Project Control Group is comprised of:

- the CEO and CFO of MAF Properties (the CEO chairs the meetings);
- the head of development and project management divisions;
- the projects specific developments directors, project manager and asset manager;
- the country head and country representative; and
- the representatives of specialists functions (such as leasing, marketing and finance).

### **Stage 4: Concept design**

During this stage, a detailed business plan is prepared. Financial assumptions (including revenues, costs, financing, taxation and discount rates as well as revenue assumptions) are clearly identified and updated at each later stage of the project. Based on the approved financing strategy (approved in the previous stage), funding proposals are sought from third parties, a preliminary leasing (or mixed-use sales) plan is prepared and a project development brief containing all relevant data in relation to the proposed project is presented to the Project Control Group for approval.

### **Stage 5: Schematic design**

During this stage, a scheme design and planning report is prepared with a view to achieving a high level of confidence that the proposed project can meet or exceed its objectives. The purpose of the scheme design and planning report is to allow a commitment to be made on detailed design and procurement, and to secure lease commitments from anchor tenants in the case of shopping malls. The detailed business plan is revised in the light of any new information and the financing strategy and preliminary leasing or sales plans are also finalised and approved. In the case of a new shopping mall project, commitments from anchor tenants are sought at this stage and in the case of a new hotel project, management agreements (both for technical services and hotel management) are entered into



at this stage, whilst in the case of residential and office projects, off-plan sales reservations are commenced. Qualified contractors are identified and pre-qualification activity is undertaken. Approval by the Project Control Group is required for the key elements of this stage.

#### ***Stage 6: Detailed design***

During this stage, a detailed design, procurement and construction report is prepared and any required funding is negotiated and secured in accordance with the approved financing strategy and further pre-leasing and off-plan sales reservations are undertaken. Typically projects are funded with a combination of debt and equity financing. Additionally the project development team seeks to ensure flexibility in the construction costs and commitments to minimise potential exit costs in the event of a significant adverse change in the feasibility of a project. Detailed designs are finalised, tenders are undertaken and any required building permits are obtained at this stage. The business plan is finalised and investment indicators are further revised in the light of any new information. Approval by the Project Control Group is required for the key elements of this stage.

#### ***Stage 7: Main construction contract award***

During this stage, the business plan is finalised. A tender report is prepared summarising the outcome of the tender process and recommending proposed contractors. The main construction contractor is appointed and enabling works and any necessary site preparation commence, although, in the case of a new shopping mall project, historically this has taken place once tenants have been secured for about 50 per cent. of the gross leasable area (or in the case of residential or office developments, a 50 per cent. off-plan sales reservation target is achieved). Approval by the Project Control Group is required for the key elements of this stage.

#### ***Stage 8: Construction***

During this stage, construction is undertaken in accordance with the detailed designs prepared. The costs, time and associated construction risks are closely monitored throughout this stage with a view to achieving handover on time, within scope and budget. During this stage, in the case of a new shopping mall project the leasing process continues and space is allocated within the shopping mall to committed tenants. In the case of residential and office developments, further sales reservations are undertaken and staged payments are collected from clients under contracted agreements. Approval by the Project Control Group is required for the key elements of this stage and any adverse construction or project results such as cost overruns are referred to the Board of MAF Properties.

#### ***Stage 9: Project completion***

During this stage, post-completion evaluations are conducted for each project at the first and third year following delivery.

The development of a new project, from concept to completion, typically averages between four and seven years depending on asset class. In the case of shopping malls, the first three stages set out above typically take between one to two years and account for around 15 to 20 per cent. of the total project investment. Each of the fourth and fifth stages and the sixth and seventh stages described above typically takes between six months and one year to complete and accounts for around 5 per cent. of the total project investment. The final two stages typically take between two and three years to complete and account for approximately 70 to 75 per cent. of the total project investment.

### **Shopping Malls Business Unit**

The Shopping Malls Business Unit's 11 shopping malls, six in the UAE, two each in Egypt and Oman and one in Bahrain, enjoyed a combined total footfall of approximately 147 million visitors in 2012, an increase of 8.3 per cent. At 31 December 2012, the Shopping Malls Business Unit owned and operated 11 shopping malls with a gross leasable area of 973,500 square metres with a combined average occupancy rate of around 98 per cent. One new community mall was opened in April 2012 at Fujairah, UAE with a gross leasable area of 30,800 square metres with 100 per cent. tenant occupancy (this mall also includes a new cinema which MAF Cinemas opened in February 2013).

Four additional shopping malls with a combined planned gross leasable area in excess of 306,000 square metres are under development in Lebanon and Egypt.

Shopping malls are classified in terms of their size and type. Three of the Shopping Malls Business Unit's malls are currently classified as super-regional malls and the remaining eight are regional and community malls. Each shopping mall is designed to have large anchor stores and various leisure amenities, including entertainment facilities and food and beverage facilities (such as food courts, fast food and speciality restaurants). Where feasible, MAF Properties seeks to maximise the synergies across Group businesses in new shopping mall developments. For example: Carrefour hypermarkets operated by MAF Retail as the food retail anchor store; entertainment facilities such as cinemas or Magic Planet centres operated by MAF Ventures; and facilities management services of the Group's joint venture with Dalkia for certain facilities.

The Shopping Malls Business Unit seeks to maintain a balanced portfolio of shopping malls, ensuring that it has the right mix of super-regional, regional, community and neighbourhood malls and that the format it chooses to develop in a particular location will be attractive to its potential customer base. The Shopping Malls Business Unit strategically locates its shopping mall destinations close to residential areas to attract local residents with the convenience of shopping close to home. The potential customer base is expanded when, in line with the Group's overall strategy, the Hotels Business Unit and, where relevant, the Communities Business Unit develop hotels or residential properties close to the shopping malls.

The design and type of shopping malls are based on the profile of the relevant catchment areas. For example, the Shopping Malls Business Unit has to date focused on super-regional malls in growing urban communities or tourism markets such as Dubai and Bahrain, and plans to focus on developing community and regional malls in other markets. In addition, the mix of retail outlets is based on the Shopping Malls Business Unit's understanding of the consumer preferences of local shoppers and, where appropriate, regional and international tourists within the particular area. This is done with the aim of ensuring an attractive mix of international brands, national retailers and leading local retailers. Market research is performed to evaluate trends, to segment the market and to benchmark against competitors.

The Shopping Malls Business Unit has strong relationships with key retail franchise groups which control a number of major brands in different countries. Depending on the size and customer profile of a particular shopping mall, the Shopping Malls Business Unit will contract with one or more of these retail franchise groups as well as local retailers to establish a selection of retail brands within the shopping mall. In addition, the Shopping Malls Business Unit endeavours to cater to the expansion strategies of its tenants by offering them retail space in a variety of preferred locations in a number of its developments. At the same time, the Shopping Malls Business Unit seeks to increase its footfall across the region by leveraging the increased recognition and popularity of its tenants.

### Shopping malls in operation as at 31 December 2012

The following table shows the year opened, occupancy rate (for 2012), footfall (for 2012 and 2011), gross leasable area (for 2012) tenant sales per square metre (for 2012 and 2011) and the mall valuation (for 2012 and 2011) for each of the 11 shopping malls in operation as at 31 December 2012.

	Year Opened	Occupancy (%)	Footfall (31 December 2012)	Footfall (31 December 2011)	Gross Leasable Area	Tenant Sales/m <sup>2</sup> (31 December 2012)	Tenant Sales/m <sup>2</sup> (31 December 2011)	Mall Valuation (31 December 2012)	Mall Valuation (31 December 2011)
<b>Super-Regional Malls</b>			<i>(millions)</i>		<i>(sq m)</i>			<i>(AED millions)</i>	
Mall of the Emirates, Dubai, UAE .....	2005	97.7	34.8	33.8	234,479	35,075	31,783	8,742	8,299
Mirdif City Centre, Dubai, UAE .....	2010	95.6	18.6	17.6	197,593	16,644	14,344	4,966	4,782
Bahrain City Centre, Bahrain.....	2008	97.1	10.6	9.8	157,982	12,447	10,815	2,218	2,109
<b>Regional &amp; Community Malls</b>									
Deira City Centre, Dubai, UAE .....	1995	99.3	21.2	20.7	118,122	30,139	29,038	4,017	3,973
Alexandria City Centre, Alexandria, Egypt.....	2003	99.9	15.1	12.2	60,978	14,416	12,304	611	616
Muscat City Centre, Muscat, Oman.....	2001	100.0	9.5	9.0	56,551	22,905	20,483	768	758
Sharjah City Centre, Sharjah, UAE .....	2001	99.6	12.4	11.5	37,752	26,000	23,834	677	684
Maadi City Centre, Cairo, Egypt.....	2002	100.0	9.7	7.9	28,604	31,088	23,429	424	435
Ajman City Centre, Ajman, UAE.....	1998	100.0	8.7	9.3	30,114	24,971	24,590	390	416
Qurum City Centre, Qurum, Oman.....	2008	100.0	3.8	3.8	20,556	21,020	20,670	311	310
Fujairah City Centre, Fujairah, UAE .....	2012	99.5	2.4	-	30,768	9,428*	-	366	266
<b>Total .....</b>		<b>97.9</b>	<b>146.9</b>	<b>135.7</b>	<b>973,499</b>	<b>23,173</b>	<b>20,616</b>	<b>23,492</b>	<b>22,649</b>

\* Partial period

- *Mall of the Emirates, Dubai, UAE:* This three-level shopping and leisure centre had 595 tenants, including 29 stores with a gross leasable area in excess of 1,000 square metres, located in 234,479 square metres of gross leasable area as at 31 December 2012. The Mall of the Emirates features the largest Carrefour hypermarket in the Middle East and more than 60 stores that are unique in the marketplace.

Its family leisure and entertainment offerings include an 8,000 square metre Magic Planet entertainment centre, a MAF Ventures' cinema, Ski Dubai, a five-star Kempinski hotel with 393 keys and a five-star Sheraton hotel with 481 keys. The mall is located next to a metro station, named Mall of the Emirates. In 2005, its first year of operation, the Mall of the Emirates welcomed more than 23 million visitors. In 2012, the Mall of the Emirates had 34.8 million visitors.

- *Mirdif City Centre, Dubai, UAE:* Mirdif City Centre opened on 16 March 2010. The mall had 485 tenants, including a Carrefour hypermarket, 36 other stores with a gross leasable area in excess of 1,000 square metres, located in 197,593 square metres of gross leasable area as at 31 December 2012.

The mall's unique leisure offerings include IFly, a simulated sky diving experience, a soccer academy and Little Explorer, an educational establishment for children. The Mirdif City Centre shopping mall was the first shopping centre in the Middle East to achieve a Gold Rating for Leadership in Energy and Environmental Design (LEED), the sustainability rating system developed by the U.S. Green Building Council. In 2012, Mirdif City Centre had 18.6 million visitors.

- *Bahrain City Centre, Bahrain:* Bahrain City Centre is MAF Properties' third super-regional mall and is its landmark project in Bahrain. The Bahrain City Centre shopping mall started operations in September 2008. The three-level mall, with 157,982 square metres of gross leasable area and 388 tenants as at 31 December 2012, is the first integrated entertainment, shopping and leisure complex in Bahrain, the largest shopping mall in Bahrain and one of the largest in the GCC region. It features 22 stores with a gross leasable area in excess of 1,000 square metres (including a Carrefour hypermarket), Wahoo, the region's largest indoor-outdoor water park, the largest cinema complex in the Middle East and a Magic Planet entertainment centre. In 2012, the Bahrain City Centre had 10.6 million visitors.

- *Deira City Centre, Dubai, UAE:* Deira City Centre, with 368 tenants and 118,122 square metres of gross leasable area as at 31 December 2012, was MAF Properties first mall development. Opened in November 1995, the Deira City Centre shopping mall underwent various expansions and refurbishment and is currently undertaking further redevelopments. Deira City Centre has 23 stores with a gross leasable area in excess of 1,000 square metres (including a Carrefour hypermarket) and includes a 12-screen cinema complex. The mall is located next to a metro station, named Deira City Centre. The Deira City Centre shopping mall had 21.2 million visitors in 2012.

- *Alexandria City Centre, Alexandria, Egypt:* Alexandria City Centre opened in January 2003 and is currently Alexandria's largest shopping centre, with 11 stores with a gross leasable area in excess of 1,000 square metres, 209 tenants and 60,978 square metres of gross leasable area as at 31 December 2012. The Alexandria City Centre shopping mall had 15.1 million visitors in 2012.

- *Muscat City Centre, Muscat, Oman:* Muscat City Centre, which opened in October 2001, is the largest mall in Oman in terms of gross leasable area. The original 33,036 square metres of gross leasable area was expanded in 2007 to a total of 56,551 square metres of gross leasable area, almost doubling the size of the mall. Muscat City Centre had 159 tenants and 11 stores with a gross leasable area in excess of 1,000 square metres as at 31 December 2012. The Muscat City Centre shopping mall had 9.5 million visitors in 2012.

- *Sharjah City Centre, Sharjah, UAE:* Sharjah City Centre, encompassing 37,752 square metres of gross leasable area, had seven stores with a gross leasable area in excess of 1,000 square metres and 142 tenants as at 31 December 2012. The mall opened in September 2001 and is

located in central Sharjah. The Sharjah City Centre shopping mall had 12.4 million visitors in 2012.

- *Maadi City Centre, Cairo, Egypt:* Maadi City Centre opened in December 2002 and had 28,604 square metres of gross leasable area as at 31 December 2012. The mall had four stores with a gross leasable area in excess of 1,000 square metres and a total of 105 tenants as at 31 December 2012. The Maadi City Centre shopping mall had 9.7 million visitors in 2012.
- *Ajman City Centre, Ajman, UAE:* Ajman City Centre opened in December 1998 with 46 stores. It had a gross leasable area of 30,114 square metres, five stores with a gross leasable area in excess of 1,000 square metres and 74 tenants as at 31 December 2012, as well as a 6-screen cinema complex making Ajman City Centre the largest shopping mall in Ajman. The Ajman City Centre shopping mall had 8.7 million visitors in 2012.
- *Qurum City Centre, Qurum, Oman:* Qurum City Centre opened in November 2008 and comprised 20,556 square metres of gross leasable area as at 31 December 2012. The Qurum City Centre shopping mall had two stores with a gross leasable area in excess of 1,000 square metres and 85 tenants as at 31 December 2012 and had 3.8 million visitors in 2012.
- *Fujairah City Centre, Fujairah, UAE:* The Fujairah City Centre shopping mall opened in April 2012 and is located west of the City of Fujairah. The mall has a gross leasable area of over 34,800 square metres (including the cinema) and includes a Carrefour hypermarket, a cinema opened in February 2013, a Magic Planet entertainment centre and four stores with a gross leasable area in excess of 1,000 square metres along with a range of other tenants. The Fujairah City Centre shopping mall had 2.4 million visitors in 2012.
- *Beirut City Centre:* This regional mall opened in April 2013 with a total gross leasable area of approximately 63,000 square metres. The shopping mall is centrally located with a wide catchment area and close to major highways.

### **Shopping Malls under development**

In addition to the 11 existing shopping malls currently in operation, three additional shopping malls with a combined planned gross leasable area in excess of 306,000 square metres are under development in Lebanon and Egypt.

- *Mall of Egypt:* This super regional mall located in the west of Cairo, Egypt is under construction and is planned to open at the end of 2015 with a total gross leasable area of approximately 162,500 square metres. The mall includes a unique leisure offering themed around snow and ice. The mall is also expected to include a MAF Ventures' cinema and a Magic Planet entertainment centre.
- *Waterfront City Centre:* This regional mall located in Dbayeh, Lebanon (10 kilometres north of Beirut) is at an advanced design stage and is planned to open at the end of 2015 with a total gross leasable area of approximately 61,000 square metres.
- *Almaza Community Mall:* This shopping mall located in east Cairo, Egypt is at design stage and is currently planned to be a community mall with a gross leasable area of approximately 20,000 square metres.

### **Marketing**

The Shopping Malls Business Unit has a centralised marketing structure within the GCC and acts as a centre of excellence for non-GCC markets ensuring consistent marketing across assets and geographies and aimed at enhancing the value of the Group's brands. Marketing is targeted at both retailers (as potential tenants) and end-consumers. The principal marketing activities include branding, advertising, media buying, sales promotions, loyalty programmes, digital marketing and CSR (corporate social responsibility and community relations). The Group's shopping malls have won numerous awards, including 45 international and regional awards such as:

- Middle East and North Africa Community Support Award from the International Council of Shopping Centres (the ICSC) for its “It’s a woman’s world at Mall of the Emirates” campaign in 2012;
- Two Gold awards from the ICSC Middle East for marketing (Deira City Centre for new media; Bahrain City Centre for Fashion promotion) in 2011;
- Two Silver awards from the ICSC Middle East (Fujairah City Centre for their grand opening marketing and Mirdif City Centre for their “World of Fashion” fashion show) in 2011;
- Best Shopping Mall in Oman Award (Muscat City Centre shopping Mall) at the Oman Observer Awards in 2010; and
- Best Mall Promotion Award (Mall of the Emirates) for the Dubai Shopping Festival 2009.

### **Lease arrangements**

MAF Properties enters into lease agreements with its retail tenants, the duration of which varies by tenant, and typically commences negotiations regarding the renewal of lease agreements approximately six months prior to the expiration of a lease agreement. The lease term for anchor tenants typically varies from 10 to 20 years, for major tenants from between five to 10 years and for line stores from between one to five years. The average lease terms across the Group’s malls as at 31 December 2012 ranged from six to eight years. Maximum lease terms, excluding leases for Group tenants, are 10 years, with the exception of the Mall of the Emirates where the maximum lease term is 20 years. MAF Properties also enters into leases of one year or less for tenants operating counters, carts, kiosks and mall media in each mall. Under the terms of the lease agreements, some major tenants have a restrictive clause preventing them from opening a competing store within a defined radius. In addition, tenants typically do not have the right to rescind their lease agreements except in limited cases and MAF Properties has the right to rescind certain line tenants’ lease agreements in the event they do not achieve certain sales thresholds.

The fit-out of individual stores is the responsibility of the tenant subject to approval by MAF Properties. Tenants are also responsible for all repairs and maintenance to their leased area over the lease period and must vacate the premises at the end of the lease period as found prior to fit-out.

Lease rental fees contain a number of fixed elements linked to the area of floor space under lease, along with a variable rent element calculated based on the tenant’s gross sales. This variable rent element is automatically converted to base rent at the start of a new lease year. Each lease is negotiated separately and there is no set formula for rents applied across all tenants.

Some jurisdictions in which MAF Properties has shopping malls (notably the UAE) have passed laws which limit MAF Properties’ flexibility to increase the rentals paid in those jurisdictions.

### **Competition**

MAF Properties is one of the largest shopping mall destination developers in the MENA region. However, it still faces competition from a number of real estate developers in each of the markets in which it operates. The principal competitor in the UAE, the Group’s main market, is Emaar Properties PJSC, 32 per cent. owned by the Dubai government, which opened its first shopping mall in Dubai (the Dubai Mall with approximately 350,000 square metres of gross leasable area) in November 2008. Other competing malls include the Ibn Battuta shopping mall and the Dubai Festival City shopping mall, both in Dubai with gross leasable areas of approximately 175,000 square metres and approximately 110,000 square metres, respectively.

### **Hotels Business Unit**

The Hotels Business Unit focuses on the development of hotels located adjacent, or in close proximity to, MAF Properties’ shopping malls. The Hotels Business Unit currently owns 11 hotels, nine of which are located in the UAE and two in Bahrain with one hotel in each of Lebanon (Waterfront City Dbayeh) and Dubai in development. The Hotel Business Unit’s revenue and EBITDA were AED 533 million and

AED 160 million, respectively, in 2012 and its assets were AED 3,064 million as at 31 December 2012, representing 2.5 per cent., 5.3 per cent. and 8.1 per cent., respectively, of the Group's revenue, EBITDA and assets as of an for the year ended 31 December 2012. By comparison, the Hotels Business Unit's revenue and EBITDA were AED 429 million and AED 127 million, respectively, in 2011 and its assets were AED 2,801 million as at 31 December 2011, representing 2.2 per cent., 4.5 per cent. and 7.8 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2011.

The Hotels Business Unit's current business model is to focus on asset ownership and therefore to outsource the day-to-day management of its hotels to international hotel management companies such as Kempinski, Accor and Starwood (Sheraton). The Hotels Business Unit enters into agreements with international hotel operators to provide its hotels with a recognised brand, experienced operational management and access to bespoke booking systems and customer networks.

### **Hotels in operation**

As at 31 December 2012, out of the 11 owned hotels, 10 were in operation. Ten of these hotels are either co-located adjacent to, or are sited in close proximity to, shopping malls operated by the Group in the UAE and Bahrain. The co-located hotels are the five-star Pullman City Centre Hotel and Residence (which is classified as two hotels), the five-star Kempinski Hotel Mall of the Emirates, the five-star Sheraton Mall of the Emirates Hotel (formerly Pullman Mall of the Emirates), the five star Kempinski Grand Hotel, Bahrain and the four-star Kempinski Ixir Hotel in Bahrain. These hotels have a combined capacity of 1,763 keys. The other hotels are the four-star Port Saeed Novotel and the two-star Port Saeed IBIS which have a combined capacity of 553 keys and are located close to the Deira City Centre shopping mall and the two-star Barsha IBIS Hotel and three-star Suite Novotel, which have a combined capacity of 384 keys and are located close to the Mall of the Emirates. In addition, the Hotels Business Unit owns the stand alone budget Rigga IBIS Hotel in Deira which offers 280 keys.

The table below sets out certain information as at 31 December 2012 on the Hotels Business Unit's 11 hotels.

<b>Property</b>	<b>Location</b>	<b>Total Keys</b>	<b>Average Daily Rate<sup>1</sup></b> <i>(AED)</i>	<b>Occupancy<sup>2</sup></b> <i>(%)</i>	<b>RevPar<sup>3</sup></b> <i>(AED)</i>
Pullman City Centre Hotel .....	Dubai, UAE	317	540	47	253
Pullman City Centre Residence.....	Dubai, UAE	112	471	76	358
Kempinski Hotel Mall of the Emirates .....	Dubai, UAE	393	1,169	76	892
Novotel DCC.....	Dubai, UAE	188	436	75	328
Port Saeed IBIS.....	Dubai, UAE	365	243	88	214
Barsha IBIS Hotel.....	Dubai, UAE	204	255	91	231
Suite Novotel.....	Dubai, UAE	180	422	82	346
Sheraton Mall of the Emirates (formerly Pullman Mall of the Emirates) .....	Dubai, UAE	481	703	74	519
Rigga IBIS, Deira.....	Dubai, UAE	280	232	80	186
Kempinski Grand Hotel.....	Bahrain	200	955	59	561
Kempinski Ixir Hotel.....	Bahrain	260	N/A	N/A	N/A

Notes:

- (1) Average daily rate refers to the average room rate charged by a hotel over a given period.
- (2) Occupancy refers to the percentage of a hotel's rooms that are occupied over a given period.
- (3) RevPAR (revenue per available room) is calculated by multiplying the average daily rate by the occupancy rate over a given period.

### **Pullman City Centre Hotel and Residence, Deira, Dubai**

The Pullman City Centre Hotel and Residence offers two distinct choices: hotel rooms and fully furnished apartments. The 317 key 5-star hotel has been operating since March 1998 and is managed by Accor. A major refurbishment and renovation programme of the Pullman City Centre Hotel was substantially completed in 2012. The Pullman City Centre Hotel includes a lounge, outdoor pool, food and beverage venues, gym and spa. The City Centre Residence, which opened in April 1998, offers 112 fully-furnished and serviced studios, one, two and three bedroom apartments. The City Centre

Residence is currently undergoing major refurbishment which is due to be completed in the first quarter of 2015.

*Kempinski Hotel Mall of the Emirates, Dubai*

Kempinski Hotel Mall of the Emirates, Kempinski's first hotel in Dubai, is located on Sheikh Zayed Road, at the forefront of the Mall of the Emirates. The hotel, which covers an area of 48,000 square metres, began operating in April 2006. Since January 2008, the hotel has been operating with a full inventory of 393 keys, including deluxe rooms, suites, ski chalets and business suites with private board rooms, some of which enjoy views over Ski Dubai. The Kempinski Hotel Mall of the Emirates includes a wellness spa, fitness centre, swimming pool and tennis court. The hotel features a number of restaurants and bars, including a 1,000 seat dining and lounge area occupying 2,900 square metres. The hotel attracts leisure and business clientele in a ratio of approximately two to one.

*Port Saeed Novotel and Port Saeed IBIS, Deira, Dubai*

The Port Saeed Novotel and Port Saeed IBIS both opened for business in November 2008 and are managed by Accor. These properties are both located in close proximity to the Deira City Centre shopping mall. This hotel cluster comprises the Hotels Business Unit's first budget/midscale hotels. The Port Saeed Novotel offers 188 keys as well as international and regional restaurants, fully licensed bars and an outdoor temperature controlled swimming pool. The Port Saeed IBIS offers 365 keys, a bistro restaurant and a bar.

*Barsha IBIS Hotel and Suite Novotel, Mall of the Emirates, Dubai*

The Barsha IBIS Hotel and Suite Novotel both opened for business in June 2009 and are managed by Accor. These properties are both located in close proximity to the Mall of the Emirates. The hotel has 204 keys, a restaurant, a café, two bars and a gym. The Suite Novotel has 180 residence keys, a restaurant, bar, 24 hour Deli Boutique, a swimming pool and a fully-equipped gym.

*Sheraton Mall of the Emirates, Dubai*

The Sheraton Mall of the Emirates Hotel (formerly Pullman Mall of the Emirates) was constructed adjacent to the extension of the Mall of the Emirates and opened for business in September 2010. Since 1 February 2013, this hotel has been managed by Sheraton and offers 481 keys and features two restaurants, two bars and extensive meeting facilities. MAF Properties changed the operator of the former Pullman Mall of the Emirates to Sheraton Mall of the Emirates Hotel under a management agreement with Starwoods (Sheraton) at the beginning of 2013.

*Rigga IBIS, Deira, Dubai*

The Rigga IBIS opened for business in March 2010. This stand-alone budget hotel, which is managed by Accor, offers 280 keys, a café, bar and a fitness centre.

*Kempinski Grand Hotel, Bahrain*

The Kempinski Grand Hotel is a five star hotel constructed adjacent to the Bahrain City Centre, Bahrain and opened for business in September 2011. The hotel is managed by Kempinski and offers 200 keys and features three restaurants, a bar, spa and extensive meeting facilities.

*Kempinski Ixir Hotel, Bahrain*

The Kempinski Ixir Hotel, opened for business in March 2013. This four star hotel is adjacent to the Bahrain City Centre mall, offering a total of 260 keys.

**Hotels under development**

In addition to the 11 existing hotels currently in operation two additional hotels with a total of 462 keys are under development in Dubai and Lebanon.



- *Deira City Centre Luxury Hotel*: This luxury hotel is under design and is planned to open in 2017 with 274 keys. The hotel will be connected to the Deira City Centre.
- *Waterfront City Hotel*: This 5-star hotel 190 key hotel is under design and will be located in Waterfront City Debayeh, Lebanon.

MAF Properties has entered into the following agreements for the management of its hotels:

- ***Management agreements with Kempinski***. MAF Properties has two separate management agreements with Kempinski, appointing Kempinski as the exclusive operator and manager of the Kempinski Hotels in the Mall of the Emirates and in the Bahrain City Centre shopping mall. Under the terms of these agreements, Kempinski carries out all duties required to manage, operate and market the hotels efficiently, including in relation to the appointment and dismissal of employees, in exchange for an incentive fee based on the success of each hotel. In addition, under separate technical and pre-opening services agreements in respect of each of the hotels and a marketing and central services agreement in respect of the Mall of the Emirates, Kempinski provides consultancy services in relation to the design and set-up of the hotels and ongoing “back-of-house” functions such as marketing and reservations, for which Kempinski is entitled to separate remuneration.
- ***Management agreements with Accor***. MAF Properties has entered into separate management agreements with Accor, appointing Accor as the exclusive operator and manager of the City Centre Hotel and Residence at Deira City Centre, the Barsha IBIS Hotel, the Suite Novotel, the IBIS Hotel and Novotel at Port Saeed and the IBIS Hotel on Rigga Road, Deira. The terms of the management agreements with Accor are similar to those of the management agreements with Kempinski described above and also cover the provision of centralised “back-of-house” functions. In exchange for the provision of its services, Accor receives a monthly basic management fee as well as an incentive fee based on the success of each hotel. In addition to the management agreements, MAF Properties has entered into separate technical assistance contracts with Accor, pursuant to which Accor provides consultancy services in relation to the design and setup of the hotels.
- ***Management agreements with Starwood (Sheraton)***. MAF Properties changed the operator of the former Pullman Mall of the Emirates to Sheraton Mall of the Emirates under a management agreement with Starwoods (Sheraton) at the beginning of 2013. The contract term is 15 years. Sheraton's compensation includes base and incentive fees which are paid in exchange for the provision of its services which includes property management, food and beverage outlet and banquet management, hiring and termination of staff, sales and marketing and finance and accounting in line with the global brand standards and practices of five star hotels.

### **Marketing**

Pursuant to the terms of the management agreements with Kempinski, Accor and Starwood (Sheraton), each relevant manager is responsible for all marketing activities related to the hotels they manage. See “—Hotel management agreements”.

### **Competition**

The hotels managed by the Hotels Business Unit face competition from a number of existing hotel operators in the region as well as new market entrants. Dubai continues to be the most desirable destination in Middle East and the preferred choice for hotel operators, which is demonstrated by an influx of new hotel openings during 2012. Over the next five years the hotel supply is expected to increase at 6 per cent. compound annual growth rate (**CAGR**) increasing the supply from 54,000 to 77,000 keys. Due to strong market fundamentals as the hotel markets mature in Dubai, the demand is expected to also continue to grow at 5 per cent. CAGR. According to the Dubai Department of Tourism and Commerce Marketing, Dubai hotels accommodated approximately 10 million guests in 2012 as compared to 7.3 million in 2011. According to STR Global, hotel occupancy rates in Dubai increased to 83 per cent. in 2012 from 74 per cent. in 2011 and average hotel room rates increased by approximately 3 to 4 per cent. in 2012 from 2011.

## **Communities Business Unit**

The Communities Business Unit was established to develop sites containing a mix of residential and commercial properties throughout the MENA region or to develop such sites itself. The Communities Business Unit is also responsible for managing MAF Properties' portfolio of three office buildings in Dubai, UAE. The Communities Business Unit is currently involved in developing a mixed-use joint venture in Lebanon, and is the joint venture partner with the Governments of Oman and Sharjah for two further master-planned communities as described below.

### ***Lebanon Waterfront City***

The Group has invested in a 50/50 joint venture with a Lebanese company, Joseph G. Khoury Holdings & Fils S.A.L., which owns around 193,700 square metres of reclaimed land surrounding a marina located 10 kilometres north of central Beirut in Lebanon. The joint venture company is undertaking a mixed-use development in a number of phases. The first phase covers approximately 64,000 square metres and was launched in July 2011 while construction started in 2012. This phase is primarily residential in nature with the development expected to be funded in large part by advance property sales. MAF Properties retains development control of this project through a development agreement between the joint venture company and one of MAF Properties' subsidiaries.

### ***The Wave Muscat, Oman***

Located close to Muscat, the capital city of Oman, The Wave Muscat is a mixed-use development project occupying a total area of 2.5 million square metres along over six kilometres of natural beach. The Wave Muscat is being developed as a joint venture between the Oman-based Waterfront Investments, National Investment Funds Company, representing the Omani pension funds, and MAF Properties, which holds 50 per cent. of the joint venture entity, The Wave - Muscat SAOC (**The Wave JV**). The Wave JV has been established as an independent joint venture that has its own employees and operations, with MAF Properties having 50 per cent. voting powers and representation on the board. The Wave Muscat is being developed in seven phases, four of which have been completed. The Wave JV does not require funding from MAF Properties and is financed independently, including through the receipt of advance cash payments for the sale of units which are currently being used to finance construction of further development work.

### ***Al Zahia and Matajer, Sharjah Holding, UAE***

Located close to Sharjah University City, Sharjah International Airport, SAIF Zone and the major road links to Dubai and the Northern Emirates, Al Zahia is an integrated mixed-use community, featuring a range of villas, apartments and commercial units. The Al Zahia is being developed under Sharjah Holding, a 50/50 joint venture between the Government of Sharjah and MAF Properties. Phase one of the development is under construction and planned to be completed by September 2013.

In addition to Al Zahia, Sharjah Holding is developing community shopping malls in the Emirate of Sharjah, namely Matajer. As at 31 December 2012, the Sharjah Holdings owned and operated four Matajer malls with a gross leasable area over 15,000 square metres.

### **Other property**

In addition to the properties described above, MAF Properties owns 868,000 square metres of land, principally in the UAE, that it plans to develop or sell to third parties. The value of these lands was approximately AED 930.7 million as of 31 December 2012. MAF Properties has not yet initiated the project development phase for these properties, and therefore, appropriate Board approvals have not yet been received and financing has not yet been secured for the development of these projects.

In addition to its land bank held for development, MAF Properties also owns four office buildings in Dubai, three of which are leased to third parties. Three of the office buildings are fully or partially occupied by Group and the remaining buildings are leased to third parties.

**MAF RETAIL**

**Overview**

The Group first introduced the hypermarket model to the Middle East in 1995 under a partnership with Promodes S.A. (**Promodes**) using the brand “Continent”. A joint venture agreement with Promodes established MAF Hypermarkets, a joint venture company 75 per cent. owned by the Group and 25 per cent. owned by Promodes. In 2000, Promodes merged with Carrefour and the joint venture agreement was updated and amended. Over the past 40 years, France’s Carrefour group has grown to become one of the world’s leading distribution groups. As the world’s second-largest retailer and the largest in Europe (according to the Carrefour website), the Carrefour group currently operates four main grocery store formats: hypermarkets, supermarkets, hard discount and convenience stores. In May 2013, MAF Holding entered into an agreement with Carrefour France SA whereby MAF Holding acquired Carrefour SA’s 25 per cent. ownership interest in MAF Hypermarkets and further agreed to extend the franchise agreement in place between the two parties (see “Group Financial Review—Recent Developments” for more detail).

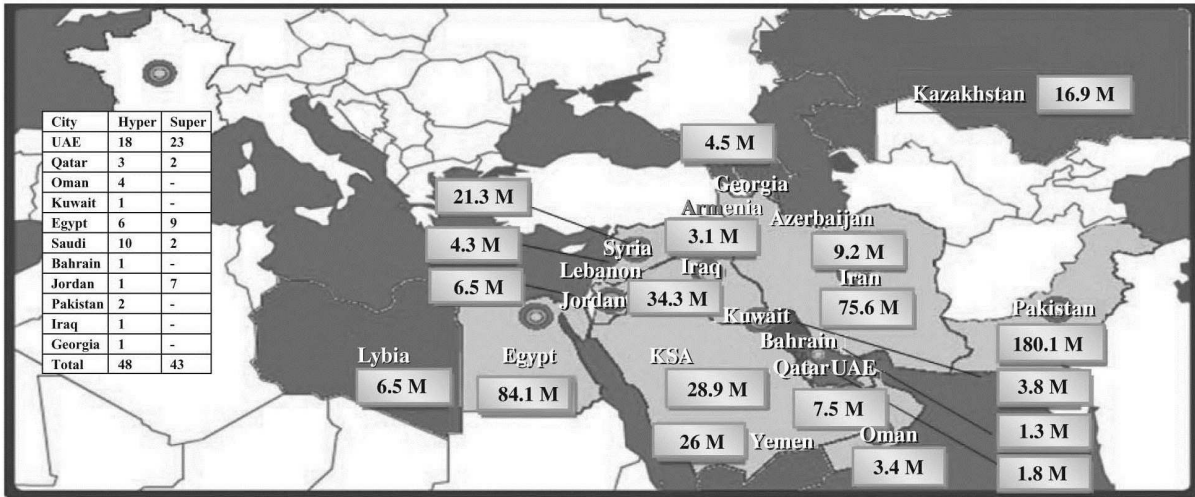
Pursuant to the franchise agreement with Carrefour, MAF Hypermarkets currently has the exclusive right to establish Carrefour stores in 19 countries predominantly in the MENA region. The franchise agreement was recently extended to expand MAF Hypermarket’s use of the Carrefour brand into new jurisdictions and new formats (see “Group Financial Review—Recent Developments”). As at 31 December 2012, MAF Retail had expanded the Carrefour concept across the UAE and into Bahrain, Egypt, Jordan, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia, Iraq and Georgia. As at 31 December 2012, MAF Retail operated 48 Carrefour hypermarkets and 43 Carrefour supermarkets across the MENA region and also operates an online store (www.iC4uae.com), principally selling light and heavy household goods for delivery within the UAE.

MAF Retail initially rolled out Carrefour supermarkets in 2007 on a trial basis in the UAE in an attempt to take advantage of its large store network and the regional suburban demand for smaller stores allowing easier access to the local population. MAF Retail has rolled out the new format in three sizes, ranging from approximately 500 square metres to 2,500 square metres, depending on factors including target product range, population density and catchment areas. The Carrefour supermarkets focus mainly on food products, with food sales contributing approximately 89 per cent. of total sales per year.

MAF Retail’s workforce of more than 18,700 employees processed more than 127 million transactions at its Carrefour stores in 2012, resulting in sales of AED 16,377 million for the year.

The following map shows the location of MAF Retail’s Carrefour hypermarkets and supermarkets as at 31 December 2012.

The territory population: 519.1 million inhabitants



MAF Retail had revenue of AED 17,798 million and EBITDA of AED 927 million in 2012 as well as assets of AED 5.1 billion at 31 December 2012 equal to 82.5 per cent., 30.8 per cent, and 13.5 per cent, respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2012. MAF Retail had revenue of AED 16,290 million and EBITDA of AED 958 million in 2011 as well as assets of AED 4.8 billion at 31 December 2011, equal to 83.2 per cent., 34.2 per cent. and 13.4 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2011. During 2012, MAF Retail sold certain assets in relation to operations in Iran (see "*Discontinued operations in Syria and Iran*" below for further details). The sale consideration was equivalent to the net assets of the operations disposed.

## **Strategy**

MAF Retail aims to establish Carrefour as the hypermarket store of choice for consumers throughout the MENA region. MAF Retail aims to offer the cheapest products through utilising a portion of the rebates it receives from suppliers to reduce prices and by maintaining a low level of commercial margin. Accordingly, MAF Retail aims to offer the best quality at an affordable price and the widest possible range of both local and international products to meet customer demand.

MAF Retail intends to continue to focus on the hypermarket format (with an average of 8,000 square metres of selling space) and smaller store formats to fill market gaps. See "*Store Rollout and development strategy*". MAF Retail is also focused on further developing private-label products in conjunction with Carrefour and increasing the proportion of such products in its sales mix. Finally, management believes that MAF Retail's growth, coupled with its strong relationship with Carrefour, will allow it to take advantage of Carrefour's reputation internationally and further improve its purchasing power from international suppliers.

## **Agreements with Carrefour**

In 1995, the Group entered into a joint venture agreement with Promodes, now part of the Carrefour group, creating MAF Hypermarkets which was 75 per cent. owned by MAF Retail. Pursuant to a separate franchise agreement, MAF Hypermarkets is the exclusive franchisee of Carrefour for 12 countries in the MENA region — Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia, UAE and Yemen. Under the terms of the franchise agreement, Carrefour provides trade signs, operating procedures and know-how (particularly in relation to hypermarket design, quality, health and safety standards and administration), assistance in supply chain management as well as access to product sourcing networks and training. In addition Carrefour is responsible for the sourcing of its private-label products, "Carrefour" and "N1".

On 31 May 2011, the management of each of MAF Retail and Carrefour agreed to the extension of the franchise agreement between MAF Hypermarkets and Carrefour to four countries in the Commonwealth of Independent States: Armenia, Azerbaijan, Georgia and Kazakhstan. An amended franchise agreement reflecting these arrangements was entered into on 6 July 2011. The franchise agreement with Carrefour has recently been extended as part of the Acquisition (see "*Group Financial Review—Recent Developments*") until 2025. MAF Hypermarkets also has the opportunity to expand its use of the Carrefour brand into new jurisdictions and in new formats across the regions in which the Group currently operates under this extended franchise agreement.

MAF Retail has agreed not to utilise any know-how gained in the operation of independent hypermarkets or supermarkets and is not permitted to sell the products of any of Carrefour's competitors.

Carrefour charges MAF Retail a franchise fee based on sales made. MAF Retail is responsible for the day-to-day operation of each store, seeking approval from Carrefour for new store openings.

## **Current operations**

### ***UAE, Qatar, Oman, Kuwait and Bahrain***

MAF Retail opened its first Carrefour hypermarket in 1995 in the Deira City Centre shopping mall in the UAE. Subsequently, it opened its first hypermarket in Qatar in 2000, in Oman in 2001, in Kuwait in

2007 and in Bahrain in 2008. The Carrefour hypermarket in the Mall of the Emirates, which opened in 2005, is MAF Retail's largest hypermarket. As at 31 December 2012, MAF Retail had 18 hypermarkets in the UAE, three in Qatar, four in Oman, one in Kuwait and one in Bahrain and a total of 25 Carrefour supermarkets in the five countries.

### ***Egypt***

MAF Retail opened its first Carrefour hypermarket in Egypt in 2002. The hypermarket is located in the Maadi City Centre shopping mall in Cairo, the most populous city in the Arab world. As at 31 December 2012, MAF Retail had six Carrefour hypermarkets and nine Carrefour supermarkets in Egypt.

### ***Saudi Arabia***

MAF Retail entered Saudi Arabia in 2004 with its first Carrefour hypermarket on Khurais Road in Riyadh. As at 31 December 2012, MAF Retail had ten Carrefour hypermarkets and two Carrefour supermarkets in Saudi Arabia.

### ***Other countries***

MAF Retail was the first hypermarket chain entrant into Jordan when it opened a Carrefour hypermarket within the Amman City Centre shopping mall in December 2006. In 2009, MAF Retail opened a hypermarket in Pakistan followed by Iraq and Georgia in 2012. As at 31 December 2012, MAF Retail has a total of five hypermarkets and seven supermarkets in these four countries

### **Development pipeline**

MAF Retail plans to open 11 Carrefour hypermarkets (two stores each in Egypt, Jordan and Armenia, one store each in UAE, Oman, Saudi Arabia, Lebanon and Kazakhstan) and 27 Carrefour supermarkets in 2013.

### **Operational leases**

MAF Retail currently leases the properties on which it operates Carrefour stores. Properties are leased from both MAF Properties and, to gain quicker access to a target market, third-parties, including third-party shopping mall developers. As at 31 December 2012, 11 hypermarkets were leased from MAF Properties, with the remaining 37 hypermarkets and all 43 supermarkets leased from third parties.

It takes approximately six months for MAF Retail to open a new hypermarket from the point at which the store is handed over and, in the case of hypermarkets located in shopping malls, it can take up to two and a half years to develop the mall in which the hypermarket is to be located from the point at which MAF Retail commits to lease the store. In the case of supermarkets, it takes around four months to carry out refurbishment works and around two months to obtain necessary licenses and approvals. MAF Retail prefers to lease sites for its Carrefour stores to ensure a faster time to market and to expedite the return on its investment. However, MAF Retail will consider other options, such as owning a limited number of properties or leasing land and constructing a store, where it determines that it is more commercially viable to do so.

MAF Retail aims to maintain long-term lease agreements (typically with terms of approximately 20 years for hypermarkets and approximately 10 years for supermarkets). As of 31 December 2012, the average lease period for its hypermarkets was approximately 19 years and for its supermarkets was approximately 10 years. Under most of the lease agreements, MAF Retail has a conditional right to renew the lease subject to agreement on lease terms and retains termination rights at certain points during the lease.

MAF Retail undertakes refurbishment of its hypermarkets approximately every seven to ten years. In addition, store managers are responsible for reviewing and analysing inventory turnover and consumer trends, in order to plan potential changes to the store layout.

## **Store rollout and development strategy**

MAF Retail has created a development team to oversee the rollout of its Carrefour store network. The development team has representatives covering the countries in which MAF Retail traditionally operates. Development within the new countries is managed by the head office development team with local management support. These development teams identify store location opportunities and negotiate with local suppliers and are supported by MAF Retail country managers who are present in all countries of the region.

When rolling out a new store, the local development teams (under the supervision and with the support of the head office development team) are responsible for sourcing suitable real estate, negotiating lease or purchase agreements, conducting tenders for construction and installation services, store design and store launch. They also co-ordinate contacts with the external parties involved in the rollout process such as real estate agents, licensing authorities, lawyers and construction companies. There is a close dialogue between the regional teams and the MAF Retail head office, although significant responsibility is given to the regional teams to facilitate efficient decision making. However, all important decisions require the involvement of the head office development team and MAF Retail's legal and finance departments and significant financial commitments require approval by the MAF Retail CEO or Board, depending on the size of the commitment.

MAF Retail Board approval is required prior to entering into a new store project and a new geographical market. When considering a new geography, the head office development team first seeks to identify appropriate locations and conducts all necessary diligence, including commissioning a third party consultant approved by Carrefour in its capacity as franchisor, to estimate future sales for each proposed site. Based on the results of the diligence, the development team prepares a feasibility study which, among other matters, considers the financial criteria which are required to be met (including (i) a positive net present value of the expected cash flows from the investment for the period of the lease and (ii) an internal rate of return and return on capital employed in excess of the country return objective set by MAF Retail). MAF Retail evaluates potential store feasibility based on projected cash flows for the proposed lease period, which depend on factors such as current population, catchment areas, customer access to the hypermarket, potential rate of urbanisation and existing and planned competing properties. The feasibility study is reviewed by the CEO of MAF Retail and, if approved by him, is submitted to the MAF Retail Board for final approval. Projects for supermarkets involving capital expenditure of less than AED 10 million are approved by the MAF Retail CEO, otherwise such projects are approved by the MAF Retail Board.

Following completion of a development, an annual review process for each store is conducted. Among other matters, results to date, the latest five-year plan and a conservative projection to cover the full lease period are considered. The return and profitability key performance indicators are compared with those identified at the initial project approval stage and the results of each review are presented to the MAF Retail Board.

Typically, MAF Retail's Carrefour hypermarkets are the anchor tenants of choice for MAF Properties' shopping mall developments. However, Carrefour hypermarkets and supermarkets are also located outside MAF Properties shopping malls.

## **Product range and quality control**

### ***Product range***

MAF Retail's Carrefour hypermarkets stock five categories of products: consumer, market, light household, textile and heavy household goods. Consumer goods are all food products excluding fresh produce; market goods are fresh produce; light household goods are non-food household products falling outside the heavy household category; textile goods are principally clothing and linen merchandise; and heavy household goods consist of large appliances and electronic goods. For the year ended 31 December 2012, food products and non-food products accounted for 58.7 per cent. and 41.3 per cent., respectively, of MAF Retail's total sales.

Depending on the size of the individual store, MAF Retail's Carrefour hypermarkets stock between 35,000 and 45,000 stock keeping units (**SKUs**) per store. The SKUs stocked in a particular store include mandatory items selected centrally by the relevant country head office sourcing team and products chosen locally by the store's management to ensure the range of products offered is adapted to suit local tastes. As a result, the range of products varies from store-to-store, depending on preferences within a local catchment area.

MAF Retail's merchandise strategy is aimed at standardising its range of products and optimising its ability to satisfy customer preferences. Based on monthly analyses of results and other relevant data (including competition data and periodic customer feedback), it sets objectives and modifies parameters, including store layout, range and price. Individual stores are then charged with adjusting accordingly the mix of products, prices, products on promotion and the location of products within the store.

A portion of Carrefour hypermarkets' SKUs are private label brands. The private label brands developed by Carrefour include "N1" and "Carrefour". MAF Retail intends to increase the proportion of the private label items in its sale mix.

MAF Retail develops private label brand products in partnership with Carrefour, identifying product specifications based on consumer preferences. All of the private label products must adhere to the Carrefour group's strict quality standards, and MAF Retail and Carrefour work together to ensure quality control.

### ***Quality control***

MAF Retail has implemented an audit control system for its market goods and private label items. The audit control system covers staff training, UAE audits of suppliers, stores and products. MAF Retail has appointed several companies to perform audits according to targets set by its management team. Approximately 60 per cent. of MAF Retail's stores have received Hazard Analysis and Critical Control Points (**HACCP**) certification or an equivalent ISO certification. The stores without HACCP certification are new and are in the process of gaining such certification, which is a time-consuming process. HACCP is a systematic preventive approach to food safety that addresses physical, chemical and biological hazards as a means of prevention rather than finished product inspection. HACCP is used in the food industry to identify potential food safety hazards, so that key actions can be taken to reduce or eliminate the risk of the hazards being realised. The system is used at all stages of food production and preparation processes.

## **Supply chain, procurement, inventory and distribution**

### ***Supply chain and procurement***

MAF Retail uses Carrefour's logistics network in East Asia to source products for its N1 and Carrefour private label brands and for limited non-food items, allowing MAF Retail to leverage Carrefour's market size.

For all other products, MAF Retail's central procurement team is responsible for producing an annual list of preferred suppliers by product category. These suppliers are ranked based on performance using benchmarking reports. In order to keep the supplier list relevant and manageable, the central procurement team consider the range required for each product type, as well as the target selling price. If a certain product line has not been selling well, the number of suppliers listed will be reduced to reflect the reduced demand or only those suppliers that offer goods at a price the market is willing to pay will be listed. Individual store managers can suggest potential new suppliers to the central sourcing and procurement department. However, the final decision on whether to add a proposed supplier to the list is taken centrally.

The majority of supplier contracts are negotiated and entered into at the local level based on the supplier list. Negotiations and execution of supplier contracts with certain key suppliers are carried out by the central sourcing team. These suppliers tend to provide key imported branded products which are sold in large quantities across all regions allowing MAF Retail to secure favourable terms due to its purchasing power. See "*—Rebates and supplier benefits*".

With increasing volumes of imports, MAF Retail has decided to further improve the trade conditions and purchase prices through direct import rather than through intermediaries in some markets. In 2012, MAF Retail opened a representative office in Bangkok, Thailand in order to enter into trade arrangements and better coordinate a procurement process with local suppliers in Asia. In 2013, MAF Retail set up a trading company in Hong Kong, China with the intention of targeting the private label product of the non-food departments. First deliveries to MAF Retail stores through these new channels are planned for the second half of 2013.

### ***Inventory***

Inventory management is a store-managed process. Store requirements are assessed at each individual store and orders are placed directly with suppliers. Order quantities are based on a minimum order level set for each SKU and an order is raised automatically once this minimum quantity has been triggered in-store. All purchase orders require authorisation from an appropriate level before being sent to suppliers.

Physical inventory counts are performed for all stores every three to six months (depending on the country in which the store is located), with sections counted on a rotational basis in between as well. Certain high value items at greater risk of theft are counted weekly or monthly. MAF Retail uses the same inventory system used by Carrefour in its hypermarkets for managing store inventory. When goods arrive, the inventory system is automatically updated and MAF Retail's accounting system captures invoices upon receipt. Inventory days in MAF Retail's Carrefour hypermarkets have remained relatively constant over the three years to 31 December 2012. In addition, more than 75 per cent. of MAF Retail's Carrefour hypermarkets had a shrinkage level (being the percentage of loss of products between acquisition and point of sale) below 0.3 per cent. for the year ended 31 December 2012.

### ***Distribution***

Deliveries are predominantly made directly to stores and the logistical costs of transport are usually borne by the distributor, but included within the purchase cost price. A small proportion of purchases are delivered to distribution centres managed by third party distributors before distribution to stores. These goods tend to be centrally purchased imported goods and private label Carrefour products. The third-party central warehouse facilities also provides storage space for Carrefour supermarkets due to the limited storage capacity available at each supermarket.

### ***Rebates and supplier benefits***

Due to its increased buying power across each region as its store portfolio expands, MAF Retail is able to secure rebates and other supplier benefits from both its local distributors and its brand suppliers. MAF Retail negotiates a number of different types of rebates and other benefits with its suppliers, generally on an annual basis at a regional level, although negotiations with some of the larger branded importers are conducted centrally. Fixed rebates are obtained on a yearly basis based on an agreed fixed percentage of supplier turnover. Volume discounts are obtained on yearly purchase values by brand or supplier. Other types of benefits include fees charged to suppliers for promotional activities, displays, advertising space and additional shelf space. Rebates and supplier benefits represent a significant driver of MAF Retail's revenue. A portion of the rebate gains are reinvested in the business to allow MAF Retail to maintain its prices at competitive levels.

### ***Pricing policy***

In line with Carrefour's pricing policy, MAF Retail's business philosophy is to offer its customers the products they want at a competitive price. Management aims to keep prices below those of its competitors by leveraging its market share to achieve volume-based rebates on its supply orders.

Typically, with the exception of promotional items, selling prices for non private-label SKUs are managed at the store level. The MAF Retail head office sourcing team is responsible for setting prices for all private label SKUs and national promotion items. At the supermarkets level, a more centralised pricing approach has been introduced.



To ensure its Carrefour hypermarket SKUs are priced competitively, MAF Retail regularly monitors prices through third party service providers. Additional price surveys are carried out as needed, for example in connection with entering a new market or the introduction of a new competitor to one of its existing markets.

### **Advertising and marketing**

For MAF Retail, customer growth is the most important aspect of sales growth and its marketing effort is, accordingly, focused towards this end. In addition to traditional newspaper, magazine, radio and internet advertising, MAF Retail delivers three to four leaflets per month door-to-door to local households. MAF Retail also conducts co-branded advertising whereby a supplier pays to promote new items or a range of products in conjunction with MAF Retail. In addition, MAF Venture's Najm Visa credit card, which MAF Retail actively promotes in its Carrefour hypermarkets, features a loyalty programme that offers its customers up to 50 per cent. off selected items at all Carrefour stores. All advertising promotions focus on Carrefour's low prices and wide range of products, and are managed centrally. MAF Retail head office is responsible for determining which SKUs are discounted with the Najm Visa credit card and this decision is implemented across all stores nationally.

### **Competition**

MAF Retail faces competition from international, regional and local retailers. The competition from international retailers is limited as the only major grocery retailer which has a multi-country and multi-store presence in the region where MAF Retail operates is Carrefour, and the Group's contractual arrangements with Carrefour mean that it does not compete with MAF Retail in the countries in which MAF Retail operates.

MAF Retail's main regional competitors (being those with a presence in a number of countries in which MAF Retail operates) are Lulu (Emke Group), Spinneys, Panda (Savola Group) and The Sultan Center. The Group believes that MAF Retail faces moderate competition from these entities on a regional basis. MAF Retail's local competitors vary depending on the country concerned and the level of competition from these competitors also varies in each country. Certain of the regional competitors are also local competitors in individual countries, for example MAF Retail's main competitors in the UAE are Union Cooperative, Lulu and Spinneys, its main competitor in Saudi Arabia is Panda and its main competitor in both Kuwait and Jordan is The Sultan Center.

## **MAF VENTURES**

### **Overview**

MAF Ventures operates the Group's:

- Leisure and Entertainment services, including Magic Planet, Wahoo Aqua Play, Ski Dubai and Yalla Bowling through Majid Al Futtaim Leisure and Entertainment LLC (**MAF Leisure and Entertainment**);
- Cinemas, through MAF Cinemas;
- Financial Services, including the Najm Visa credit card and Pre-paid cards, through MAF Finance;
- Commercial premises facilities management, through Majid Al Futtaim Dalkia Middle East LLC (**MAF Dalkia**);
- Fashion retailing, through Majid Al Futtaim Fashion LLC (**MAF Fashion**);
- Leasing services to SMEs, through MAF Orix; and
- Healthcare service, through MAF Healthcare.

In addition, MAF Ventures serves as the business division through which the Group will seek to develop, in partnership with other international and regional businesses where appropriate, new retail and financial products and services that are designed to complement and leverage the success of the existing businesses of the Group. Presently, MAF Ventures is close to finalising the acquisition of a food and beverage company, through MAF Food and Beverages LLC. The impact of this acquisition is likely to be immaterial to the business or financial position of the Group.

The following table sets out details of the businesses operated by MAF Ventures as at the date of this Base Prospectus:

<b>Business</b>	<b>Date Established</b>	<b>% Contribution to MAF Ventures' 2012 Revenue</b>	<b>Partner Name</b>	<b>MAF Ventures Ownership Share</b>
MAF Leisure and Entertainment .....	1995	19	—	100%
MAF Cinemas .....	1999	34	—	100%
MAF Finance .....	2008	10	—	100%
MAF Dalkia .....	2002	— <sup>1</sup>	Dalkia (49%)	51%
MAF Fashion .....	2005	32	—	100%
MAF Orix.....	2002	5	Orix (37%) and Orix Leasing Pakistan (3%)	60%

Note:

(1) Accounted for as an associate in 2012.

MAF Ventures had revenue of AED 810 million and EBITDA of AED 174 million in 2012 as well as assets of AED 1,257 million at 31 December 2012, equal to 3.8 per cent., 5.8 per cent. and 3.3 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2012. By comparison, MAF Ventures had revenue of AED 724 million and EBITDA of AED 159 million in 2011 as well as assets of AED 982 million at 31 December 2011, equal to 3.7 per cent., 5.7 per cent. and 2.7 per cent., respectively, of the Group's revenue, EBITDA and assets as of and for the year ended 31 December 2011.

### **Strategic businesses**

MAF Ventures categorises its portfolio companies as either strategic or investment. Strategic companies comprise those which are both financially attractive and provide a strategic fit to the Group's business. MAF Ventures' strategic businesses are:

#### ***MAF Leisure and Entertainment***

Through its wholly-owned subsidiary, MAF Leisure and Entertainment, MAF Ventures offers leisure and entertainment facilities throughout the Middle East. These facilities are typically located in Group shopping malls to capitalise on existing high footfalls as well as to act as an attraction designed to increase the number of visitors to the shopping mall. MAF Leisure and Entertainment's facilities comprises of Magic Planet Entertainment Centres which serves as a Group shopping mall anchor tenant. MAF Ventures' strategy in relation to MAF Leisure and Entertainment is to continue to use it to strengthen its shopping malls and at the same time to focus on improving efficiency and reducing costs.

#### ***Magic Planet entertainment centres***

Magic Planet is a mall-based family entertainment destination. Magic Planet's 13 entertainment centres, which range from 100 to 9,000 square metres, offer thrill rides, family rides, soft-play areas for children and video games for all ages. There are currently Magic Planet centres in the Mall of the Emirates, Deira City Centre, Ajman City Centre, Sharjah City Centre, Mirdif City Centre, Fujairah City Centre, Mirghab (Sharjah) and Juraina (Sharjah) in the UAE, (Mirghab and Juraina are located in a mall which is not a Group-owned shopping mall) in Maadi City Centre and Alexandria City Centre in Egypt, in Muscat City Centre in Oman, in Bahrain City Centre in Bahrain and in The Avenues Mall in

Kuwait, which is not a Group-owned shopping mall. MAF Ventures plans to open 4 more entertainment centres in the year 2013 in Taj, Jordan, Beirut City Centre, Cairo Festival City and Qurum City Centre. The entertainment centre in Jordan and Cairo will be located in a mall, which is not a Group-owned shopping mall.

### **MAF Cinemas**

MAF Cinemas was originally established in 1999 as a joint venture between Greater Union Holdings, a leading Australian international cinema, entertainment and leisure group, and MAF Ventures. In 2010, MAF Ventures acquired the 49 per cent. shareholding of its joint venture partner and became the sole owner of the company. MAF Ventures currently operates five cinemas with a total of 50 screens in the UAE. Each of the 50 auditoria features state-of-the-art sight and sound technology, digital projectors and stadium-style seating arrangements. Each cinema also has a candy bar offering a range of drinks and snacks and extended dining offerings. Each of the cinemas is located in a shopping mall, four of which are owned by MAF Properties.

MAF Cinemas typically serves as a Group shopping mall anchor tenant in the super-regional malls where the cinema complex is generally located in close proximity to the unique leisure offering. MAF Ventures' strategy in relation to MAF Cinemas is to target growth through expansion outside Dubai in the medium term as well as upgrading the services offered, particularly in relation to seating and food and beverage.

MAF Cinemas plans to add four more cinema sites with 42 screens in Fujairah City Centre, Mercato Mall, Beirut City Centre and Al Hamra in 2013.

### **MAF Finance**

MAF Ventures established MAF Finance as a joint venture company with JCB and Orix in 2008. In April 2010, MAF Ventures acquired the shares held by its joint venture partners and became the sole owner of the company. At the same time, MAF Finance entered into an arrangement with Visa International Service Association to issue Najm Visa credit cards. The MAF Ventures Najm Visa credit cards feature a loyalty programme that leverages the Group's retail, shopping, hotel and leisure and entertainment products and services.

MAF Finance and the Group's Carrefour stores benefit from the fact that the Carrefour shoppers are a captive market to which the credit cards can be marketed and the credit cards are a vehicle through which shoppers can be encouraged to make purchases at the Carrefour stores through targeted offers. MAF Ventures' strategy in relation to MAF Finance is to increase the range and value of promotions offered to existing card holders as well as to identify a bank partner to provide additional funding to enable the Group to expand the number of card holders. As at 31 December 2012, 66,987 active Najm Visa credit cards (representing approximately 39,532 accounts) were in issue and the Group has controlled the expansion of its credit card business by imposing stringent credit profile requirements.

In 2012, MAF Finance launched Visa Platinum cards and expanded the portfolio of prepaid cards by launching two new products 'Load and Shop' and 'My Net Cards'. In 2013, MAF Finance plans to build on superior loyalty programs to issue new cards, increase spend and generate higher billings.

### **Investments**

MAF Ventures' investments comprise:

#### **MAF Dalkia**

MAF Dalkia is a joint venture established in 2002 between MAF Ventures and Dalkia, a subsidiary of Veolia Environment, in which MAF Ventures owns 51 per cent. of the shares. MAF Dalkia provides solutions designed to optimise the costs involved in managing the energy infrastructure in shopping centres, offices, leisure complexes, hotels, hospitals, universities, airports and any other commercial, industrial, residential or public buildings.

MAF Dalkia was originally created to service Group facilities at prices in line with market rates. Since its inception, however, the company has grown such that approximately 57 per cent. of its revenue for the year ended 31 December 2012 and approximately 59 per cent. of its revenue for 2011 came from charges to non-Group companies. In December 2009, the joint venture agreement with Dalkia was amended to reflect the contribution by Dalkia to the joint venture of related businesses in Bahrain and Saudi Arabia. In return, MAF Ventures ceded management control of the joint venture to Dalkia and, whilst retaining its 51 per cent. shareholding, now accounts for the joint venture as an associate.

### **MAF Fashion**

MAF Fashion is a wholly-owned subsidiary of MAF Ventures which was established in late 2005. It operates primarily as a licensee of Liz Claiborne brands (such as Juicy Couture and Mexx) and other brands such as Jane Norman and Hoss Intropia with exclusive licensing rights for these brands in different MENA region countries, depending on the brand. Currently, MAF Fashion operates nearly 38 stores in six countries: the UAE, Bahrain, Kuwait, Qatar, Lebanon and Saudi Arabia.

In February 2013, MAF Fashion entered a joint venture agreement with the leading American retailer and casual wear clothing brand, Abercrombie & Fitch Co. (A&F), with respect to its Hollister brand. The company plans to open the first Hollister store in Dubai in 2013.

### **MAF Orix**

MAF Orix is a joint venture established in 2002 between MAF Ventures, Orix and Orix Leasing Pakistan, in which MAF Ventures owns 60 per cent. of the shares. MAF Orix provides lease financing of moveable assets, principally to SMEs. It is based in Dubai, with branches in Sharjah and Abu Dhabi, to meet the growing demand of leasing and other financial products of companies situated in the northern Emirates.

In addition, MAF Ventures also has a 15 per cent. interest in Orix Leasing Egypt, a joint venture with National Bank of Egypt (24 per cent.), Orix (23 per cent.), Orix Leasing Pakistan (23 per cent.), International Finance Corporation (7.5 per cent.) and Egypt's Commercial International Investment Company (7.5 per cent.).

## **DISCONTINUED OPERATIONS IN SYRIA AND IRAN**

During 2012, the Group sold its investment and operations in Syria and Iran to Majid Al Futtaim Capital LLC (**MAF Capital**), the Group's parent company.

In August 2012, MAF Properties sold its investment and operations in MAF Investment Syria LLC (previously a subsidiary of MAF Properties, incorporated in Syria) and MAF Syria for Investment and Development LLC (previously a subsidiary of MAF Properties, incorporated in the UAE) to MAF Capital. The total consideration for the sale of the interest in both entities was AED 346.9 million which was equivalent to MAF Properties' share of net assets in the two subsidiaries at 31 July 2012. The obligation to pay the sale proceeds payable to MAF Properties was novated to MAF Holdings and was set off against a dividend declared by MAF Properties in favour of MAF Holdings on 1 August 2012.

In December 2012, MAF Retail sold its investment and operations in MAF Hypermarkets PARS PJSC (previously a subsidiary of MAF Retail, incorporated in Iran) to MAF Capital. The total consideration for the sale was AED 72.8 million which was equivalent to the Group's net assets in MAF Hypermarkets PARS PJSC at 31 December 2012. The Group's share of the consideration (AED 54.6 million) due from MAF Capital to MAF Retail was offset by a dividend of an equivalent amount declared by MAF Retail in favour of MAF Holdings and by MAF Holdings in favour of MAF Capital on 5 March 2012 which was settled on 1 May 2013.

## **TREASURY AND INTERNAL AUDIT**

The Group operates centralised treasury and internal audit functions with a view to benefitting from both internal and external economies of scale and core expertise as well as leveraging the Group's different business profiles.

The treasury function is principally responsible for the overall co-ordination of cash management (payments and operational cash management are managed at an individual business unit level), financing and financial risk management, with all Group borrowings being arranged by the treasury and approved by the MAF Holding Board. The treasury function has a clear demarcation of responsibility between front, middle and back office functions and its performance is measured by reference to a number of defined benchmarks in terms of capital structure and allocation, liquidity management, funding and investment, financial risk management and other areas.

The internal audit function operates under an audit charter approved by the MAF Holding Board and applies a risk-based methodology in audit planning and execution, based on enterprise-wide risk assessment and management surveys. The annual internal audit plan is established on the basis of a formal planning methodology which considers factors such as the control risks associated with specific processes and functional and geographic business segments, the quality of the control environment, past internal audit history and results, materiality, the complexity and maturity of the operations and systems, the quality of management and the degree of employee turnover and management concerns.

## **INFORMATION TECHNOLOGY**

The Group utilises IT solutions for a variety of business functions, including financial reporting, supply chain management, project development and human resources. Each of the Group's operating subsidiaries uses software that is tailored to its particular business needs.

The Group does not currently have a separate disaster recovery site although disaster recovery procedures are in place at its data centre and designed to recover data and applications in a disaster scenario. The Group also implements anti-virus and other data security procedures.

## **HEALTH AND SAFETY AND SECURITY**

The Group's operating subsidiaries follow comprehensive fire and health and safety policies and procedures appropriate to their respective businesses. In particular, the Group's shopping malls are constructed to international standards, most of MAF Retail's stores have received HACCP certification (as further described under "*MAF Retail—Product range and quality control—Quality control*") and all applicable health and safety regulations applicable to the Group's business are complied with.

The Group is also bolstering contingency plans and implementing other security procedures following the civil unrest in Egypt and Bahrain which affected its properties in those countries.

## **LITIGATION**

During 2010, a joint venture company that is 50 per cent. owned by the Group and 50 per cent. owned by a major UAE-based property development company became involved in arbitration proceedings under which the amount of AED 2,614 million is being claimed from the joint venture for non-payment of instalments of the purchase price of land which the joint venture company had agreed to purchase. This arbitration has been put on hold since the end of 2011. The Group has no indication if, and when, the arbitration would resume. If resumed, the Group does not believe that any arbitration ruling against the joint venture will result in financial liability for any other Group company. In addition to the above, MAF Holding and its subsidiaries are involved from time to time in legal actions, often as the claimant, and most of which arise in the ordinary course of business.

## **INSURANCE**

The Group has in place insurance coverage for all material aspects of its operations up to a level which management considers to be reasonable and comparable to or in excess of that of other companies operating in the sectors and markets in which the Group operates. The Group's major insurable risks are covered by insurance policies for property all risks (including business interruption), terrorism cover and public liability. The Group will continue to seek to secure appropriate insurance coverage for these risks at commercially reasonable rates. See "*Risk Factors—Risks Relating to the Group—The Group may not be able to secure full insurance coverage for the risks associated with the operation of its businesses*".

Following the civil unrest in Egypt in the first quarter of 2011 during which certain of the Group's properties were damaged, insurance claims have been made by the Group in respect of which two interim payments were received in 2012.

## MANAGEMENT AND EMPLOYEES

### MANAGEMENT

#### Overview

The Group places considerable emphasis on governance and transparency within its operational framework and has voluntarily adopted the principles of the Combined Code on Corporate Governance for listed companies in the United Kingdom (the **UK**).

The MAF Holding Board is responsible for (i) determining overall strategic objectives and ensuring there are appropriate human and financial resources available to meet these objectives, (ii) monitoring the performance of management against the strategic objectives and key performance indicators, (iii) ensuring the establishment and operation of prudent and effective controls to assess and manage the risks associated with the operations of the business and (iv) setting and upholding the values and standards necessary to ensure that obligations to shareholders and other stakeholders including employees and, in appropriate cases, creditors are met.

Each of MAF Properties, MAF Retail and MAF Ventures has its own Board responsible for setting strategic goals and measuring the success of the business in achieving objectives and maintaining corporate accountability.

Independent non-executive chairmen have been appointed to the MAF Properties and MAF Retail Boards to define and allow for the implementation of separate and distinct roles for MAF Holding's Chairman and CEO. This Board structure allows the MAF Holding CEO to focus on his overriding responsibility of leading the executive management of the Group, while allowing the individual Boards and their management to focus on the increasingly complex and specialised demands of their respective businesses.

Each of the Group's Boards work closely together to review, recommend and approve projects, combining the expertise of the various businesses. To further this goal, the MAF Holding CEO and Deputy CEO sit on the Boards of each of MAF Properties, MAF Retail and MAF Ventures to ensure that the Group's strategy is implemented consistently. A Group Executive Committee, chaired by the MAF Holding CEO and comprising the CEOs of each operating company, meets once a month to exchange information and discuss strategy, operational issues, synergies and new projects.

Each Board undertakes a formal review process with a view to seeking continuous improvement in the Board's performance. Each review analyses the Board and any associated committee processes and their effectiveness, the relationships between non-executive and executive directors, information flows and other relevant information.

#### **MAF Holding Board**

The MAF Holding Board meets a minimum of four times annually and principally reviews the business performance of the operating companies as well as reports from both the internal and external audit functions. The table below provides certain information in relation to the MAF Holding's Board:

<b>Name</b>	<b>Position</b>	<b>Year of Appointment</b>
Sir Michael Rake	Chairman	2009
Mr Khalifa Sulaiman	Deputy Chairman	2011
Mr Iyad Malas	CEO	2009
Mr Ahmed Bin Brek	Deputy CEO	2008
Mr Tariq Al Futtaim.	Director	2005
Viswanathan Shankar	Director	2012
Ian Davis	Director	2012

The business address of each director is Majid Al Futtaim Holding LLC, P.O. Box 91100, Dubai, United Arab Emirates.

### **Sir Michael Rake - Chairman**

Sir Michael Rake was appointed as Chairman of MAF Holding on 1 July 2009. He is currently the chairman of British Telecom Group plc, the UK's largest telecom operator. He was previously the chairman of KPMG International and a senior partner of KPMG in the UK. Prior to his appointment as chairman of KPMG International, he was the chairman of KPMG in Europe. He is Chairman of Easy Jet plc and holds directorships, amongst others, at Barclays PLC and McGraw Hill Inc.

### **Khalifa Sulaiman - Deputy Chairman**

Mr Khalifa Sulaiman joined the MAF Holding Board in October 2011. Mr Sulaiman is a UAE National and has spent a career in government, representing the UAE both locally, regionally and internationally. During his career, Mr Sulaiman was Ambassador to the Court of St. James in the UK and Chairman of H.H. The Ruler's Court, Dubai.

### **Iyad Malas - CEO**

Mr Iyad Malas was appointed as CEO of MAF Holding on 26 March 2009. He was formerly the CEO of Majid Al Futtaim Trust from April 2007. Prior to that he was the regional director, South Asia for International Finance Corporation/World Bank, New Delhi, India, where he was directly responsible for all new investments in the region and for portfolio supervision. He was formerly chief operating officer and head of asset management for EFG - Hermes, Cairo, Egypt. Mr Malas has spent twenty two years in finance, investment and asset management.

### **Ahmed Bin Brek - Deputy CEO**

Mr Ahmed Bin Brek was appointed as MAF Holding Vice President and CEO of MAF Ventures in 2004. He stepped down from his role of CEO of MAF Ventures on 1 December 2008 and was appointed Deputy CEO of MAF Holding. He was also appointed as acting CEO of MAF Properties on 1 June 2009. Prior to this, he spent most of his working life in the financial services industry, becoming the CEO of Citibank's UAE and Oman businesses.

### **Tariq Al Futtaim**

Mr Tariq Al Futtaim joined the MAF Holding Board in May 2005. He was appointed as Vice President when MAF Holding was formed.

### **Viswanathan Shankar**

Mr Viswanathan Shankar joined the MAF Holding Board with effect from 1 January 2012. Mr Shankar is currently Group Executive Director and a member of the Board of Directors of Standard Chartered PLC. He is also currently Standard Chartered's Chief Executive Officer - Europe, Middle East, Africa and the Americas as well as Executive Chairman of Principal Finance and Chairman of Standard Chartered's private bank. Prior to joining Standard Chartered in 2001, Mr Shankar spent 19 years with Bank of America in both Asia and the United States of America. In addition to his responsibilities at Standard Chartered, Mr Shankar is a member of the Board of the Inland Revenue Authority of Singapore and the Board of Trustees of the Singapore Indian Development Association as well as being a member of the Singapore Government's National Integration Council.

### **Ian Davis**

Mr Ian Davis joined the MAF Holding Board with effect from 1 June 2012. Mr Davis is an independent non-executive director of BP and Johnson & Johnson, Inc. and a senior adviser to Apax Partners LLP. He is also a non-executive member of the UK's Cabinet. Mr Davis spent his early career at Bowater, moving to McKinsey & Company in 1979. He was managing partner of McKinsey's practice in the UK and Ireland from 1996 to 2003. In 2003, he was appointed as chairman and worldwide managing director of McKinsey, serving in this capacity until 2009. During his career with McKinsey, Mr Davis served as a consultant to a range of organisations across the private, public and not-for-profit sectors. He retired as senior partner of McKinsey & Company on 30 July 2010.



There are no conflicts of interest between the duties of the members of the MAF Holding Board listed above to MAF Holding and their private interests or other duties.

### **MAF Properties Board**

The MAF Properties Board meets a minimum of four times annually and is responsible for setting strategic goals, measuring the success of the business in achieving its objectives and maintaining corporate accountability.

The MAF Properties Board is assisted by two committees, the Audit and Risk Committee and the HR and Remuneration Committee. The Audit and Risk Committee meets at least four times annually and represents and assists the MAF Properties Board with the oversight of the integrity of the company's financial statements and internal controls, the company's compliance with legal and regulatory requirements, the findings of the internal audit department and independence, and the performance of the company's internal audit and its independent auditor. The HR and Remuneration Committee meets at least twice annually and represents and assists the Board with the oversight of annual and long term performance rewards, annual pay and benefits and strategic human resource issues.

The table below provides certain information in relation to the MAF Properties Board:

<b>Name</b>	<b>Position</b>	<b>Year of Appointment</b>
Mr Alvaro Portela	Chairman & Remuneration Committee Chairman	2010
Mr Ahmed Bin Brek	Deputy Chairman	2008
Mr George Kostas	CEO	2013
Mr Richard North	Audit Committee Chairman	2009
Mr Abdulla Majed Ahmad Al Ghurair	Director	2009
Mr Iyad Malas	Director	2009
Mr Jaap Gillis	Director	2012
Mr Neil Jones	Director	2012

The business address of each director is Majid Al Futtaim Properties LLC, P.O. Box 60811, Dubai, United Arab Emirates.

#### **Alvaro Portela - Board Chairman & Remuneration Committee Chairman**

Mr Alvaro Portela joined the MAF Properties Board as a Non-Executive Director on 1 April 2010 and was subsequently appointed as Chairman of the Board on 23 September 2010. Mr Portela was president of Sonae Imobiliária SGPS, SA, Maia and the CEO of Sonae Sierra SGPS S.A. He has been an executive vice president of Sonae SGPS SA since 1999. He was previously a director with Laboratorios BIAL and executive director of Finance, Planning and Exports with COPAM. Mr Portela sits on the International Advisory Board for Eurohypo and is a fellow of the Royal Institute of Chartered Surveyors (FRICS).

#### **George Kostas - CEO**

Mr George Kostas joined the MAF Properties Board as CEO on 2 June 2013. Mr Kostas was formerly the Managing Director of Brookfield Multiplex Australasia. He also sat on the board and was the deputy chairman of Urban Taskforce Australia as well as National Director of the Property Council of Australia.

#### **Richard North - Audit Committee Chairman**

Mr Richard North joined the Group Board in February 2006 and subsequently transferred to the MAF Properties Board in July 2009. A Partner with Coopers & Lybrand from 1983, he joined The Burton Group in 1991 as group CFO, moving to Bass PLC (later Six Continents) in 1994 and becoming CEO of Intercontinental Hotels Group in 2003 following the demerger of Six Continents. He has held a number of non-executive positions on various boards including Asda, Britannia Soft

Drinks (as chairman), Felcor Lodgings Trust Inc. and Mecom. He was formerly chairman of Woolworths Group.

### **Abdulla Al Ghurair**

Mr Abdulla Majed Ahmad Al Ghurair joined the MAF Properties Board in July 2009. He is currently the chairman of Abdulla & Hamad Al Ghurair Investment LLC (A&H Investment), a holding company established in Dubai under his and his brother Mr. Hamad Majed Al Ghurair's leadership. A&H Investment manages Mr Al Ghurair's and his brother's interests in a number of companies, including companies that are either partially or fully owned by the Group. Mr Al Ghurair also holds a number of directorships and is a member of the board of the Dubai Financial Markets. He is currently Chairman of the Majid Al Futtaim Charity Foundation, a prominent charitable initiative.

### **Jaap Gillis**

Mr Jaap Gillis joined the MAF Properties Board in May 2012. Currently he is CEO of Bouwfonds Real Estate Investment Management and member of the board of Rabo Real Estate Group. Previously he has held various board positions at Redevco, Amstelland/Multi Development Corporation and ING Real Estate.

### **Neil Jones**

Mr Neil Jones joined the MAF Properties Board in June 2012. He is an experienced general manager and real estate capital markets specialist. Since 2009 he has focused on strategic advisory and venture capital in the real estate industry. Previously he was chief executive of Grosvenor Continental Europe for 12 years until 2009 and a director of Grosvenor Group Limited. He has held numerous directorships with both listed and private companies. Current appointments include director of Sonae Sierra SGPS and consultant to Grosvenor Group Limited as well as advising a number of privately held, family controlled groups. He has spent most of his career in Asia and Continental Europe.

There are no conflicts of interest between the duties of the members of the MAF Properties' Board listed above to MAF Properties and their private interests or other duties.

In the five years preceding the date of this Base Prospectus, no member of the MAF Holding Board or MAF Properties Board has been convicted of any fraudulent offence, served as director, partner, founder or senior manager of any organisation at the time of any bankruptcy, receivership, any official public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies, or has been disqualified by a court from acting as a director of an issuer of securities or from acting in the management or conduct of affairs of any issuer of securities.

## **EMPLOYEES**

As at 31 December 2012, the Group had 24,598 employees. The following table shows the number of employees in each of the major Group companies:

<b>Business Division</b>	<b>Number of Employees</b>
MAF Holding .....	69
MAF Properties <sup>(1)</sup> .....	2,617
MAF Retail .....	18,735
MAF Ventures .....	3,177
<b>Total</b> .....	<b>24,598</b>

<sup>(1)</sup>Includes employees of managed hotels.

As is common in jurisdictions in which the Group operates, employee benefit packages include housing allowances for employees of a certain grade and the provision of housing for employees below that grade.

Presently, most GCC countries do not permit unions, and the Group does not presently have any direct dealings with unions in its countries of operation.

The Group fulfils its statutory pension obligations in all countries in which it operates.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantors, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### BOOK-ENTRY SYSTEMS

#### DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the

Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg have advised the Issuer that each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

## **BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

## **TRANSFERS OF NOTES REPRESENTED BY REGISTERED GLOBAL NOTES**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in

DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantors, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

### GENERAL

The following is a general description of certain tax considerations relating to Notes issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### THE CAYMAN ISLANDS

*The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.*

Under existing Cayman Islands laws, payments on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Notes. The Notes themselves (if issued in bearer form) will be stampable if they are executed in or brought into the Cayman Islands. An instrument transferring title to Notes issued in registered form, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Issuer to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### UNITED ARAB EMIRATES

*The following summary of the anticipated tax treatment in the UAE in relation to payments on the Notes is based on the taxation law in force as at the date of this Base Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.*

There is currently in force in the emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments made under the Guarantee. In the event of the imposition of any such withholding, the Guarantors have undertaken to gross-up any payments subject to certain limited exceptions.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.



## EU SAVINGS DIRECTIVE

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of certain payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## THE PROPOSED FINANCIAL TRANSACTIONS TAX

The European Commission has published a proposal for a directive for a common financial transactions tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (**a foreign financial institution**, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a Recalcitrant Holder). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**), with further IGAs in respect of other jurisdictions under negotiation. The United Kingdom has entered into a Model 1 IGA with the United States.

Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country, registered in accordance with the relevant IGA, could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction, registered in accordance with the relevant IGA, would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

The Cayman Islands Government has committed that the Cayman Islands will enter into a Model 1 IGA with the U.S. The terms of such IGA are yet to be agreed, but are expected to be broadly similar to those agreed with the United Kingdom and Ireland, taking into account the nature of the Cayman Islands' financial services. When such IGA is entered into, the Issuer will not be required to enter into an agreement with the IRS, but would instead be required to register with the IRS to obtain a Global Intermediary Identification Number and then comply with Cayman Islands legislation that would be implemented to give effect to such IGA. The terms of such legislation are at this stage still uncertain but, when implemented are expected to require the Issuer to report to the Cayman Islands Tax Information Authority who will exchange such information with the IRS under the terms of the IGA. It is also anticipated that, under the terms of the IGA, withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer to an account holder, unless the IRS has specifically listed the Issuer as a non-participating financial institution, or the Issuer has otherwise assumed responsibility for withholding under U.S. tax law.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement dated 17 July 2013 (the **Programme Agreement**), agreed with the Issuer and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer (failing which, each Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under UK laws and regulations stabilising activities may only be carried on by the Stabilising Manager(s) named in the applicable Final Terms (or persons acting on behalf of any Stabilising Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

### TRANSFER RESTRICTIONS

***As a result of the following restrictions, purchasers of Notes who are in the United States or who are U.S. persons are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.***

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (iii) it is outside the United States and is not a U.S. person;
- (b) that it, and each amount for which it is purchasing, will hold and transfer at least the minimum denomination of the Notes;
- (c) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (d) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or

otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period pursuant to Rule 144A from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) 8 - F 8 inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (e) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;
- (f) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (g) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM

REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND

(C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR REALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR

SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (h) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (i) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Form of the Notes*”.

The IAI Investment Letter will state, among other things, the following:

- (a) that the Institutional Accredited Investor has received a copy of the Base Prospectus and such other information as it deems necessary in order to make its investment decision;
- (b) that the Institutional Accredited Investor understands that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Base Prospectus and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;

- (c) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (d) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;
- (e) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (f) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

## **SELLING RESTRICTIONS**

### **United States**

Neither the Notes nor the Guarantee have been nor will be registered under the U.S. Securities Act of 1933 as amended (the **Securities Act**), and the Notes may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined by Regulation S under the Securities Act (**Regulation S**)) except in accordance with Regulation S or pursuant to an exemption from the registration requirement of the Securities Act. In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Series of which such Notes are a part, only in accordance with Rule 903 of Regulation S. Each Dealer who purchases Notes (or in the case of a sale of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes to be purchased by or through it, or, in the syndicated issue, the relevant lead manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of such Notes. On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/lead manager of the end of the distribution compliance period with respect to such Notes.

Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the

distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Terms used in this paragraph have the meaning given to them by Regulation S.

Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts (as defined in Rule 902(c) under the Securities Act) with respect to any Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the **D Rules**), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf; and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including the D Rules.

In respect of Bearer Notes where TEFRA C is specified in the applicable Final Terms, the relevant Dealer will be required to represent and agree that:

- (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with the original issuance of the Bearer Notes; and

- (b) in connection with the original issuance of the Bearer Notes it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of the Bearer Notes.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuer and each the Guarantors have undertaken in the Trust Deed to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and none of the Issuer or the Guarantors is a reporting company under Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Each issuance of Dual Currency Notes shall be subject to such additional U.S. selling restrictions on the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the relevant subscription agreement.

#### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer or a Guarantor (if applicable) for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer, the Guarantors or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe Notes, as the same may be varied in that Member State by any measure implementing the **Prospectus Directive** in that Member State, the expression Prospectus



Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or either Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Cayman Islands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any offer or invitation to the public in the Cayman Islands to subscribe for any Notes.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the information contained in this Base Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

## Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules 2012; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the Dubai Financial Services Authority Conduct of Business Module.

## Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the Offer of Securities Regulations as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **KSA Regulations**). The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will comply with the KSA Regulations.

The offer of Notes shall not therefore constitute a public offer pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Notes are offered or sold to a "sophisticated investor" (as defined in Article 10 of the KSA Regulations) (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

## Kingdom of Bahrain

This Base Prospectus does not constitute an offer to: (i) the Public (as defined in Articles 142- 146 of the Commercial Companies Law (Decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain; or (ii) any person in the Kingdom of Bahrain who is not an accredited investor.

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, and will not offer, Notes: (i) to the Public in the Kingdom of Bahrain except pursuant to the provisions of Articles 80-85 of the Central Bank of Bahrain and Financial Institutions Law; and (ii) except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

### **State of Qatar (excluding the Qatar Financial Centre)**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell, directly or indirectly, any Notes in the State of Qatar (**Qatar**), except (a) in compliance with all applicable laws and regulations of Qatar and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar.

### **Qatar Financial Centre**

Each Dealer agrees, and each further Dealer appointed under the Programme will be required to agree, that this Base Prospectus: (i) has not been, and will not be, registered with or approved by the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the Qatar Financial Centre; (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the Qatar Financial Centre and may not be reproduced or used for any other purpose.

### **Singapore**

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**). Accordingly each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the SFA, or (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **People's Republic of China**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including Hong Kong, Macau Special Administrative Region or Taiwan), except as permitted by the securities laws of the People's Republic of China.

## **Malaysia**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the **CMSA**); and
- (b) accordingly, the Notes have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons or in categories falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

## **General**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantors, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantors, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about and observe any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of any Notes.

With regard to each Series, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the relevant subscription agreement.

## GENERAL INFORMATION

### AUTHORISATION

The establishment and the current update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 5 June 2011 and 8 July 2013. The giving of the Guarantee has been duly authorised by a resolution of the shareholders of MAF Holding dated 31 May 2011 and a resolution of the shareholders of MAF Properties dated 1 June 2011, respectively.

### LISTING OF NOTES

It is expected that each Tranche of Notes which is to be admitted to the Irish Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the Central Bank for Notes issued under the Programme to be admitted to the Irish Official List and to the Irish Stock Exchange for such Notes to be admitted to trading on the Main Securities Market. The listing of the Programme in respect of Notes is expected to be granted on or before 17 July 2013.

Application has also been made to the DFSA for Notes issued under the Programme to be admitted to the DFSA's Official List of securities. The Programme is expected to be admitted to the DFSA's Official List on or before 17 July 2013. An application may be made for any Tranche of Notes to be admitted to trading on NASDAQ Dubai.

### DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available in physical form for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the Memorandum and Articles of Association of the Issuer and the Articles of Association (with an English translation thereof) of each Guarantor. The English translation of each Guarantor's Articles of Association is direct and accurate. However, in case of conflict or discrepancy between the Arabic version of the Articles of Association and their English translation, the Arabic version of the Articles of Association shall prevail;
- (b) the consolidated audited financial statements of each Guarantor in respect of the financial years ended 31 December 2012 and 31 December 2011, in each case together with the audit reports prepared in connection therewith. Each Guarantor currently prepares audited consolidated accounts on an annual basis;
- (c) the most recently published unaudited interim financial statements (if any) of each Guarantor, in each case together with any audit or review reports prepared in connection therewith. Each Guarantor currently prepares unaudited consolidated interim accounts for the first six months of each year. The Issuer is not required to, publish any interim financial statements under Cayman Islands law;
- (d) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

The Base Prospectus will be available for viewing on the website of the Central Bank (<http://www.centralbank.ie>).

## **CLEARING SYSTEMS**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

## **CONDITIONS FOR DETERMINING PRICE**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

## **SIGNIFICANT OR MATERIAL CHANGE**

With the exception of its issuance of U.S.\$500 million notes under the Programme on 5 July 2012, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since its incorporation.

With the exception of a reduction in Shareholders' equity of AED 2.1 billion on a Group consolidated basis due to the Acquisition (see "*Group Financial Review—Recent Developments*"), there has been no significant change in the financial or trading position of each Guarantor and its respective subsidiaries, taken as a whole since 31 December 2012 and there has been no material adverse change in the financial position or prospects of each Guarantor and its respective subsidiaries, taken as a whole since 31 December 2012.

## **LITIGATION**

None of the Issuer, the Guarantors or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantors or the Group.

## **AUDITORS**

The Issuer is not required by Cayman Islands law, to publish audited financial statements or appoint any auditors. The auditors of each Guarantor are KPMG Lower Gulf Limited, chartered accountants, who have audited each Guarantor's accounts without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2012 and 31 December 2011. The auditors of each Guarantor have no material interest in that Guarantor.

KPMG Lower Gulf Limited is an institution authorised by the Ministry of Economy of the UAE to conduct independent audits of corporations in the United Arab Emirates. KPMG Lower Gulf Limited is a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative (as Swiss entity).

## **POST-ISSUANCE INFORMATION**

Save as set out in the applicable Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

## **DEALERS TRANSACTING WITH THE ISSUER AND THE GUARANTORS**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantors and their affiliates in the ordinary course of business.

## **CERTAIN ADDITIONAL INFORMATION RELATING TO MAF HOLDING**

MAF Holding is registered as a limited liability company in Dubai (with register number 534314) under UAE Federal Law No. 8 of 1984 (as amended) as applicable to commercial companies and was incorporated on 20 May 2002.

MAF Holding has been incorporated for a term of 50 years expiring in May 2052, which term shall be lengthened or shortened by resolution of the general assembly of MAF Holding in accordance with its Articles of Association (the **MAF Holding Articles**). The MAF Holding Articles provide that MAF Holding shall be dissolved:

- unless renewed upon the expiry of its 50-year term;
- upon fulfilment of the objectives for which it was created;
- upon merger of MAF Holding into another company;
- if shareholders holding 75 per cent. of MAF Holding's capital decide in the general assembly to terminate the term of MAF Holding;
- if all or most of MAF Holding's assets have been damaged in such a manner that the remaining assets cannot be invested productively; or
- if MAF Holding is dissolved pursuant to a court decision.

MAF Holding changed its name from Majid Al Futtaim Group LLC to Majid Al Futtaim Holding LLC on 18 January 2011.

MAF Holding's address and telephone number are PO Box 91100, Dubai, UAE and +971 (0)4 209 4657, respectively. This is also the address of each member of the MAF Holding Board and senior executive management.

## **CERTAIN ADDITIONAL INFORMATION RELATING TO MAF PROPERTIES**

MAF Properties is registered as a limited liability company in Dubai (with register number 41429) under UAE Federal Law No. 8 of 1984 (as amended) as applicable to commercial companies and was incorporated on 5 February 1994.

MAF Properties has been incorporated for a term of 50 years expiring in February 2044, which term shall be lengthened or shortened by resolution of the general assembly of MAF Properties in accordance with its Articles of Association (the **MAF Properties Articles**). The MAF Properties Articles provide that MAF Properties shall be dissolved:

- unless renewed upon the expiry of its 50-year term;
- upon fulfilment of the purposes for which it was created;
- upon merger of MAF Properties into another company;

- if shareholders holding 75 per cent. of MAF Properties' capital decide in the general assembly to terminate the term of MAF Properties;
- if all or most of MAF Properties' assets have been damaged in such a manner that the remaining assets cannot be invested productively; or
- if MAF Properties is dissolved pursuant to a court decision.

MAF Properties' address and telephone number are PO Box 60811, Dubai, UAE and +971 (0)4 294 2444, respectively. This is also the address of each member of MAF Properties' Board and senior executive management.



**ISSUER**

**MAF Global Securities Limited**  
c/o Maples Corporate Services Limited  
PO Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

**GUARANTORS**

**Majid Al Futtaim Holding LLC**  
PO Box 91100  
Dubai  
United Arab Emirates

**Majid Al Futtaim Properties LLC**  
PO Box 60811  
Dubai  
United Arab Emirates

**TRUSTEE**

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**PRINCIPAL PAYING, TRANSFER AND  
EXCHANGE AGENT**

**Citibank, N.A.**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR, PAYING AND  
TRANSFER AGENT**

**Citigroup Global Markets Deutschland AG**  
Reuterweg 16  
60323 Frankfurt  
Germany

**IRISH LISTING AGENT**

**The Bank of New York Mellon SA/NV, Dublin  
Branch**  
Hanover Building  
Windmill Lane  
Dublin 2  
Ireland

**AUDITORS**

*To the Guarantors*

**KPMG**  
Emirates Towers  
Sheikh Zayed Road  
PO Box 3800  
Dubai  
United Arab Emirates

**LEGAL ADVISERS**

*To the Issuer as to Cayman Islands law*

**Maples and Calder**  
The Exchange Building, 5th Floor  
Dubai International Financial Centre  
P.O. Box 119980  
Dubai  
United Arab Emirates

## LEGAL ADVISERS

*To the Guarantors as to:*

*English and UAE law*

**Norton Rose Fulbright (Middle East) LLP**

4th Floor, Gate Precinct, Building 3  
Dubai International Financial Centre  
PO Box 103747  
Dubai  
United Arab Emirates

*United States law*

**Norton Rose Fulbright LLP**

3 More London Riverside  
London SE1 2AQ  
United Kingdom

*To the Arrangers and Dealers as to English, UAE  
and United States law*

**Clifford Chance LLP**

Building 6, Level 2  
The Gate Precinct  
Dubai International Financial Centre  
PO Box 9380 Dubai  
United Arab Emirates

*To the Trustee as to English law*

**Clifford Chance LLP**

10 Upper Bank Street  
London E14 5JJ  
United Kingdom

## DEALERS

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Crédit Agricole Corporate and Investment Bank**

Broadwalk House  
5 Appold Street  
London EC2A 2DA  
United Kingdom

**Emirates NBD PJSC**

PO Box 777  
Dubai  
United Arab Emirates

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**National Bank of Abu Dhabi PJSC**

One NBAD Tower  
Sheikh Khalifa Street  
PO Box 4  
Abu Dhabi  
United Arab Emirates

**Standard Chartered Bank**

PO Box 999  
Dubai  
United Arab Emirates

**UBS Limited**

1 Finsbury Avenue  
London  
EC2M 2PP  
United Kingdom