Emaar Properties PJSC
and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

Emaar Properties PJSC and its Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 30 June 2020

Table of Contents

KPMG Lower Gulf Limited
The Offices 5 at One Central, Level 4
Sheikh Zayed Road
P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300
www.ae-kpmg.com

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

To the Shareholders of Emaar Properties PJSC

Introduction

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

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

Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this 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 Information 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 June 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:

13 AUG 2020

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
Period ended 30 June 2020 (Unaudited)

		(US $1.00 = AED 3.673)			
		Six-month period ended		*Three-month period ended*	
	Notes	***30 June 2020 AED'000***	*30 June 2019 AED'000*	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Revenue	5	**9,032,245**	11,568,598	**3,205,087**	5,674,689
Cost of revenue	5	**(5,270,114)**	(5,853,514)	**(2,018,242)**	(2,961,748)
GROSS PROFIT		**3,762,131**	5,715,084	**1,186,845**	2,712,941
Other operating income		**149,488**	216,211	**49,100**	118,174
Other operating expenses		**(50,811)**	(73,014)	**(18,034)**	(42,006)
Selling, general and administrative expenses	6	**(1,433,306)**	(1,618,733)	**(696,962)**	(848,528)
Depreciation of property, plant and equipment		**(350,490)**	(305,517)	**(185,877)**	(158,493)
Depreciation of investment properties		**(262,045)**	(241,667)	**(130,813)**	(120,625)
Finance income	7(a)	**266,142**	340,794	**134,617**	187,221
Finance costs	7(b)	**(529,591)**	(560,019)	**(272,379)**	(297,092)
Other income	4(iii)	**2,114,714**	704,556	**2,240,791**	270,597
Share of results of associates and joint ventures		**(287,183)**	(57,539)	**(68,383)**	3,473
Impairment / write down	2.2	**(1,214,536)**	-	**(1,214,536)**	-
PR]OFIT BEFORE TAX		**2,164,513**	4,120,156	**1,024,369**	1,825,662
Income tax credit / (expense)		**141,790**	(33,706)	**129,749**	(11,200)
NET PROFIT FOR THE PERIOD		**2,306,303**	4,086,450	**1,154,118**	1,814,462
ATTRIBUTABLE TO:					
Owners of the Parent		**2,006,562**	3,110,466	**1,197,737**	1,368,806
Non-controlling interests		**299,741**	975,984	**(43,619)**	445,656
		2,306,303	4,086,450	**1,154,118**	1,814,462
Earnings per share attributable to the owners of the Parent:					
- basic and diluted earnings per share (AED)		**0.28**	0.43	**0.17**	0.19

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 30 June 2020 (Unaudited)

	(US $1.00 = AED 3.673)			
	Six-month period ended		***Three-month period ended***	
	30 June 2020 AED'000	*30 June 2019 AED'000*	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Net profit for the period	**2,306,303**	4,086,450	**1,154,118**	1,814,462
Other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods:				
(Decrease) / increase in unrealised gain / (losses) reserve	**(1,834)**	14,019	**(1,013)**	18,196
(Decrease) / increase in foreign currency translation reserve	**(266,290)**	188,095	**(344,906)**	158,349
Net other comprehensive income / (loss) to be reclassified to income statement in subsequent periods	**(268,124)**	202,114	**(345,919)**	176,545
Other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods:				
(Decrease) / increase in unrealised gains / (losses) reserve	**(154,968)**	17,261	**60,471**	(33,770)
Realised gain on fair value movement through other comprehensive income	**-**	393,011	**-**	393,011
Net other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods	**(154,968)**	410,272	**60,471**	359,241
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,883,211**	4,698,836	**868,670**	2,350,248
ATTRIBUTABLE TO:				
Owners of the Parent	**1,645,979**	3,727,960	**933,548**	1,877,894
Non-controlling interests	**237,232**	970,876	**(64,878)**	472,354
	1,883,211	4,698,836	**868,670**	2,350,248

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
		(US$ 1.00 = AED 3.673)	
ASSETS			
Bank balances and cash	8	**7,642,101**	6,795,737
Trade and unbilled receivables	9	**11,210,509**	10,465,030
Other assets, receivables, deposits and prepayments	10	**16,012,266**	15,459,265
Development properties	11	**39,482,628**	40,319,940
Assets classified as held for sale	4	**69,539**	669,290
Investments in securities and deposits	12	**6,688,113**	2,861,795
Loans to associates and joint ventures	13	**1,061,567**	980,719
Investments in associates and joint ventures	14	**5,133,698**	4,922,904
Property, plant and equipment		**10,980,125**	10,900,437
Investment properties		**22,190,868**	21,905,268
Intangible assets		**760,904**	766,671
Right-of-use assets		**1,320,528**	823,348
TOTAL ASSETS		**122,552,846**	116,870,404
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	15	**18,423,112**	16,919,196
Advances from customers		**9,148,663**	10,147,032
Liabilities directly associated with assets classified as held for sale	4	**87,060**	159,669
Retentions payable		**1,646,799**	1,576,716
Deferred income tax payable		**1,076,614**	1,339,538
Interest-bearing loans and borrowings	16	**19,823,795**	15,785,537
Sukuk	17	**7,318,418**	7,316,364
Provision for employees' end-of-service benefits		**162,551**	176,929
TOTAL LIABILITIES		**57,687,012**	53,420,981
EQUITY			
Equity attributable to owners of the Parent			
Share capital	18	**7,159,739**	7,159,739
Employees' performance share program		**(1,684)**	(1,684)
Reserves	19	**17,202,146**	17,562,729
Retained earnings		**31,433,086**	29,441,645
		55,793,287	54,162,429
Non-controlling interests		**9,072,547**	9,286,994
TOTAL EQUITY		**64,865,834**	63,449,423
TOTAL LIABILITIES AND EQUITY		**122,552,846**	116,870,404

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

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

Director　　　　　　　　Director

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 30 June 2020 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to the owners of the Parent						
	Share capital AED'000	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance as at 31 December 2019 *(Audited)*	**7,159,739**	**(1,684)**	**17,562,729**	**29,441,645**	**54,162,429**	**9,286,994**	**63,449,423**
Total comprehensive income for the period							
Net profit for the period	-	-	-	**2,006,562**	**2,006,562**	**299,741**	**2,306,303**
Other comprehensive income for the period	-	-	**(360,583)**	-	**(360,583)**	**(62,509)**	**(423,092)**
Total comprehensive income for the period	-	-	**(360,583)**	**2,006,562**	**1,645,979**	**237,232**	**1,883,211**
Directors' bonus (Note 20)	-	-	-	**(7,350)**	**(7,350)**	-	**(7,350)**
Dividend and directors' bonus of subsidiaries	-	-	-	**(7,771)**	**(7,771)**	**(451,679)**	**(459,450)**
Balance as at 30 June 2020	**7,159,739**	**(1,684)**	**17,202,146**	**31,433,086**	**55,793,287**	**9,072,547**	**64,865,834**

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Period ended 30 June 2020 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to the owners of the Parent						
	Share capital AED'000	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 31 December 2018 *(Audited)*	7,159,739	(1,684)	16,583,498	24,297,987	48,039,540	8,748,984	56,788,524
Transition adjustments on adoptions of new standards	-	-	-	41,565	41,565	3,516	45,081
Balance at 1 January 2019	7,159,739	(1,684)	16,583,498	24,339,552	48,081,105	8,752,500	56,833,605
Total comprehensive income for the period							
Net profit for the period	-	-	-	3,110,466	3,110,466	975,984	4,086,450
Other comprehensive income for the period	-	-	617,494	-	617,494	(5,108)	612,386
Total comprehensive income for the period	-	-	617,494	3,110,466	3,727,960	970,876	4,698,836
Realised gain transferred to retained earnings (Note 19)	-	-	(393,011)	393,011	-	-	-
Acquisition of non-controlling interest	-	-	396,636	(294,902)	101,734	(122,706)	(20,972)
Directors' bonus (Note 20)	-	-	-	(7,350)	(7,350)	-	(7,350)
Dividend paid to shareholders	-	-	-	(1,073,961)	(1,073,961)	-	(1,073,961)
Dividend and directors' bonus of subsidiaries	-	-	-	(7,770)	(7,770)	(709,680)	(717,450)
Balance as at 30 June 2019	7,159,739	(1,684)	17,204,617	26,459,046	50,821,718	8,890,990	59,712,708

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Period ended 30 June 2020 (Unaudited)

	Notes	*For the six-month period ended* 30 June 2020 AED'000	30 June 2019 AED'000
Cash flows from operating activities			
Profit before tax		**2,164,513**	4,120,156
Adjustments for:			
Share of results of associates and joint ventures		**287,183**	57,539
Depreciation		**717,174**	608,168
Amortisation of intangible assets		**5,767**	6,003
Provision for end-of-service benefits, net		**(14,378)**	5,049
Loss on disposal of property, plant and equipment		**181**	2,164
Loss / (gain) on disposal of investment properties		**216**	(337,976)
Gain on disposal of assets classified as held for sale	4	**(2,197,139)**	(101,693)
Provision for doubtful debts, impairment and write down		**1,338,478**	12,583
Finance costs	7(a)	**529,591**	560,019
Finance income	7(b)	**(266,142)**	(340,794)
Cash from operations before working capital changes:		**2,565,444**	4,591,218
Working capital changes:			
Trade and unbilled receivables		**(837,559)**	(2,448,505)
Other assets, receivables, deposits and prepayments		**(463,532)**	(733,806)
Development properties		**255,020**	(1,258,664)
Advances from customers		**(998,369)**	(1,088,524)
Trade and other payables		**476,097**	(393,417)
Retentions payable		**70,083**	161,059
Assets and liabilities held for sale, net		**(42,978)**	(49,418)
Income tax, net		**(34,629)**	59,031
Net cash flows from / (used in) operating activities		**989,577**	(1,161,026)
Cash flows from investing activities			
Purchase of securities and deposits		**(5,578,055)**	(909,658)
Proceeds from disposal of securities		**1,574,082**	1,427,213
Finance income received		**255,519**	289,473
Dividend received from associates and joint ventures		**42,655**	68,491
Additional loans to associates and joint ventures		**(127,847)**	(406,135)
Amounts incurred on investment properties		**(955,041)**	(1,416,678)
Proceeds from disposal of investment properties		**(216)**	554,207
Amounts incurred on property, plant and equipment		**(609,391)**	(643,885)
Proceeds from disposal of property, plant and equipment		**16,580**	3,716
Proceeds from disposal of assets classified as held for sale		**2,479,947**	2,235,116
Deposits maturing after three months (including deposits under lien)	8	**(1,041,654)**	210,081
Acquisition of an associate		**-**	(66,500)
Cash acquired on business combination		**-**	67,752
Advances paid against investments		**(192,002)**	(327,784)
Net cash flows (used in) / from investing activities		**(4,135,423)**	1,085,409

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

		(US $1.00 = AED 3.673) *For the six-month period ended*	
	Notes	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Cash flows from financing activities			
Dividends paid (including dividends of subsidiaries)		**(450,000)**	(1,781,961)
Proceeds from interest-bearing loans and borrowings	16	**5,763,681**	3,755,426
Repayment of interest-bearing loans and borrowings	16	**(1,627,237)**	(3,020,900)
Directors' bonus paid (including directors' bonus of subsidiaries)		**(16,800)**	(16,800)
Payment of lease liabilities		**(96,348)**	(61,318)
Acquisition of non-controlling interests		**-**	(496,872)
Finance costs paid		**(501,412)**	(561,510)
Net cash flows from / (used in) financing activities		**3,071,884**	(2,183,935)
Decrease in cash and cash equivalents		**(73,962)**	(2,259,552)
Net foreign exchange difference		**(23,438)**	80,299
Cash and cash equivalents at the beginning of the period		**5,158,444**	8,962,678
Cash and cash equivalents at the end of the period	8	**5,061,044**	6,783,425

1 DOMICILE AND ACTIVITIES

Emaar Properties Public Joint Stock Company (the "Company" or the "Parent") was established as a public joint stock company by Ministerial Decree number 66 in the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group (the "Group"). The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates ("UAE"). The shares of the Company are traded on the Dubai Financial Market.

The principal activities of the Group are property investment, development and development management, shopping malls and retail, hospitality, property management and utility services and investments in providers of financial services.

The interim condensed consolidated financial statement was authorised for issue on 13 August 2020.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* and applicable requirements of the United Arab Emirates laws.

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 (IFRS) and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the new standards, amendments and significant estimates and judgements adopted during the current period as explained in note 2.2 and 2.3.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments, financial assets at fair value through other comprehensive income ("FVOCI") and profit or loss that have been measured at fair value. Historical cost is generally based on the fair value of the consideration in exchange for assets.

Certain comparative amounts have been reclassified / restated to conform to the presentation used in these interim condensed consolidated financial statements.

Results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

As per the communication to listed companies by the Securities and Commodities Authority dated 7 April 2020 on disclosure of interim financial statements, the Group opted for the exemption of not issuing the condensed consolidated interim financial statements for the three month period ended 31 March 2020.

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and entities (including special purpose entities) controlled by the Group. Control is achieved where all the following criteria are met:

(a) the Group has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Group 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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 financial statements 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 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 interests are measured initially at their proportionate share of the acquiree's identifiable net assets 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 losses 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 the interim condensed consolidated income statement; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the interim condensed consolidated income statement or retained earnings, as appropriate.

Associates and joint ventures

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's investment in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates and joint ventures are carried in the interim condensed consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associate and joint venture companies, less any impairment in value.

The interim condensed consolidated income statement reflects the Group's share of results of its associates and joint ventures. Unrealised gains resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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 JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Judgments

Timing of satisfaction of performance obligations

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

Determination of transaction prices

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

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 *Revenue from Contracts with Customers* whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Transfer of real estate assets from property, plant and equipment to development properties

The Group sells real estate assets in its ordinary course of business. When the real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification. Sale proceeds from such assets are recognised as revenue in accordance with IFRS 15.

Revenue recognition for turnover rent

The Group recognises income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Classification of investment properties

The Group determines whether a property qualifies as investment property in accordance with IAS 40 *Investment Property*. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. The Group has determined that hotels and serviced apartment buildings owned by the Group are to be classified as part of property, plant and equipment rather than investment properties since the Group also operates these assets.

Operating lease commitments - Group as lessor

The Group has entered into commercial and retail property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Classification of investments
Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortised cost. In judging whether investments in securities are classified as at fair value or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments.*

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Consolidation of subsidiaries
The Group has evaluated all the investee entities including special purpose entities to determine whether it controls the investee as per the criteria laid out by IFRS 10: *Consolidated Financial Statements.* The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

Estimations and assumptions
Impairment of trade, unbilled receivables and other receivables
An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied based on expected credit losses on such receivables.

Based on the above assessment made by the management, the Group has recorded provision for impairment of other receivable amounting to AED 82 million.

Useful lives of property, plant and equipment, investment properties and intangible assets
The Group's management determines the estimated useful lives of its property, plant and equipment, investment properties and intangible assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation / amortisation method to ensure that the method and period of depreciation / amortisation are consistent with the expected pattern of economic benefits from these assets.

Allocation of transaction price to performance obligation in contracts with customers
The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Taxes
The Group is subject to income and capital gains taxes in certain jurisdictions. Significant judgment is required to determine the total provision for current and deferred taxes. The Group established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

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

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Impact of Covid-19
In January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak"). Subsequently, the WHO classified COVID-19 outbreak as a pandemic based on the rapid increase in exposure and infections across the world. The pandemic nature of this disease has necessitated global travel restrictions and total lockdown in most countries of the world, with negative implications on the global economy and social life. As a result of the above and the resulting disruptions to the social and economic activities, the Group continues to assess on a regular basis, the impact of COVID-19 outbreak on its business. Management's current assessment of the impact of the COVID-19 outbreak is as follows:

a) Valuation of investment properties
Valuation of investment properties is inherently subjective due to the unique characteristics of each property, its location, expected yield on account of closure of the malls, rental growth rate and discount rates reflecting increased uncertainity. Based on the assessments carried out by the management, the carrying amount of an investment property in one of the international segment was determined to be higher and accordingly an impairment charge of AED 404 million has been recognized in the interim condensed consolidated income statement for the six-month period ended 30 June 2020.

b) Valuation of property, plant and equipment within Hospitality segment
The Group's hospitality segment has been impacted from low occupancy levels and temporary closures resulting from steps taken by governments to contain the COVID-19 outbreak. The key area of assessment includes estimates on the impact of future cash inflows due to reduced occupancy and the discount rates, reflecting increased uncertainty. Based on such assessments carried out by the management, the carrying amount of a hotel in one of the international segment was determined to be higher and accordingly an impairment charge of AED 147 million has been recognized in the interim condensed consolidated income statement for the six-month period ended 30 June 2020.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Impact of Covid-19 (continued)

c) Valuation of development properties

The Group's real estate businesses has continued to deliver on projects, with restrictions in some territories. Land held for sale and properties classified under development properties are stated at the lower of cost or net realizable value ("NRV"). NRV is assessed with reference to estimated sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting period. The management has considered COVID-19 outbreak indicators to assess the estimated realizable value of its development properties and concluded that apart from a write down of AED 582 million in one of its subsidiary in the international segment, there is no material impact due to COVID-19 outbreak considering the margins that the Group has earned on sale of the development properties and the significant head room that the Group had in respect of its development properties based on the latest external valuations performed as at 31 December 2019.

d) Income from the leasing and retail segment

As part of Group's commitment to extend support to its tenants during COVID-19 outbreak, the Group has offered voluntary arrangements of rent reliefs to its tenants, which are accounted for in accordance with the requirements of IFRS 16 "Leases".

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 us uncertain.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020. Although these new standards and amendments apply for the first time in 2020, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group except as mentioned below. The nature and the impact of each new standard or amendment is described below:

- **Definition of Material - amendments to IAS 1 and IAS 8** - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material.

- **Definition of a Business - amendments to IFRS 3** - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Revised Conceptual Framework for Financial Reporting** - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
  - increasing the prominence of stewardship in the objective of financial reporting;
  - reinstating prudence as a component of neutrality;
  - defining a reporting entity, which may be a legal entity, or a portion of an entity revising the definitions of an asset and a liability;
  - removing the probability threshold for recognition and adding guidance on derecognition adding guidance on different measurement basis; and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards, interpretations and amendments adopted by the Group

- **Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7** – These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the interim condensed consolidated statement of income. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

The Group did not have to make retrospective adjustments as a result of adoption of the aforementioned standards.

- **Amendments to IFRS 16** - Amendments to IFRS 16 'Leases' (effective 1 June 2020) - On 28 May 2020, the IASB issued amendments to IFRS 16, which provide relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19. This amendment provide the lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification, in addition it requires the lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient applies only to the rent concession occurring as a direct consequence of the COVID-19 pandemic and only if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there is no substantive change to other terms and conditions of the lease.

During the period ended 30 June 2020, the Group has early applied the amendments to IFRS 16 'Leases' ("IFRS 16") retrospectively starting on 1 January 2020. In accordance with the transition provisions in IFRS 16 amendments, the new practical expedient was applied to all rent concessions occurring as a direct consequence of the COVID-19 pandemic meeting the criteria without any impact on retained earnings as on 1 January 2020. As a result, comparatives for the year 2019 financial information are not restated and the information presented for 2019 does not reflect the new requirements of the IFRS 16 amendments, therefore, it is not comparable to the information presented for 2019 under IFRS 16 lease excluding the new practical expedient. The application of the amended standard did not have any significant impact on these interim condensed consolidation financial statements.

These amendments / improvements had no impact on the interim condensed consolidated financial statements of the Group.

(b) Standards, amendments and interpretations in issue but not effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, but an entity that early adopts the amendments must apply them prospectively);
- IAS 1 - Classification of Liabilities as Current or Non-current (amendments are effective for annual period beginning on or after 1 January 2023).

The Group does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future consolidated financial statements of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue from contracts with customers
The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the interim consolidated income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Revenue recognition for turnover rent
Income from turnover rent is recognised based on the audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Rental income from lease of investment property
Rental income arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

Development services
Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Customer loyalty programme

The Group operates a loyalty points programme, 'U by Emaar', which allows customers to accumulate points when they spend in any of the Group's hotel or leisure units. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	2 - 15 years
Sales centers (included in land and buildings)	1 - 5 years
Buildings	10 - 45 years
Computers and office equipment	2 - 5 years
Plant, machinery and heavy equipment	3 - 20 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 10 years
Leisure, entertainment and other assets	2 - 25 years

No depreciation is charged on land and capital work-in-progress. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the interim consolidated income statement as the expense is incurred.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable. Whenever the carrying amount of property, plant and equipment exceeds their recoverable amount, an impairment loss is recognised in the interim consolidated income statement. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property, plant and equipment no longer exist or have reduced.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term up to 35 years. Right-of-use assets are subject to impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties
Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

Buildings	10 - 45 years
Furniture, fixtures and others	4 - 10 years
Plant and equipment	3 - 10 years

No depreciation is charged on land and capital work-in-progress.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Properties are transferred from investment properties to development properties when and only when, there is a change in use, evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the interim consolidated income statement. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length transaction less related costs while value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment losses recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the investment property no longer exist or have reduced.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the interim consolidated income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is charged on a straight-line basis over the estimated useful lives as follows:

Customers relationship	5 years
Software	3 years

Goodwill and Brand is not amortised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the interim consolidated income statement when the asset is derecognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Development properties
Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in the interim consolidated income statement on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The management reviews the carrying values of the development properties on an annual basis.

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the interim consolidated income statement immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated income statement depends on the nature of the hedge relationship. The Group designates derivatives as hedges of interest rate risk and foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting
The Group designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of interest rate risk and foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for and further described in the below sections.

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the interim consolidated income statement as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the interim consolidated income statement as other expense.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Fair value hedges (continued)
For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate (EIR) method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in interim consolidated income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in interim consolidated income statement.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in interim consolidated statement of comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the interim consolidated income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in interim consolidated statement of comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in interim consolidated statement of comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in interim consolidated statement of comprehensive income is reclassified to consolidated income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in interim consolidated statement of comprehensive income must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to consolidated income statement as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedge of net investments in foreign operations
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the interim consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the interim consolidated income statement.

Put option over non-controlling interests
Written put option on the shares of a subsidiary held by non-controlling interests give rise to a financial liability. The liability that may become payable under the arrangement is initially recognised at present value of the redemption amount with a corresponding entry directly in equity. Subsequent changes to the value of the liability are recognised in the interim consolidated income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through other comprehensive income or profit or loss, which are initially measured at fair value. Trade and unbilled receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Classification of financial assets
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32: Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Equity investments
All financial assets that are equity investments are measured at fair value either through other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on adoption of IFRS 9 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity investments is recorded through the consolidated income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments as financial assets measured at fair value through other comprehensive income.

Debt instruments
Debt instruments are also measured at fair value through other comprehensive income (OCI) unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Trade and unbilled receivables
Trade receivables are stated at original invoice amount less expected credit losses. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the interim consolidated income statement.

Services rendered but not billed at the reporting date are accrued as per the terms of the agreements as unbilled receivables.

Wakala investments
The Group holds Shari'a compliant arrangements with local Islamic financial institutions called as "Wakala Investments". Wakala Investments are agency agreements whereby the principal (Muwakkil) provides a certain sum of money (Wakala Capital) to an agent (Wakeel) to invest it in a Sharia'a compliant manner. Wakeel is entitled to a fixed fee (Wakala fee) for the services it provides to Muwakkil and if the Wakeel achieves a return over and above the amount of expected profit Muwakkil may grant such excess to the Wakeel as an incentive. However, the Wakeel is obliged to return the invested amount in case of its default, negligence or violation of any of the terms and conditions of the Wakala. Investment in Wakala Investments are financial assets carried at amortized cost.

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the interim consolidated income statement. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the interim consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the interim consolidated income statement.

Derecognition of financial assets
A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, and
- The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)
For trade and unbilled receivables and other receivables, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the interim consolidated income statement.

The Group consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the interim consolidated statement of income. Interest income on such financial assets was continued to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income was recorded as part of finance income in the interim consolidated statement of income.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses are recognised in the interim consolidated income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the interim consolidated income statement.

Financial liabilities and equity instruments issued by the Group
Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group (continued)

Lease liabilities (continued)
The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate. The average rate applied is 4% to 8%.

Loans and borrowings
Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the interim consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Sukuk
The sukuk are stated at amortised cost using the effective profit rate method. Profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then the difference in the respective carrying amounts is recognised in the interim consolidated income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at fair value on the date of acquisition. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the interim consolidated income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9: *Financial Instruments* in the interim consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of net identifiable tangible and intangible assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the interim consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the interim consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

Fair value measurement

The Group measures financial instruments, such as investment in securities and hedges, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

Business segments

For management purposes, the Group is organised into three major segments, namely, real estate (develop and sell condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential spaces) and hospitality (develop, own and/or manage hotels, serviced apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 Operating Segments. These businesses are property management and utility services and investments in providers of financial services.

Revenue from sources other than property sales, leasing and related activities and hospitality are included in other operating income.

Geographic segments

The Group is currently operating in number of countries outside the UAE and is engaged in development of several projects which have significant impact on the Group results. The domestic segment includes business activities and operations in the UAE and the international segment includes business activities and operations outside the UAE (including export sales).

3 SEGMENT INFORMATION (continued)

Business segments

The following tables include revenue, profit and certain assets and liabilities information regarding business segments for the six-month and three-month periods ended 30 June 2020 and 30 June 2019. Assets and liabilities of the business segments are presented as at 30 June 2020 and 31 December 2019.

	Real estate AED'000	*Leasing, retail and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Six-month period ended 30 June 2020:					
Revenue					
Revenue from external customers					
- Over a period of time	5,984,743	-	-	-	5,984,743
- Single point in time / leasing revenue	699,589	1,970,282	377,631	-	3,047,502
	6,684,332	1,970,282	377,631	-	9,032,245
Results					
Profit before tax before impairment / write down, (a) and (b)	1,332,711	479,637	(52,481)	2,153,888	3,913,755
Impairment / write down	(663,586)	(404,030)	(146,920)	-	(1,214,536)
(a) Unallocated selling, general and administrative expenses					(447,165)
(b) Unallocated finance cost, net					(87,541)
Profit before tax for the period					2,164,513
Other segment information					
Capital expenditure (Property, plant and equipment, right-of-use assets and investment properties)	689,883	1,093,936	206,331	169,460	2,159,610
Depreciation (Property, plant and equipment, right-of-use assets and investment properties)	146,256	354,408	169,775	46,735	717,174

3 SEGMENT INFORMATION (continued)

Business segments (continued)

Three-month period ended 30 June 2020:

	Real estate AED'000	***Leasing, retail and related activities AED'000***	***Hospitality AED'000***	***Others***	***Total AED'000***
Revenue					
Revenue from external customers					
- Over a period of time	**2,298,753**	**-**	**-**	**-**	**2,298,753**
- Single point in time / leasing revenue	**176,818**	**681,858**	**47,658**	**-**	**906,334**
	2,475,571	**681,858**	**47,658**	**-**	**3,205,087**
Results					
Profit before tax before impairment / write down, (a) and (b)	**529,908**	**(76,695)**	**(117,779)**	**2,280,302**	**2,615,736**
Impairment / write down	**(663,586)**	**(404,030)**	**(146,920)**	**-**	**(1,214,536)**
(a) Unallocated selling, general and administrative expenses					**(319,526)**
(b) Unallocated finance cost, net					**(57,305)**
Profit before tax for the period					**1,024,369**

	Real estate AED'000	***Leasing, retail and related activities AED'000***	***Hospitality AED'000***	***Others AED'000***	***Total AED'000***
Assets and liabilities As at 30 June 2020					
Segment assets	**83,779,350**	**27,936,999**	**8,037,526**	**2,798,971**	**122,552,846**
Segment liabilities	**47,058,400**	**7,960,149**	**2,262,538**	**405,925**	**57,687,012**

Six-month period ended 30 June 2019:

Revenue					
Revenue from external customers					
- Over a period of time	7,093,835	-	-	-	7,093,835
- Single point in time / leasing revenue	929,905	2,866,993	677,865	-	4,474,763
	8,023,740	2,866,993	677,865	-	11,568,598

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Real estate AED'000	*Leasing, retail and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Results					
Profit before tax before (a) and (b)	2,763,876	1,516,935	190,702	(13,153)	4,458,360
(a) Unallocated selling, general and administrative expenses					(308,372)
(b) Unallocated finance cost, net					(29,832)
Profit before tax for the period					4,120,156
Other segment information					
Capital expenditure (Property, plant and equipment, right-of-use assets and investment properties)	54,632	1,624,561	714,279	72,650	2,466,122
Depreciation (Property, plant and equipment, right-of-use assets and investment properties)	111,987	337,572	120,098	38,511	608,168

Three-month period ended 30 June 2019:

	Real estate AED'000	*Leasing, retail and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers					
- Over a period of time	3,392,268	-	-	-	3,392,268
- Single point in time / leasing revenue	550,636	1,441,656	290,129	-	2,282,421
	3,942,904	1,441,656	290,129	-	5,674,689
Results					
Profit before tax before (a) and (b)	1,206,561	710,146	(15,578)	23,253	1,924,382
(a) Unallocated selling, general and administrative expenses					(91,274)
(b) Unallocated finance expenses, net					(7,446)
Profit before tax for the period					1,825,662

Assets and liabilities
As at 31 December 2019 (Audited)

	Real estate AED'000	*Leasing, retail and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Segment assets	80,172,629	25,621,111	8,022,288	3,054,376	116,870,404
Segment liabilities	44,686,402	6,411,111	1,985,385	338,083	53,420,981

3 SEGMENT INFORMATION (continued)

Geographic segments

The following tables include revenue and other segment information for the six- month and three-month periods ended 30 June 2020 and 30 June 2019. Certain assets information for geographic segments is presented as at 30 June 2020 and 31 December 2019.

	Domestic AED'000	*International AED'000*	*Total AED'000*
Six-month period ended 30 June 2020:			
Revenue			
Revenue from external customers			
- Over period of time	**4,872,399**	**1,112,344**	**5,984,743**
- Single point in time / leasing revenue	**1,835,369**	**1,212,133**	**3,047,502**
	6,707,768	**2,324,477**	**9,032,245**

	Domestic AED'000	*International AED'000*	*Total AED'000*
Other segment Information			
Capital expenditure (Property, plant and equipment, right-of-use assets and investment properties)	**1,957,203**	**202,407**	**2,159,610**
Three-month period ended 30 June 2020:			
Revenue			
Revenue from external customers			
- Over period of time	**1,784,542**	**514,211**	**2,298,753**
- Single point in time / leasing revenue	**429,469**	**476,865**	**906,334**
	2,214,011	**991,076**	**3,205,087**
Assets			
As at 30 June 2020			
Right-of-use assets	**947,182**	**373,346**	**1,320,528**
Investments in associates and joint ventures	**2,741,255**	**2,392,443**	**5,133,698**
Other segment assets	**85,906,023**	**30,192,597**	**116,098,620**
Total assets	**89,594,460**	**32,958,386**	**122,552,846**
Six-month period ended 30 June 2019:			
Revenue			
Revenue from external customers			
- Over period of time	6,295,990	797,845	7,093,835
- Single point in time / leasing revenue	3,062,986	1,411,777	4,474,763
	9,358,976	2,209,622	11,568,598

3 SEGMENT INFORMATION (continued)

Geographic segments (continued)

	Domestic AED'000	*International AED'000*	*Total AED'000*
Other Segment Information			
Capital expenditure			
(Property, plant and equipment, right-of-use assets and investment properties)	2,309,828	156,294	2,466,122
Three-month period ended 30 June 2019:			
Revenue			
Revenue from external customers			
- Over period of time	2,926,427	465,841	3,392,268
- Single point in time / leasing revenue	1,465,876	816,545	2,282,421
	4,392,303	1,282,386	5,674,689
Assets			
As at 31 December 2019 *(Audited)*			
Right-of-use assets	445,851	377,497	823,348
Investments in associates and joint ventures	2,299,829	2,623,075	4,922,904
Other segment assets	79,106,312	32,017,840	111,124,152
Total assets	81,851,992	35,018,412	116,870,404

4 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

(i) Emaar Giga Holding Limited

On 12 November 2017, the Group signed a separation agreement with Giga Group Holding Ltd ("Giga") in respect of Emaar Giga Holding Ltd ("EGHL"), a subsidiary formed to develop properties in Pakistan. Based on the separation agreement, Giga will exchange its shareholding in EGHL for certain land held by the Group in Karachi, Pakistan. As at 30 June 2020 the conditions precedent for completion of the transfer have not been fully satisfied and the transfer has not been effected. The assets and liabilities that form part of the disposal group have been disclosed under 'assets held for sale' and 'liabilities associated with assets held for sale' in the interim condensed consolidated statement of financial position.

The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Assets		
Development properties	**69,539**	80,487
Liabilities		
Trade and other payables	**87,060**	89,872
Net liabilities directly associated with the EGHL disposal group	**17,521**	9,385

There was no significant income recognised in the interim condensed consolidated income statement or interim condensed consolidated statement of comprehensive income for the period with respect to these assets.

4 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

(ii) Emaar Hospitality Group

On 26 November 2018, Emaar Hospitality Group LLC (EHG), a subsidiary of the Group, had entered into a Sale and Purchase Agreement ("SPA") with Abu Dhabi National Hotels Company PSJC (ADNH) to transfer its ownership interest in five hotels (Hotels) owned by EHG in Dubai. Based on the agreement, ADNH had agreed to purchase the Hotels for a consideration of AED 2,198 million, subject to adjustments relating to working capital and employee entitlements.

On 12 February 2019, all the condition precedents were satisfactorily completed and ownership of the Hotels had been transferred to ADNH. Accordingly, the Group had recorded a gain of AED 101,693 thousands, which was recognised as other income in 2019 interim condensed consolidated income statement. Further, during February 2019, the Group entered into a long-term hotel management agreement with ADNH to manage the Hotels for a period of 15-20 years.

(iii) Non-core assets

On 26 March 2020, the Group entered into a Sale and Purchase Agreement ("SPA") with National Central Cooling Company PJSC (NCCC) to transfer its 80% ownership interest in Downtown DCP LLC. Based on the agreement, NCCC agreed to purchase the entity for a consideration of AED 2,480 million, subject to adjustments relating to working capital. Balance 20% of retained interest was recorded as investment in associates at AED 496 million at its fair value (including intangible assets on acquisition amounting to AED 349 million). Sale of the entity was subject to satisfactory completion of condition precedents as defined in the SPA. On 5 April 2020, all the condition precedents were satisfactorily completed and accordingly, the Group has recognised a gain of AED 2,197 million, as other income in the interim condensed consolidated income statement.

The major classes of assets and liabilities of such disposal group as at the effective date were as follows:

	5 April 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Assets		
Property, plant and equipment	**553,043**	556,775
Other assets, receivables, deposits and prepayments	**216,984**	32,028
	770,027	588,803
Liabilities		
Trade and other payables	**757,090**	599,488
Less: Inter Group payable	**(720,693)**	(529,691)
Total liabilities	**36,397**	69,797
Net assets directly associated with disposal group	**733,630**	519,006

There was no significant income recognised in the interim condensed consolidated income statement or interim condensed consolidated statement of comprehensive income for the period with respect to these assets.

5 REVENUE AND COST OF REVENUE

	Six-month period ended		*Three-month period ended*	
	30 June 2020 AED'000	*30 June 2019 AED'000*	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Revenue:				
Revenue from property sales				
Sale of condominiums	**4,654,487**	4,503,088	**1,747,638**	2,224,829
Sale of villas	**1,404,443**	3,170,915	**492,553**	1,538,950
Sale of commercial units, plots of land and others	**625,402**	349,737	**235,380**	179,125
Revenue from hospitality	**377,631**	677,865	**47,658**	290,129
Revenue from leased properties, retail and related income	**1,970,282**	2,866,993	**681,858**	1,441,656
	9,032,245	11,568,598	**3,205,087**	5,674,689

	Six-month period ended		*Three-month period ended*	
	30 June 2020 AED'000	*30 June 2019 AED'000*	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Cost of revenue:				
Cost of revenue from property sales				
Cost of condominiums	**3,149,086**	2,849,853	**1,122,880**	1,425,960
Cost of villas	**758,635**	1,709,386	**270,439**	862,155
Cost of commercial units, plots of land and others	**353,024**	264,479	**165,015**	108,006
Operating cost of hospitality	**225,885**	368,984	**42,233**	196,549
Operating cost of leased properties, retail and related activities	**783,484**	660,812	**417,675**	369,078
	5,270,114	5,853,514	**2,018,242**	2,961,748

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Six-month period ended		*Three-month period ended*	
	30 June 2020 AED'000	*30 June 2019 AED'000*	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Payroll and related expenses	**396,287**	422,345	**162,320**	188,601
Sales and marketing expenses	**402,182**	504,473	**156,590**	244,380
Depreciation of right of use assets	**104,639**	50,058	**74,406**	25,425
Property management expenses	**137,005**	130,495	**64,276**	65,171
Other expenses	**393,193**	511,362	**239,370**	324,951
	1,433,306	1,618,733	**696,962**	848,528

7(a) FINANCE INCOME

	Six-month period ended		*Three-month period ended*	
	30 June 2020 AED'000	*30 June 2019 AED'000*	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Finance income from bank deposits and securities	**237,666**	329,050	**121,943**	184,013
Other finance income	**28,476**	11,744	**12,674**	3,208
	266,142	340,794	**134,617**	187,221

7(b) FINANCE COST

	Six-month period ended		*Three-month period ended*	
	30 June 2020 AED'000	*30 June 2019 AED'000*	***30 June 2020 AED'000***	*30 June 2019 AED'000*
Finance costs on borrowings	**460,906**	531,894	**236,511**	276,114
Other finance costs	**68,685**	28,125	**35,868**	20,978
	529,591	560,019	**272,379**	297,092

8 BANK BALANCES AND CASH

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Cash in hand	**8,857**	8,991
Current and call bank deposit accounts	**5,140,147**	5,823,461
Fixed deposits maturing within three months	**1,242,585**	754,427
Total	**6,391,589**	6,586,879
Deposits under lien (Note 16 and 21)	**160,833**	143,368
Fixed deposits maturing after three months	**1,089,679**	65,490
	7,642,101	6,795,737
Bank balances and cash located:		
Within UAE	**6,280,538**	5,158,572
Outside UAE	**1,361,563**	1,637,165
	7,642,101	6,795,737
Bank balances and cash are denominated in the following currencies:		
United Arab Emirates Dirham (AED)	**6,280,538**	5,158,572
Egyptian Pound (EGP)	**333,804**	568,503
United States Dollar (USD)	**688,865**	765,123
Indian Rupee (INR)	**158,548**	160,362
Saudi Riyal (SAR)	**114,376**	93,745
Other currencies	**65,970**	49,432
	7,642,101	6,795,737

8 BANK BALANCES AND CASH (continued)

As at 30 June 2020, cash and cash equivalent is AED 5,061,044 thousands (31 December 2019: AED 5,158,444 thousands) which is after net of facilities obtained from various commercial banks in the UAE and are repayable on demand. Also refer note 16.

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Bank balances maintained in the UAE includes an amount of AED 12,040 thousands (31 December 2019: AED 12,845 thousands) committed for investments in a project in Syria.

As at the reporting date, an amount of AED 3,517,672 thousands (31 December 2019: AED 4,509,397 thousands) are with banks for unclaimed dividends and advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

9 TRADE AND UNBILLED RECEIVABLES

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Trade receivables		
Amounts receivables within 12 months, net	**2,329,722**	2,251,220
Unbilled receivables		
Unbilled receivables within 12 months	**6,263,290**	5,253,786
Unbilled receivables after 12 months, net	**2,617,497**	2,960,024
	8,880,787	8,213,810
Total trade and unbilled receivables	**11,210,509**	10,465,030

The above receivables are net of AED 278,180 thousands (31 December 2019: AED 186,100 thousands) relating to provision for doubtful debts. All other receivables are considered recoverable in full.

10 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Recoverable under development agreements	**3,935,268**	3,615,418
Advance against investments (ii)	**3,787,326**	3,595,324
Advances to contractors and others	**3,419,580**	3,440,502
Deferred sales commission (i)	**936,732**	960,340
Value added tax recoverable	**655,231**	745,481
Recoverable from non-controlling interests	**606,405**	620,051
Inventory - Hospitality and Retail	**421,543**	306,140
Receivables from Communities Owner Associations	**375,793**	314,214
Deferred income tax assets	**202,834**	169,079
Prepayments	**263,711**	196,486
Deposits for acquisition of land	**32,628**	54,822
Accrued interest	**30,898**	20,275
Other receivables and deposits	**1,344,317**	1,421,133
	16,012,266	15,459,265

10 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Other assets, receivables, deposits and prepayments maturity profile:		
Within 12 months	**8,700,807**	7,786,878
After 12 months	**7,311,459**	7,672,387
	16,012,266	15,459,265

(i) The deferred sales commission expense incurred to obtain or fulfil a contract with the customers is amortised over the period of satisfying performance obligations where applicable.

(ii) Advance against investments represent funds contributed by the Group for the purposes of obtaining equity interest in certain ventures. These contributions were not formalized or converted into share capital as at the reporting date.

11 DEVELOPMENT PROPERTIES

	30 June 2020 AED'000
Balance at the beginning of the period *(Audited)*	**40,319,940**
Add: Cost incurred during the period	**4,730,883**
Less: Cost transferred to cost of revenue during the period	**(4,260,745)**
Less: Foreign currency translation differences	**(725,158)**
Less: Impairment / write down (refer note 2.2)	**(582,292)**
Balance at the end of the period	**39,482,628**

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Development properties located:		
Within UAE	**22,594,175**	22,364,747
Outside UAE	**16,888,453**	17,955,193
	39,482,628	40,319,940

12 INVESTMENTS IN SECURITIES AND DEPOSITS

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**543,204**	702,313
Financial assets at fair value through profit and loss	**120,851**	138,376
Financial assets at amortised cost (i)	**6,024,058**	2,021,106
	6,688,113	2,861,795

12 INVESTMENTS IN SECURITIES AND DEPOSITS (continued)

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Investments in securities:		
Within UAE	**4,643,004**	562,004
Outside UAE	**2,045,109**	2,299,791
	6,688,113	2,861,795

(i) Financial assets at amortized costs includes Wakala investment deposits of AED 4,223,955 thousands placed in UAE and treasury bills in Egypt which earn interest at the respective deposit and investment rates. Investments are placed with an expected maturity period of 3 to 12 months.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets at fair value by valuation technique:

	Total AED'000	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
30 June 2020	**664,055**	**62,827**	**572,005**	**29,223**
31 December 2019 *(Audited)*	840,689	83,748	727,718	29,223

Valuations for Level 2 investments in securities have been derived by determining their redemption value which is generally net asset value per share of the investee companies. There were no transfers made between Level 1 and Level 2 during the period.

13 LOANS TO ASSOCIATES AND JOINT VENTURES

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Emaar Dubai South DWC LLC*	**936,581**	861,798
Amlak Finance PJSC	**91,677**	91,677
Other associates and joint ventures*	**33,309**	27,244
	1,061,567	980,719

* Loans to associates and joint ventures of AED 969,807 thousands (31 December 2019: AED 889,042 thousands) are unsecured, repayable on demand and does not carry any interest.

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Carrying value of investments in associates and joint ventures:		
Emaar, The Economic City (Saudi Joint Stock Company) - quoted*	**2,036,463**	2,259,939
Emaar Bawadi LLC	**507,460**	507,242
Amlak Finance PJSC - quoted*	**402,828**	497,676
DWTC Emaar LLC	**437,204**	401,490
Turner International Middle East Ltd	**298,963**	311,058
Zabeel Square LLC	**255,662**	255,599
Eko Temali Parklar Turizm Işletmeleri Anonim Şirketi	**246,406**	250,881
Emaar Industries and Investment (Pvt) JSC*	**155,350**	153,453
Dead Sea Company for Tourist and Real Estate Investment*	**73,794**	76,366
Downtown DCP LLC (note 4(iii))*	**501,364**	-
Other associates and joint ventures	**218,204**	209,200
	5,133,698	4,922,904

* Represents Group's investment in associates.

The Group has the following effective ownership interest in its significant associates and joint ventures:

	Country	Ownership 30 June 2020	Ownership 31 December *2019*
Emaar, The Economic City (Saudi Joint Stock Company)	KSA	**30.59%**	30.59%
Amlak Finance PJSC	UAE	**48.08%**	48.08%
Emaar Bawadi LLC	UAE	**50.00%**	50.00%
Turner International Middle East Ltd	UAE	**65.00%**	65.00%
Eko Temali Parklar Turizm Işletmeleri Anonim Şirketi	Turkey	**50.00%**	50.00%
Emaar Industries and Investments (Pvt) JSC	UAE	**40.00%**	40.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	**29.33%**	29.33%
Emaar Dubai South DWC LLC	UAE	**50.00%**	50.00%
DWTC Emaar LLC	UAE	**50.00%**	50.00%
Zabeel Square LLC	UAE	**50.00%**	50.00%
Downtown DCP LLC (note 4(iii))	UAE	**20.00%**	-

15 TRADE AND OTHER PAYABLES

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Project contract cost accruals and provisions	**6,115,413**	5,942,468
Creditors for land purchase	**4,350,404**	4,226,169
Trade payables	**2,155,075**	1,483,917
Lease liabilities (i)	**1,299,034**	747,150
Payable to non-controlling interests	**195,674**	196,483
Dividends payable	**290,349**	290,488
Income tax payable	**114,838**	149,467
Other payables and accruals	**3,902,325**	3,883,054
	18,423,112	16,919,196

15 TRADE AND OTHER PAYABLES (continued)

(i) During the six month period ended 30 June 2020, the Group has recognized lease liabilities of AED 580 million 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. The non-cancellable period of the lease is 10 years and the Group has an option to extend the lease at the end of the term. If the Group exercises the renewal option, then the lease payments in the renewal period will reflect the then market rate. The Group has assessed that it is not reasonably certain to exercise the renewal option and hence the remaining non-cancellable period of the lease is 10 years. Also refer note 20.

16 INTEREST-BEARING LOANS AND BORROWINGS

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Balance at the beginning of the period / year	**14,373,729**	13,641,731
Add: Borrowings drawdown during the period / year	**5,763,681**	12,426,583
Less: Borrowings repaid during the period / year	**(1,627,237)**	(11,694,585)
Balance at the end of the period / year	**18,510,173**	14,373,729
Add: Facilities payable on demand (Note 8)	**1,330,545**	1,428,435
Less: Unamortised portion of directly attributable costs	**(16,923)**	(16,627)
Net interest-bearing loans and borrowings at the end of the period / year	**19,823,795**	15,785,537
Interest-bearing loans and borrowings maturity profile:		
Within 12 months	**4,497,468**	5,039,053
After 12 months	**15,326,327**	10,746,484
Balance at the end of the period / year	**19,823,795**	15,785,537
Interest-bearing loans and borrowings located:		
Within UAE	**13,690,039**	9,626,455
Outside UAE	**6,133,756**	6,159,082
	19,823,795	15,785,537

The Group has the following secured and unsecured interest-bearing loans and borrowings:

Secured

- USD 500,000 thousands (AED 1,836,500 thousands) of Syndicated facility, secured against certain investment properties owned by the Group in Turkey, carries interest at LIBOR plus 1.50% per annum and fully repayable by 2022.

- USD 33,591 thousands (AED 123,380 thousands) loan from commercial bank, secured against certain assets in Lebanon, carries interest at 7.5% per annum and is repayable by 2022.

- USD 8,625 thousands (AED 31,679 thousands) loan from a commercial bank, secured against certain assets in Lebanon, carries interest at 1.08% per annum and is repayable by 2020.

- AED 728,862 thousands represent loan from a commercial bank, secured against certain assets in the United Arab Emirates, carries interest at EIBOR plus 1.50% per annum and is repayable by 2024.

- INR 18,676,159 thousands (AED 907,845 thousands) loans from commercial banks and financial institutions, secured against certain assets in India, bearing interest at rates ranging from 9.45% to 12.85% per annum and repayable by 2025.

16 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured

- The Group had drawdown USD 1,500,000 thousands (AED 5,509,500 thousands) out of USD 1,500,000 thousands (AED 5,509,500 thousands) Revolving Credit Line Facility (the "Facility") availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 1.25% per annum and is repayable by 2023. The facility is presented in the interim condensed consolidated financial statements at AED 5,505,910 thousands net of unamortised directly attributable transaction cost.

- The Group had drawdown USD 535,000 thousands (AED 1,965,055 thousands) out of USD 2,000,000 thousands (AED 7,346,000 thousands) Revolving Credit Line Facility (the "Facility") availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 1.25% per annum and is repayable by 2023. The facility is presented in the interim condensed consolidated financial statements at AED 1,956,428 thousands net of unamortised directly attributable transaction cost.

- The Group had drawdown USD 1,000,000 thousands (AED 3,673,000 thousands) out of USD 1,000,000 thousands (AED 3,673,000 thousands) Revolving Credit Line Facility (the "Facility") availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 1.25% per annum and is repayable by 2022. The facility is presented in the interim condensed consolidated financial statements at AED 3,668,294 thousands net of unamortised directly attributable transaction cost.

- AED 1,330,545 thousands represent facilities obtained from various commercial banks in the United Arab Emirates bearing interest of EIBOR plus 1% per annum and is repayable on demand.

- AED 500,000 thousands represent short term facilities obtained from commercial banks in the United Arab Emirates bearing interest of EIBOR plus 1% per annum and is in 2020.

- PKR 8,366,347 thousands (AED 183,223 thousands) loans from commercial banks, bearing interest at KIBOR plus 0.10% per annum and repayable in 2021.

- PKR 767,032 thousands (AED 16,798 thousands) loans from commercial banks, bearing interest at KIBOR plus 0.10% per annum and repayable in 2021.

- EGP 10,300 thousands (AED 2,342 thousands) of funding facilities from commercial banks in Egypt, bearing interest at rates ranging up to 1.0% plus CBE Corridor Rate and repayable by 2021.

- USD 380,000 thousands (AED 1,395,740 thousands) loan from a commercial bank in Turkey, bearing interest at LIBOR plus 1.25% per annum and repayable by 2022.

- USD 57,000 thousands (AED 209,361 thousands) loans from commercial banks in Lebanon, bearing interest up to 4.58% per annum and repayable by 2021.

- SAR 195,000 thousands (AED 191,100 thousands) loan from a commercial bank bearing interest at SIBOR plus 1% per annum – SIBOR plus 1.75% per annum and are repayable in 2020.

- INR 25,422,463 thousands (AED 1,235,786 thousands) loans from commercial banks in India, bearing interest at 7.70% to 10.15% per annum and repayable by 2026. The banks have a lien of AED 126,609 thousands (31 December 2019: AED 109,360 thousands) (refer note 8) towards various facilities.

17 SUKUK

A. Emaar Sukuk Limited:

Emaar Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly- owned subsidiary of the Group, has established a trust certificate issuance programme (the "Programme") pursuant to which the Issuer may issue from time to time up to USD 2,000,000 thousands (AED 7,346,000 thousands) of trust certificates in series.

Series 3:
On 15 September 2016, the Issuer had issued the third series of the trust certificates (the "Sukuk 3") amounting to USD 750,000 thousands (AED 2,754,750 thousands) under the Programme. The Sukuk 3 is listed on NASDAQ Dubai and is due for repayment in 2026. Sukuk 3 carries a profit distribution at the rate of 3.64% per annum to be paid semi- annually. The carrying value of Sukuk 3 is as follows:

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Sukuk liability as at period / year-end	**2,747,922**	2,747,462

Series 4:
On 17 September 2019, the Issuer had issued the fourth series of the trust certificates (the "Sukuk 4") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk 4 is listed on NASDAQ Dubai and is due for repayment in 2029. Sukuk 4 carries a profit distribution at the rate of 3.875% per annum to be paid semi-annually. The carrying value of Sukuk 4 is as follows:

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Sukuk liability as at period / year-end	**1,825,520**	1,825,029

B. EMG Sukuk Limited:

On 18 June 2014, the EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of Emaar Malls Group PJSC ("EMG") , had issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands). The Sukuk is listed on the NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.6% per annum to be paid semi-annually. The carrying value of Sukuk is as follows:

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Sukuk liability as at period / year-end	**2,744,976**	2,743,873

17 SUKUK (continued)

The total Sukuk liability is as follows:

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Emaar Sukuk Limited:		
- Series 3	**2,747,922**	2,747,462
- Series 4	**1,825,520**	1,825,029
EMG Sukuk Limited:		
- Sukuk	**2,744,976**	2,743,873
Total Sukuk liability as at period / year-end	**7,318,418**	7,316,364

18 SHARE CAPITAL

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Authorised capital 7,159,738,882 shares of AED 1 each (31 December 2019: 7,159,738,882 shares of AED 1 each)	**7,159,739**	7,159,739
Issued and fully paid-up 7,159,738,882 shares of AED 1 each (31 December 2019: 7,159,738,882 shares of AED 1 each)	**7,159,739**	7,159,739

19 RESERVE

	Statutory reserve AED'000	*Capital reserve / Put option over non-controlling interests AED'000*	*General reserves AED'000*	*Share premium AED'000*	*Net unrealised gains/(losses) reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
Balance as at 31 December 2019 *(Audited)*	**15,220,245**	**3,660**	**6,679,130**	**578,234**	**(1,359,497)**	**(3,559,043)**	**17,562,729**
Decrease in unrealised reserve	-	-	-	-	**(157,758)**	-	**(157,758)**
Decrease in foreign currency translation reserve	-	-	-	-	-	**(202,825)**	**(202,825)**
Net income recognised directly in equity	-	-	-	-	**(157,758)**	**(202,825)**	**(360,583)**
Balance as at 30 June 2020	**15,220,245**	**3,660**	**6,679,130**	**578,234**	**(1,517,255)**	**(3,761,868)**	**17,202,146**
Balance as at 31 December 2018 *(Audited)*	15,220,245	(392,976)	6,059,127	578,234	(1,357,842)	(3,523,290)	16,583,498
Realised gain on financial assets at FVOCI (Note 20)	-	-	-	-	393,011	-	393,011
Increase in unrealised reserve	-	-	-	-	31,875	-	31,875
Increase in foreign currency translation reserve	-	-	-	-	-	192,608	192,608
Net income recognised directly in equity	-	-	-	-	424,886	192,608	617,494
Realised gain transferred to retained earnings (Note 20)	-	-	-	-	(393,011)	-	(393,011)
Acquisition of non-controlling interests	-	396,636	-	-	-	-	396,636
Balance as at 30 June 2019	**15,220,245**	**3,660**	**6,059,127**	**578,234**	**(1,325,967)**	**(3,330,682)**	**17,204,617**

20 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related party transactions

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:

	Six-month period ended	
	30 June 2020 AED'000	*30 June 2019 AED'000*
Associates and Joint Ventures:		
Property development expenses	**17,851**	29,985
Capital expenditure	**10,350**	26,333
Selling, general and administrative expenses	**3,718**	12,703
Rental income from leased properties and related income	**2,436**	2,450
Islamic finance income	**1,195**	1,189
Cost of revenue	**262**	668
Other operating income	**2,156**	-

Also refer note 19.

Directors, Key management personnel and their related parties:		
Rental income from leased properties and related income	**46,267**	45,508
Selling, general and administrative expenses	**71,431**	46,936
Other income	**4,700**	-
Islamic finance income	**-**	338
Finance costs	**23,678**	14,719
Cost of revenue	**21,523**	3,793
Other operating income	**26,561**	-
Revenue from hospitality	**16**	64

Related party balances

Significant related party balances (and the interim condensed consolidated statement of financial position captions within which these are included) are as follows:

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Associates and joint ventures:		
Trade and other payables	**83,196**	77,486
Trade and unbilled receivables	**-**	631
Advance from customers	**1,324**	18
Directors, Key management personnel and their related parties:		
Bank balances and cash	**1,381**	2,383
Other assets, receivables, deposits and prepayments	**779,166**	778,750
Advance from customers	**19,415**	27,721
Trade and unbilled receivables	**54,684**	55,498
Trade and other payables	**756,009**	238,262

20 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	30 June 2020 AED'000	*30 June 2019 AED'000*
Short-term benefits	**164,900**	248,785
Employees' end-of-service benefits	**3,907**	8,984
	168,807	257,769

During the period, the number of key management personnel is 189 (30 June 2019: 242).

During the period, the Company has paid a bonus of AED 7,350 thousands to the non-executive members of the Board of Directors for the year 2019 as approved by the shareholders at the Annual General Meeting of the Company held on 21 June 2020 (2019: AED 7,350 thousands).

During the period ended 30 June 2019, the Group has sold financial assets at FVOCI and recorded a gain of AED 393,011 thousands in other comprehensive income (also refer note 19).

21 GUARANTEES AND CONTINGENCIES

a) Guarantees

1. The Group has issued financial guarantees and letters of credit of AED 147,998 thousands (31 December 2019: AED 58,644 thousands).

2. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2019: AED 5,000 thousands) as security for the letter of guarantee issued by a commercial bank for issuance of a trade license from the Government of Dubai.

3. The Group had provided a financial guarantee nil (31 December 2019: AED 3,619 thousands) as security for the performance of its contractual obligations.

4. The Group has provided a performance guarantee of AED 7,504,912 thousands (31 December 2019: AED 6,800,239 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.

5. The Group has provided a corporate guarantee of AED 73,460 thousands (31 December 2019: AED 73,460 thousands) to a commercial bank as security for the guarantees issued by the bank on behalf of the joint venture of the Group.

6. The Group has provided performance guarantees of AED 91,217 thousands (31 December 2019: AED 111,660 thousands) to various government authorities in India for its projects.

7. The Group has provided a letter of credit of USD 6,222 thousands (AED 22,855 thousands) (31 December 2019: AED 22,566 thousands) in Egypt for its project. The bank has a lien of USD 6,222 thousands (AED 22,855 thousands) (31 December 2019: AED 22,566 thousands) (refer note 8) towards this letter of credit.

8. The Group has provided a bank guarantee of EGP 50,000 thousands (AED 11,369 thousands) (31 December 2019: AED 11,442 thousands) to government authority in Egypt for its project. The bank has a lien of EGP 50,000 thousands (AED 11,369 thousands) (31 December 2019: AED 11,442 thousands) (refer note 8) towards this bank guarantee.

21 GUARANTEES AND CONTINGENCIES (continued)

b) Contingencies

1. Telangana State Industrial Infrastructure Corporation (TSIIC), (Erstwhile Andhra Pradesh Industrial Infrastructure Corporation Ltd), a joint venture partner in certain subsidiaries of the Group in India, issued a legal notice to the Emaar MGF Land Limited ("EMGF") to terminate certain development and operational management agreements which were entered into between EMGF, Emaar Hills Township Private Limited ("EHTPL" – a joint venture of the Group with TSIIC) and Boulder Hills Leisure Private Limited ("BHLPL" – a joint venture of the Group with TSIIC). TPIIC has filed another suit against EMGF to restrain EMGF from carrying out any activity related to these developments. In addition, there were a number of litigations which were initiated against the Group by third parties on the grounds of irregularities in acquisition and allocation of land.

   The management based on legal advice, is of the opinion that all the aforesaid suits filed by TPIIC shall be settled amicably by the parties under the Arbitration and Conciliation Act, 1996 of India or as per the Dispute Redressal Mechanism provided under AP Infrastructure Development Enabling Act, 2001 of India. Pending completion of various ongoing legal proceedings related to the above-mentioned projects and based on the legal advice received, the management believes that the allegations/matters raised are contraryto the factual position and hence are not tenable.

2. Emaar MGF Construction Private Limited (EMCPL), a subsidiary of the Group, had developed and constructed the Commonwealth Games Village (CWGV) in India on a PPP model as per Project Development Agreement (PDA) entered with Delhi Development Authority (DDA). After acknowledging the project completion by issuing occupancy certificate, DDA invoked the performance Bank Guarantee (BG) of INR 1,830 million (AED 89 million) on account of Liquidated Damages (LD) and other claims alleging that EMCPL, stating that EMCPL had not been able to achieve the time lines as per the terms of PDA. EMCPL contested the invocation of the BG with the High Court, which disposed of the said appeal byforming an Arbitral Tribunal and referred all disputes to the Arbitral Tribunal. Arbitral Tribunal directed both the parties to file their respective claims. Pursuant to this, EMCPL filed statement of facts along with claims amounting to INR 14,182 million (AED 689 million). DDA filed their reply to EMCPL's statement of facts and claims and also filed their counter claims amounting to INR 14,460 million (AED 703 million) including LD. The above matter is pending before the Arbitral Tribunal.

   The management believes, based on legal opinion, that EMCPL has met the requirements as per PDA and the LD imposed / BG invoked and other claims raised by DDA are not justifiable.

3. Ahluwalia Contracts (India) Limited (the "Contractor") appointed by EMCPL for the construction of the CWGV had filed certain claims which were not accepted by the EMCPL. Consequently, the Contractor invoked the arbitration and filed claims amounting to INR 4,200 million (AED 204 million) relating to the works supposed to have been carried out but not accepted by EMCPL. EMCPL also filed counter claims amounting to INR 11,703 million (AED 569 million) against the Contractor for deficient and defective works, adjustments in billing and payments in line with the contract and also a back to back claim on account of the invocation of the BG as stated above.

   The management believes that the Contractor has defaulted as per the Contract and claims raised by them are not in accordance with the terms of the contract. Accordingly, EMCPL is hopeful of a favorable decision from the arbitration panel.

4. During the normal course of business, various cases were filed by the homebuyers against the Group's subsidiaries in India in NCLT under the provision of Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 ("Code"). Various such cases have already been disposed of by NCLT and remaining cases will be heard in due course. Management of these subsidiaries are taking appropriate steps for resolution and settlement of disputes with its customers. Based on the developments on various cases and legal advice received, management is confident that no material liability will devolve on these subsidiaries in respect of these cases.

22 COMMITMENTS

At 30 June 2020, the Group had commitments of AED 16,617,105 thousands (31 December 2019: AED 18,380,125 thousands) which include project commitments of AED 15,622,371 thousands (31 December 2019: AED 17,499,102 thousands). This represents the value of contracts entered into by the Group including contracts entered for purchase of plots of land at year end net of invoices received and accruals made at that date.

Furthermore, in accordance with the Development Agreement entered by the Group with Mina Rashid, the Group has a commitment to pay 30% of future profits over the project life cycle of Mina Rashid Project.

There were certain claims submitted by contractors and other parties relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

Operating lease commitments - Group as lessor
The Group has entered into leases on its investment property portfolio. The future minimum rentals receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	30 June 2020 AED'000	*31 December 2019 AED'000 (Audited)*
Within one year	**2,150,603**	3,175,469
After one year but not more than five years	**5,927,108**	7,154,617
More than five years	**1,530,526**	1,711,699
	9,608,237	12,041,785

In addition to the above lease commitments, the Group also have rent agreements where in it is entitled to receive rent based on turnover of tenants and services charges.

23 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade receivables, investment in securities, loans and advances, other receivables and due from related parties. Financial liabilities of the Group include customer deposits, interest-bearing loans and borrowings, sukuk, accounts payable, retentions payable and other payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.