

Emaar Malls PJSC and its subsidiaries

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Emaar Malls PJSC and its subsidiaries

**Unaudited Interim Condensed Consolidated Financial Statements
For the period ended 30 September 2020**

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of Emaar Malls PJSC

Introduction

We have reviewed the accompanying 30 September 2020 interim condensed consolidated financial statements of Emaar Malls PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the interim condensed consolidated statement of comprehensive income for the three month and nine month periods ended 30 September 2020;
- the interim condensed consolidated statement of financial position as at 30 September 2020;
- the interim condensed consolidated statement of cash flows for the nine month period ended 30 September 2020;
- the interim condensed consolidated statement of changes in equity for the nine month period ended 30 September 2020; and
- notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, '*Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2020 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 10 NOV 2020

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2020 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
		<u>30 September 2020</u>	<u>30 September 2019</u>	<u>30 September 2020</u>	<u>30 September 2019</u>
		<u>AED'000</u>	<u>AED'000</u>	<u>AED'000</u>	<u>AED'000</u>
Revenue	4	2,492,943	3,412,378	836,122	1,185,030
Cost of revenue	5	(989,387)	(842,860)	(303,884)	(313,806)
GROSS PROFIT		1,503,556	2,569,518	532,238	871,224
Sales and marketing expenses		(183,433)	(216,297)	(53,799)	(66,610)
General and administrative expenses		(254,449)	(161,603)	(77,575)	(47,364)
Depreciation and amortisation		(336,761)	(330,266)	(114,164)	(111,345)
OPERATING PROFIT FOR THE PERIOD		728,913	1,861,352	286,700	645,905
Finance income		14,475	2,960	4,960	722
Finance costs	6	(157,397)	(162,861)	(50,897)	(53,375)
Gain on disposal of investment properties		-	8,490	-	8,490
Gain on settlement of put option over non-controlling interests	21	-	15,689	-	-
PROFIT FOR THE PERIOD	7	585,991	1,725,630	240,763	601,742
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		585,991	1,725,630	240,763	601,742
ATTRIBUTABLE TO:					
Equity holders of the parent		585,991	1,731,500	240,763	601,742
Non-controlling interests		-	(5,870)	-	-
		585,991	1,725,630	240,763	601,742
Earnings per share (AED):					
Equity holders of the parent basic and diluted	8	0.05	0.13	0.02	0.05

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2020

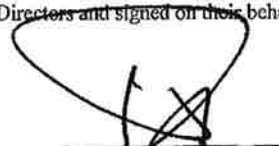
(US \$1.00 = AED 3.673)

		30 September 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	9	145,555	154,550
Investment properties	10	22,210,572	22,214,172
Goodwill and intangible assets	11	549,000	557,605
Right-of-use assets	12	532,595	9,012
		<u>23,437,722</u>	<u>22,935,339</u>
Current assets			
Inventories		341,589	229,281
Trade and unbilled receivables	13	903,401	498,515
Advances, prepayments and other receivables		237,807	232,072
Due from related parties	14	146,841	149,355
Bank balances and cash	15	204,892	195,202
		<u>1,834,530</u>	<u>1,304,425</u>
TOTAL ASSETS		<u>25,272,252</u>	<u>24,239,764</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	13,014,300	13,014,300
Reserves	18	2,202,832	2,202,832
Retained earnings		3,725,222	3,143,781
Equity attributable to the equity holders of the parent		<u>18,942,354</u>	<u>18,360,913</u>
Non-current liabilities			
Employees' end of service benefits		28,940	23,377
Interest bearing loans and borrowings	19	135,152	780,014
Sukuk	20	2,745,546	2,743,873
Retentions payable after 12 months		14,484	16,817
Lease liabilities payable after 12 months	12	479,019	4,591
		<u>3,403,141</u>	<u>3,568,672</u>
Current liabilities			
Due to related parties	14	328,218	152,439
Accounts payable and accruals	22	1,183,058	950,057
Advances and security deposits		1,041,591	1,106,834
Retentions payable within 12 months		17,963	14,794
Lease liabilities payable within 12 months	12	49,182	5,638
Deferred income		306,745	80,417
		<u>2,926,757</u>	<u>2,310,179</u>
TOTAL LIABILITIES		<u>6,329,898</u>	<u>5,878,851</u>
TOTAL EQUITY AND LIABILITIES		<u>25,272,252</u>	<u>24,239,764</u>

To the best of our knowledge, the interim condensed consolidated financial statements fairly present, in all material respects, the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as of, and for, the period ended 30 September 2020.

These interim condensed consolidated financial statements were authorised for issue by Board of Directors and signed on their behalf by:


Director


Director

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2020 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	1 January 2020 to 30 September 2020 AED'000	1 January 2019 to 30 September 2019 AED'000
OPERATING ACTIVITIES			
Profit for the period		585,991	1,725,630
Adjustments for:			
Depreciation of property, plant and equipment	9	17,144	18,776
Depreciation of investment properties	10	290,093	296,352
Amortisation of intangible assets with definite useful life	11	8,605	8,709
Depreciation of right-of-use assets	12	20,919	6,429
Provision for doubtful debts	13	78,410	17,161
Provision for employees' end of service benefits		3,358	7,417
Provision/ (reversal) of employees' equity option plan		7,200	(1,214)
Finance costs	6	157,397	162,861
Gain on settlement of put option over non-controlling interests	21	-	(15,689)
Gain on disposal of investment property		-	(8,490)
Finance income		(14,475)	(2,960)
		1,154,642	2,214,982
Working capital changes:			
Inventories		(112,308)	(113,518)
Trade receivables		(483,296)	(156,919)
Due from related parties		2,514	20,336
Advances, prepayments and other receivables		(5,735)	2,774
Due to related parties		130,258	4,959
Accounts payable and accruals		181,822	33,066
Advances and security deposits		(65,243)	12,151
Retentions payable		836	282
Deferred income		226,328	(74,552)
Net cash flows from operations		1,029,818	1,943,561
Employees' end of service benefits paid		(4,995)	(3,447)
Net cash flows from operating activities		1,024,823	1,940,114
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	(8,149)	(13,792)
Amounts incurred on investment properties	10	(267,224)	(241,126)
Interest received		14,475	2,966
Proceeds from disposal of investment property		-	9,000
Net cash flows used in investing activities		(260,898)	(242,952)
FINANCING ACTIVITIES			
Acquisition of non-controlling interests		-	(496,872)
Proceeds from interest bearing loans and borrowings		1,836,500	1,109,246
Repayment of interest bearing loans and borrowings		(2,482,948)	(962,326)
Finance cost paid		(103,961)	(122,436)
Payment of lease liabilities	12	(1,551)	(5,862)
Dividends paid	17	-	(1,301,430)
Bonus paid to Board of Directors	14(c)	(2,275)	(4,550)
Net cash flows used in financing activities		(754,235)	(1,784,230)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,690	(87,068)
Cash and cash equivalents at 1 January		195,202	265,564
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	15	204,892	178,496
SUPPLEMENTAL NON-CASH INFORMATION			
Investment properties project cost accruals		19,269	30,836

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2020 (Unaudited)

	<i>Equity attributable to equity holders of the Parent</i>			
	<i>Share capital AED '000</i>	<i>Reserves AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total equity AED '000</i>
<i>1 January 2020 to 30 September 2020</i>				
As at 1 January 2020 (Audited)	13,014,300	2,202,832	3,143,781	18,360,913
Profit for the period	-	-	585,991	585,991
Total comprehensive income for the period	-	-	585,991	585,991
Directors' bonus [note 14(c)]	-	-	(4,550)	(4,550)
As at 30 September 2020	13,014,300	2,202,832	3,725,222	18,942,354
<i>Equity attributable to equity holders of the Parent</i>				
	<i>Share capital AED '000</i>	<i>Reserves AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total equity AED '000</i>
<i>1 January 2019 to 30 September 2019</i>				
As at 1 January 2019 (Audited)	13,014,300	1,277,052	2,969,732	17,261,084
Profit / (loss) for the period	-	-	1,731,500	1,731,500
Total comprehensive income/ (loss) for the period	-	-	1,731,500	1,731,500
Dividends paid (note 17)	-	-	(1,301,430)	(1,301,430)
Directors' bonus [note 14(c)]	-	-	(4,550)	(4,550)
Acquisition of non-controlling interests (note 1)	-	468,658	(348,460)	120,198
As at 30 September 2019	13,014,300	1,745,710	3,046,792	17,806,802
			<i>Non-controlling interests AED '000</i>	<i>Total equity AED '000</i>
			147,040	17,408,124
			(5,870)	1,725,630
			(5,870)	1,725,630
			-	(1,301,430)
			-	(4,550)
			(141,170)	(20,972)
			-	17,806,802

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

1 CORPORATE INFORMATION

Emaar Malls Public Joint Stock Company (the "Company") and its subsidiaries (together the "Group") was established as a public joint stock company by Ministerial Decree number 922 of the year 2014 dated 30 September 2014.

The Company is a subsidiary of Emaar Properties PJSC (the "Parent Company"), a company incorporated in the United Arab Emirates and listed on the Dubai Financial Market. During the year ended 31 December 2014, the Parent Company converted the legal status of the Company from that of a limited liability company to public joint stock company and sold 15.37% of their shareholding in the Company through an Initial Public Offering ("IPO"). The Company is listed on the Dubai Financial Market and its shares were traded with effect from 2 October 2014.

The principal activities of the Group are retail development and management of shopping malls and online retail.

The address of the registered office of the Group is P.O. Box 191741, Dubai, United Arab Emirates.

On 25 February 2019, the Company acquired the remaining 49% equity stake in its subsidiary, Namshi Holding Limited ("Namshi") for a consideration of AED 496,872 thousands. Total consideration includes the amount paid to Global Fashion Group ("GFG") amounting to AED 475,900 thousands (note 21) and other shareholders of Namshi amounting to AED 20,972. The difference in the amount of consideration paid and the non-controlling interests amounting to AED 348,460 thousands was directly recognised in the interim consolidated statement of changes in equity as required under IFRS 10.

The interim condensed consolidated financial statements were authorised for issue on 10 November 2020.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the period ended 30 September 2020 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and applicable requirements of United Arab Emirates law.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

Results for the nine-months period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the year ending 31 December 2020.

In accordance with the circular issued by of Securities and Commodities Authority, the interim condensed consolidated financial statements for the three months period ended 31 March 2020 have not been issued.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Group's functional and presentation currency and all values are rounded to the nearest thousand except where otherwise indicated.

The interim condensed consolidated financial statements have been prepared on a historical cost basis.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 September 2020. Control is achieved where all the following criteria are met:

- (a) the Company has power over an entity;
- (b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
- (c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interest are measured at their proportionate share of acquiree's identifiable net asset at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Share of comprehensive income/ (loss) within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit and loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The details of the Company's significant subsidiaries are as follows:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Legal Ownership</i>	
			<i>2020</i>	<i>2019</i>
The Dubai Mall LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	99%	99%
Emaar Dubai Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	99%	99%
Emaar International Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	99%	99%
Namshi Holding Limited	UAE	Holding company for Namshi group companies engaged in online retail business and related services	100%	100%

These entities are 100% beneficially owned by the Company.

Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective. The financial information of special purpose entities is included in the Group's interim condensed consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity and hence, they are accounted for as subsidiaries.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2019.

2.3 SIGNIFICANT ESTIMATES AND JUDGMENTS

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2019 except the following estimates and judgements which are impacted by COVID-19.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

2.3 SIGNIFICANT ESTIMATES AND JUDGMENTS (continued)

Valuation of investment properties

Valuation of investment properties is inherently subjective due to the unique characteristics of each property, its location, expected yield and rental growth rate. Management has treated the COVID-19 outbreak as an impairment indicator and accordingly have tested its investment properties for impairment. The key area of assessment includes estimates for the impact of future cash inflows relating to the rent reliefs offered to tenants due to the closure of the malls and overall slowdown in the retail sector which impacted the rental growth rates. The discount rates applied have been modified, reflecting increased uncertainty.

Based on the fair valuation of investment properties as at 31 December 2019, there were significant headroom in the fair value of these investment properties. The above mentioned uncertainties due to COVID-19 have not lead to any material impairment as at 30 September 2020.

Revenue and trade receivables

Rental income arising from operating leases on investment properties is recognised, net of discount. Given the current unprecedented circumstances caused by pandemic restrictions, the management is regularly communicating with its customers and are engaged in conversations about how they can support the retailers due to pandemic. As a result, the Group has offered voluntary arrangements of rent reliefs to its customers.

In addition, COVID-19 outbreak pandemic has increased the uncertainty over collectability of trade receivables. The management considers that it is more appropriate to only recognise lease income and the corresponding receivables to the extent that the lease income is considered to be collectible. This approach reflects the uncertainty related to collectability of lease payments and addresses the concern of recognizing income when collectability is uncertain.

Given the unprecedented situation, the Group has extended the rent relief to its tenants for a further period from 1 September 2020 to 31 December 2020 which will have an impact on revenue and results in the subsequent period. The impact of COVID-19 continues to evolve, hence there are uncertainties that may impact the business in future.

Funding and liquidity

In response to the pandemic situation, the Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that, as at 30 September 2020, liquidity position of the Group remains strong and its existing balances of cash and cash equivalents, along with undrawn revolving credit facilities will be sufficient to satisfy its working capital needs, capital expenditures and other liquidity requirements as they fall due in the foreseeable future.

The impact of COVID-19 continues to evolve, hence there are uncertainties that may impact the business in future. The effects of COVID-19 may not be fully reflected in the Group's financial results until future periods.

2.4 NEW STANDARDS AND AMENDMENTS

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these interim condensed consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's interim condensed consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reforms (Amendments of IFRS 9, IAS 39 and IFRS 7)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

3 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the net profit or loss in the interim condensed consolidated financial statements.

Geographic segment

The Group is currently operating only in the UAE, hence the operating results, assets and liabilities presented in the interim condensed consolidated financial statements relates to its operations in the UAE.

Business segments

For management purposes, the Group is organised into six segments, namely:

Super Regional Malls:

Super regional malls include shopping centres which individually hold gross leasable area of more than 800 thousands sq. ft.

Regional Malls:

Regional malls include shopping centres which individually hold gross leasable area of more than 400 thousands sq. ft. but less than 800 thousands sq. ft.

Community Retail:

Community Retail includes shopping centres or retail outlets which individually hold gross leasable area of less than 400 thousands sq. ft.

Specialty Retail:

Specialty retail includes shopping centres mainly offering specialty stores for fine and casual dining, commercial offices or retail outlets of manufacturers.

Online Retail:

Namshi, a regional online fashion portal, constitutes the online retail business segment of the Group.

Others:

Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 *Operating Segments* and head office balances.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables include revenue, results and other segment information from 1 January 2020 to 30 September 2020, 1 July 2020 to 30 September 2020, 1 January 2019 to 30 September 2019 and 1 July 2019 to 30 September 2019. Assets and liabilities information regarding business segments are presented as at 30 September 2020 and 31 December 2019.

	<i>Super Regional Malls AED'000</i>	<i>Regional Malls AED'000</i>	<i>Community Retail AED'000</i>	<i>Specialty Retail AED'000</i>	<i>Online Retail AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
1 January 2020 to 30 September 2020:							
Revenue:							
Rental income from leased properties	1,309,064	83,107	118,253	41,205	-	8,652	1,560,281
Online retail	-	-	-	-	932,662	-	932,662
Total Revenue	1,309,064	83,107	118,253	41,205	932,662	8,652	2,492,943
Results:							
Profit/(loss) for the period	697,835	35,485	39,850	3,065	(35,601)	(154,643)	585,991
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	221,787	10,269	55,229	5,876	97	1,384	294,642
Depreciation and amortisation: (Property, plant and equipment, investment properties, right-of-use asset and intangible assets)	253,815	24,533	27,174	15,392	13,609	2,238	336,761
Finance costs	20,286	-	-	-	286	136,825	157,397

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

1 July 2020 to 30 September 2020:

	Super Regional Malls AED'000	Regional Malls AED'000	Community Retail AED'000	Specialty Retail AED'000	Online Retail AED'000	Others AED'000	Total AED'000
Revenue:							
Rental income from leased properties	488,618	25,727	39,847	12,845	-	53	567,090
Online retail	-	-	-	-	269,032	-	269,032
Total Revenue	488,618	25,727	39,847	12,845	269,032	53	836,122
Results:							
Profit/(loss) for the period	286,103	9,710	10,804	(506)	(12,808)	(52,539)	240,763
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	38,488	6,935	19,702	689	14	206	66,034
Depreciation and amortisation: (Property, plant and equipment, investment Properties, right-of-use assets and intangible assets)	86,589	8,326	8,984	5,057	4,461	747	114,164
Finance costs	6,686	-	-	-	87	44,124	50,897
Assets and liabilities As at 30 September 2020:							
Segment assets	20,694,068	1,328,051	952,193	1,391,136	621,501	285,303	25,272,252
Segment liabilities	2,420,479	140,970	174,997	81,645	1,116,888	2,394,919	6,329,898

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls	Regional Malls AED'000	Community Retail AED'000	Specialty Retail AED'000	Online Retail AED'000	Others AED'000	Total AED'000
<i>1 January 2019 to 30 September 2019:</i>							
Revenue:							
Rental income from leased properties	2,304,876	138,344	188,199	89,756	-	2,466	2,723,641
Online retail	-	-	-	-	688,737	-	688,737
Total Revenue	2,304,876	138,344	188,199	89,756	688,737	2,466	3,412,378
Results:							
Profit/(loss) for the period	1,688,461	80,359	112,482	47,970	(41,735)	(161,907)	1,725,630
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	235,446	14,602	22,195	6,614	2,343	4,554	285,754
Depreciation and amortisation: (Property, plant and equipment, investment properties, right-of-use asset and intangible assets)	238,054	22,901	34,084	16,087	17,685	1,455	330,266
Finance costs	-	-	-	-	1,596	161,265	162,861

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls AED '000	Regional Malls AED '000	Community Retail AED '000	Specialty Retail AED '000	Online Retail AED '000	Others AED '000	Total AED '000
<i>1 July 2019 to 30 September 2019:</i>							
Revenue:							
Rental income from leased properties	776,580	47,537	63,752	29,298	-	1,341	918,508
Online retail	-	-	-	-	266,522	-	266,522
Total Revenue	<u>776,580</u>	<u>47,537</u>	<u>63,752</u>	<u>29,298</u>	<u>266,522</u>	<u>1,341</u>	<u>1,185,030</u>
Results:							
Profit/(loss) for the period	<u>575,091</u>	<u>29,600</u>	<u>43,814</u>	<u>15,286</u>	<u>(13,807)</u>	<u>(48,242)</u>	<u>601,742</u>
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	56,972	12,034	18,358	2,491	886	1,808	92,549
Depreciation and amortisation: (Property, plant and equipment, investment properties, right-of-use asset and intangible assets)	80,494	7,829	11,309	5,288	6,023	402	111,345
Finance costs	-	-	-	-	250	53,125	53,375
Assets and liabilities <i>As at 31 December 2019 (Audited):</i>							
Segment assets	<u>20,026,752</u>	<u>1,278,180</u>	<u>970,836</u>	<u>1,396,084</u>	<u>479,886</u>	<u>88,026</u>	<u>24,239,764</u>
Segment liabilities	<u>1,585,936</u>	<u>90,592</u>	<u>215,240</u>	<u>83,772</u>	<u>934,012</u>	<u>2,969,299</u>	<u>5,878,851</u>

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

4 REVENUE

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Rental income from leased properties				
Base rent	822,809	2,067,652	170,750	716,473
Turnover rent	365,271	67,840	278,098	18,751
Services charges	194,062	273,973	74,050	89,145
Promotion and marketing contribution	38,850	46,005	15,763	15,369
Specialty leasing	64,735	141,035	12,790	41,121
Multimedia	25,312	43,034	5,920	11,580
Others	49,242	84,102	9,719	26,070
	<u>1,560,281</u>	<u>2,723,641</u>	<u>567,090</u>	<u>918,509</u>
Online retail	<u>932,662</u>	<u>688,737</u>	<u>269,032</u>	<u>266,521</u>
	<u><u>2,492,943</u></u>	<u><u>3,412,378</u></u>	<u><u>836,122</u></u>	<u><u>1,185,030</u></u>

The decrease in rental income is on account of rent reliefs offered to the tenants.

5 COST OF REVENUE

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Operating cost of leasing activities				
Housekeeping and facility management	100,561	131,454	30,899	35,064
Direct staff costs	38,805	56,447	13,142	19,827
Utilities – net	46,348	40,116	26,396	15,127
Security	23,062	28,383	7,474	9,791
Others	42,916	53,642	13,767	19,061
	<u>251,692</u>	<u>310,042</u>	<u>91,678</u>	<u>98,870</u>
Cost of online retail revenue	<u>737,695</u>	<u>532,818</u>	<u>212,206</u>	<u>214,936</u>
	<u><u>989,387</u></u>	<u><u>842,860</u></u>	<u><u>303,884</u></u>	<u><u>313,806</u></u>

6 FINANCE COSTS

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Interest on loans and borrowings	39,011	60,530	11,073	20,121
Interest on sukuk	95,796	95,696	32,173	32,148
Interest expense on lease liabilities	20,542	722	6,764	218
Others	2,048	5,913	887	888
	<u>157,397</u>	<u>162,861</u>	<u>50,897</u>	<u>53,375</u>

Emaar Malls PJSC and its subsidiaries

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At 30 September 2020 (Unaudited)

7 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<u>30 September</u> <u>2020</u> <u>AED'000</u>	<u>30 September</u> <u>2019</u> <u>AED'000</u>	<u>30 September</u> <u>2020</u> <u>AED'000</u>	<u>30 September</u> <u>2019</u> <u>AED'000</u>
Indirect staff costs	<u>84,141</u>	<u>82,150</u>	<u>30,170</u>	<u>29,624</u>

8 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<u>30 September</u> <u>2020</u> <u>AED'000</u>	<u>30 September</u> <u>2019</u> <u>AED'000</u>	<u>30 September</u> <u>2020</u> <u>AED'000</u>	<u>30 September</u> <u>2019</u> <u>AED'000</u>
Earnings:				
Profit attributable to the shareholders for basis or diluted earnings per share	<u>585,991</u>	<u>1,731,500</u>	<u>240,763</u>	<u>601,742</u>
No of shares:				
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>13,014,300</u>	<u>13,014,300</u>	<u>13,014,300</u>	<u>13,014,300</u>
Earnings per share (AED):				
- basic and diluted	<u>0.05</u>	<u>0.13</u>	<u>0.02</u>	<u>0.05</u>

9 PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2020, the Group purchased property, plant and equipment of AED 8,149 thousands (period ended 30 September 2019: AED 13,792 thousands) and charged depreciation expense to the interim condensed consolidated income statement of AED 17,144 thousands (period ended 30 September 2019: AED 18,776 thousands).

10 INVESTMENT PROPERTIES

During the period ended 30 September 2020, the Group had additions of AED 286,493 thousands (period ended 30 September 2019: AED 271,962 thousands) and charged depreciation expense to the interim condensed consolidated income statement of AED 290,093 thousands (period ended 30 September 2019: AED 296,352 thousands).

Management has treated the COVID-19 outbreak as an impairment indicator and accordingly have tested its investment properties for impairment. The key area of assessment includes estimates for the impact of future cash inflows relating to the rent reliefs offered to tenants due to the closure of the malls and overall slowdown in the retail sector which impacted the rental growth rates. The discount rates applied have been modified, reflecting increased uncertainty.

Based on the fair valuation of investment properties as at 31 December 2019, there were significant headroom in the fair value of these investment properties. The fair value of Group's freehold interests in investment properties at 31 December 2019 amounting to AED 52,314,988 thousands was determined by management based on valuations performed by independent valuer.

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11 GOODWILL AND INTANGIBLE ASSETS

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Goodwill	365,012	365,012
Other intangible assets	183,988	192,593
	<u>549,000</u>	<u>557,605</u>

During the period ended 30 September 2020, the Group charged amortisation expense to interim condensed consolidated statement of comprehensive income of AED 8,605 thousands (period ended 30 September 2019: AED 8,709 thousands).

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period / year is as follows:

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
<i>Right-of-use assets</i>		
As at 1 January	9,012	29,739
Adjustments during the period / year	-	(10,314)
Additions during the period / year	544,502	-
Depreciation expense	(20,919)	(10,413)
Balance as at period / year end	<u>532,595</u>	<u>9,012</u>
<i>Lease liabilities</i>		
As at 1 January	10,229	25,468
Adjustments during the period / year	-	(10,314)
Additions during the period / year	544,502	-
Interest expense	20,542	488
Deferred lease liabilities (refer note 14 (b))	(45,521)	-
Payments during the period / year	(1,551)	(5,413)
Balance as at period / year end	<u>528,201</u>	<u>10,229</u>
<i>Lease liabilities are payable as below:</i>		
Lease liabilities payable after 12 months	479,019	4,591
Lease liabilities payable within 12 months	49,182	5,638
Balance as at period / year end	<u>528,201</u>	<u>10,229</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below, are the amounts recognised in interim condensed consolidated statement of comprehensive income:

	<u>Nine-month period ended</u>		<u>Three-month period ended</u>	
	<i>30 September</i> 2020 <i>AED'000</i>	<i>30 September</i> 2019 <i>AED'000</i>	<i>30 September</i> 2020 <i>AED'000</i>	<i>30 September</i> 2019 <i>AED'000</i>
Depreciation expense of right-of-use assets	20,919	6,429	8,529	2,279
Interest expense on lease liabilities	20,542	722	6,764	218
	<u>41,461</u>	<u>7,151</u>	<u>15,293</u>	<u>2,497</u>

During the period ended 30 September 2020, the Group has recognized lease liabilities of AED 544,018 thousands and corresponding right of use assets in relation to the lease agreement with a related party. When measuring the lease liabilities, the Group has discounted the lease payments using its incremental borrowing rate.

13 TRADE AND UNBILLED RECEIVABLES

	<i>30 September</i> 2020 <i>AED'000</i>	<i>31 December</i> 2019 <i>AED'000</i> <i>(Audited)</i>
Trade receivables – net	295,894	372,397
Unbilled receivables	607,507	126,118
	<u>903,401</u>	<u>498,515</u>

Trade receivables include amounts due from related parties amounting to AED 47,398 thousands (31 December 2019: AED 45,364 thousands) [note 14 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 194,253 thousands (31 December 2019: AED 115,843 thousands) representing management's best estimate of doubtful trade receivables.

Movement in the allowance for doubtful debts is as follows:

	<i>30 September</i> 2020 <i>AED'000</i>	<i>31 December</i> 2019 <i>AED'000</i> <i>(Audited)</i>
Balance at 1 January	115,843	89,581
Net charge for the period / year	78,410	26,298
Write off / adjustments during the period / year -net	-	(36)
Balance at period / year end	<u>194,253</u>	<u>115,843</u>

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At 30 September 2020 (Unaudited)

14 RELATED PARTY DISCLOSURES

- (a) During the period, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	<i>1 January 2020 to 30 September 2020 AED'000</i>	<i>1 January 2019 to 30 September 2019 AED'000</i>
<i>Revenue</i>		
Parent Company	15,398	25,094
Affiliated entities	67,420	69,072
Entities owned or controlled by Directors and other related parties	105,657	72,856
	<u><u>105,657</u></u>	<u><u>72,856</u></u>
<i>Cost of revenue</i>		
Parent Company	23,957	29,830
Affiliated entities	280,407	196,299
Entities owned or controlled by Directors and other related parties	58,367	(969)
	<u><u>58,367</u></u>	<u><u>(969)</u></u>
<i>Sales and marketing expenses</i>		
Parent Company	1,842	4,297
Affiliated entities	520	659
Entities owned or controlled by Directors and other related parties	32,817	21,346
	<u><u>32,817</u></u>	<u><u>21,346</u></u>
<i>General and administrative expense</i>		
Parent Company	40,109	39,371
Affiliated entities	218	1,208
Entities owned or controlled by Directors and other related parties	839	1,148
	<u><u>839</u></u>	<u><u>1,148</u></u>
<i>Finance income</i>		
Entities owned or controlled by Directors and other related parties	75	338
	<u><u>75</u></u>	<u><u>338</u></u>
<i>Finance costs</i>		
Parent Company (refer note 12)	20,286	-
Entities owned or controlled by Directors and other related parties	2,756	8,846
	<u><u>2,756</u></u>	<u><u>8,846</u></u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

14 RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties included in the interim consolidated statement of financial position are as follows:

	<i>Bank balances and cash</i> AED '000	<i>Due from related parties</i> AED '000	<i>Trade and unbilled receivables</i> AED '000	<i>Interest bearing loans and borrowings</i> AED '000	<i>Due to related parties*</i> AED '000	<i>Deferred income</i> AED '000	<i>Accounts payable and accruals</i> AED '000	<i>Right-of-use assets</i> AED '000	<i>Lease liabilities</i> AED '000
<i>30 September 2020</i>									
<i>Non-current</i>									
Parent Company	-	-	-	-	-	-	-	525,990	473,262
Entities owned or controlled by Directors and other related parties	-	-	-	21,487	-	-	-	-	-
				21,487	-	-	-	525,990	473,262
<i>Current</i>									
Parent Company	-	-	-	-	206,694	12	-	-	45,521
Affiliated entities	-	146,841	-	-	121,524	13,710	-	-	-
Entities owned or controlled by Directors and other related parties	1,737	-	47,398	-	-	5,800	100	-	-
	1,737	146,841	47,398	-	328,218	19,523	100	-	45,521

* This includes deferred lease liabilities payable to the Parent Company amounting to AED 45.5 million (refer note 12).

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At 30 September 2020 (Unaudited)

14 RELATED PARTY DISCLOSURES (continued)

(b) Balances with related parties included in the interim consolidated statement of financial position are as follows (continued):

	Bank balances and cash AED '000	Due from related parties AED '000	Trade and unbilled receivables AED '000	Interest bearing loans and borrowings AED '000	Due to related parties AED '000	Deferred income AED '000	Accounts payable and accruals AED '000	Right-of- use assets AED '000	Lease liabilities AED '000
<i>31 December 2019 (Audited)</i>									
<i>Non-current</i>									
Entities owned or controlled by Directors and other related parties	-	-	-	-	-	-	-	-	-
<i>Current</i>									
Parent Company	-	-	-	-	93,530	1,810	-	-	-
Affiliated entities	-	149,355	-	-	58,909	30,106	-	-	-
Entities owned or controlled by Directors and other related parties	2,383	-	45,364	-	-	29,529	135	-	-
	2,383	149,355	45,364	-	152,439	61,445	135	-	-

Outstanding balances are secured and interest-bearing. For the periods ended 30 September 2020 and year ended 31 December 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

14 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	<i>1 January 2020 to 30 September 2020 AED'000</i>	<i>1 January 2019 to 30 September 2019 AED'000</i>
Short term benefits	12,939	20,328
End of service benefits	<u>2,221</u>	<u>881</u>

As at 30 September 2020, the number of key management personnel was 16 (30 September 2019: 16).

The shareholders of the Company approved a bonus to the members of the Board of Directors amounting to AED 650 thousands for each board member (including the Chairman and Vice Chairman of the Board of Directors) for the year 2019 at the Annual General Meeting of the Company held on 21 June 2020.

15 BANK BALANCES AND CASH

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Cash in hand	214	270
Bank balances:		
Current and call accounts	<u>204,678</u>	<u>194,932</u>
Balance at period / year end	<u>204,892</u>	<u>195,202</u>

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for a period of less than three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Impairment on cash and cash equivalents have been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its balances with banks have low credit risk based on the external credit ratings of the counter parties and hence no credit losses are required to be recognized as at the reporting date.

Included in the bank balances and cash is an amount of AED 1,737 thousands (31 December 2019: AED 2,383 thousands) as balance held with related party [note 14(b)].

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

16 SHARE CAPITAL

	30 September 2020 AED'000	31 December 2019 AED'000 (Audited)
Authorised capital – 13,014,300,000 shares of AED 1 each (2019: 13,014,300,000 shares of AED 1 each)	13,014,300	13,014,300
Issued and fully paid – 13,014,300,000 shares of AED 1 each (2019: 13,014,300,000 shares of AED 1 each)	13,014,300	13,014,300

17 DIVIDENDS

A cash dividend of AED 0.10 per share for the year 2018 was approved by the shareholders of the Company at the Annual General Meeting held on 23 April 2019 and was paid during the period ended 30 September 2019.

18 RESERVES

Movement in reserves is as follows:

	Statutory reserve AED'000	Legal reserve AED'000	Put option over non-controlling interests AED'000	Total AED'000
1 January 2020 to 30 September 2020:				
As at 1 January 2020 (Audited) and 30 September 2020 (Unaudited)	1,148,409	1,054,423	-	2,202,832
	Statutory reserve AED'000	Legal reserve AED'000	Put option over non-controlling interests AED'000	Total AED'000
1 January 2019 to 30 September 2019:				
As at 1 January 2019 (Audited)	919,848	825,862	(468,658)	1,277,052
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Acquisition of non-controlling interests (note 21)	-	-	468,658	468,658
As at 30 September 2019	919,848	825,862	-	1,745,710

As required by the UAE Federal Commercial Companies Law No. (2) of 2015 and the Article number 57 of the Company's Article of Association, 10% of the net profit for the year shall be transferred to legal reserve until it reaches 50% of the share capital. Further, 10% of the net profit for the year shall be transferred to statutory reserve until it reaches 50% of the paid-up share capital. These reserves are not available for distribution except in the circumstances stipulated by the law.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

19 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Interest bearing loans and borrowings	143,247	789,695
Less: unamortised portion of loan arrangement fee	(8,095)	(9,681)
	<u>135,152</u>	<u>780,014</u>
Net interest bearing loans and borrowings	<u>135,152</u>	<u>780,014</u>
Movement for the period/year is as follows:		
Balance as at 1 January	789,695	1,193,725
Less: Repaid during the period/year	(2,482,948)	(1,513,276)
Add: Borrowed during the period/year	1,836,500	1,109,246
	<u>143,247</u>	<u>789,695</u>
Balance as at period / year end	<u>143,247</u>	<u>789,695</u>

The Group has availed Revolving Islamic Finance facility of USD 2 billion (AED 7,346,000 thousands) from the commercial banks in the UAE. The facility is unsecured and carries profit rate at 3 months LIBOR + 1.25% pa. Borrowings obtained during the period include USD 5.9 million (AED 21,487 thousands) availed from a related party [note 14(b)].

20 SUKUK

EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands) on 18 June 2014. The Sukuk is listed on NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.564% per annum to be paid semi-annually. The carrying value of the Sukuk is as follows:

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Proceeds from the issuance of the Sukuk	2,754,750	2,754,750
Less: Sukuk issuance cost	(21,587)	(21,587)
	<u>2,733,163</u>	<u>2,733,163</u>
Sukuk liability on initial recognition	2,733,163	2,733,163
Amortisation of issuance cost	12,383	10,710
	<u>2,745,546</u>	<u>2,743,873</u>
Sukuk liability as at period / year-end	<u>2,745,546</u>	<u>2,743,873</u>

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

21 PUT OPTION OVER NON-CONTROLLING INTERESTS

Pursuant to the Shareholders' Agreement which was executed between the Company and GFG on 16 August 2018 in relation to the acquisition of Namshi, the Company granted a put option to GFG in respect of GFG's shareholding in Namshi. GFG had the right to require the Company to acquire GFG's entire shareholding in Namshi.

On 25 February 2019, the Company acquired the remaining GFG's shareholding in Namshi for a consideration of AED 475,900 thousands (note 1).

Upon acquisition of the remaining GFG's shareholding of GFG in Namshi, the non-current financial liability previously recognised in the consolidated statement of financial position has been derecognised in the previous period. During 2019, the Group has recognised a gain on settlement of put option over non-controlling interests amounting to AED 15,689 thousands in the interim condensed consolidated statement of comprehensive income.

22 ACCOUNTS PAYABLE AND ACCRUALS

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Trade payables	271,897	193,844
Accrued expenses	873,237	729,245
Interest payable	36,603	6,968
Other payables	1,321	20,000
	<u>1,183,058</u>	<u>950,057</u>

Included in the trade payables is an amount of AED 100 thousands (31 December 2019: AED 135 thousands) due to related parties [note 14(b)].

23 COMMITMENTS AND CONTINGENCIES

Commitments

At 30 September 2020, the Group had commitments of AED 501,905 thousands (31 December 2019: AED 757,497 thousands) which includes project commitments of AED 438,881 thousands (31 December 2019: AED 554,514 thousands). This represents the value of contracts issued as at reporting date net of invoices received and accruals made as at that date.

Operating lease commitments - Group as lessor

The Group leases out its property under operating leases as a lessor. The future minimum lease payments receivable (base rent) under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Within one year	1,728,833	2,586,149
After one year but not more than five years	4,349,533	4,861,278
More than five years	862,970	881,938
	<u>6,941,336</u>	<u>8,329,365</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020 (Unaudited)

23 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments - Group as lessor (continued)

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount of service charges for the period ended 30 September 2020 was AED 194,062 thousands (period ended 30 September 2019: AED 273,973 thousands).

Legal claims

As at 30 September 2020, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 28,682 thousands (31 December 2019: AED 17,470 thousands). Based on the advice of legal advisors, outcome of these claims will have no material adverse impact on the interim condensed consolidated financial statements of the Group.