

Emaar Malls PJSC and its subsidiaries

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 JUNE 2020

Emaar Malls PJSC and its subsidiaries

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

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

To the Shareholders of Emaar Malls PJSC

Introduction

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

- the interim condensed consolidated statement of comprehensive income for the three month and 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 cash flows for the six month period ended 30 June 2020;
- the interim condensed consolidated statement of changes in equity 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 these interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 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: **12 AUG 2020**

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	<u>Six-month period ended</u>		<u>Three-month period ended</u>	
		<u>30 June 2020</u>	<u>30 June 2019</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
		<u>AED'000</u>	<u>AED'000</u>	<u>AED'000</u>	<u>AED'000</u>
Revenue	4	1,656,821	2,227,348	657,828	1,152,714
Cost of revenue	5	(685,503)	(529,054)	(386,611)	(304,517)
GROSS PROFIT		971,318	1,698,294	271,217	848,197
Sales and marketing expenses		(129,634)	(149,687)	(69,615)	(83,361)
General and administrative expenses		(176,876)	(114,239)	(73,037)	(55,009)
Depreciation and amortisation		(222,598)	(218,921)	(107,520)	(109,784)
OPERATING PROFIT FOR THE PERIOD		442,210	1,215,447	21,045	600,043
Finance income		9,515	2,238	8,464	693
Finance costs	6	(106,500)	(109,486)	(62,695)	(54,482)
Gain on settlement of put option over non-controlling interests	22	-	15,689	-	-
PROFIT/(LOSS) FOR THE PERIOD	7	345,225	1,123,888	(33,186)	546,254
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		345,225	1,123,888	(33,186)	546,254
ATTRIBUTABLE TO:					
Equity holders of the parent		345,225	1,129,758	(33,186)	546,254
Non-controlling interests		-	(5,870)	-	-
		345,225	1,123,888	(33,186)	546,254
Earnings per share (AED):					
Equity holders of the parent basic and diluted	8	0.03	0.09	(0.00)	0.04

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

(US \$1.00 = AED 3.673)

	Notes	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	150,579	154,550
Investment properties	10	22,245,924	22,214,172
Goodwill and intangible assets	11	551,798	557,605
Right-of-use assets	12	540,641	9,012
		<u>23,488,942</u>	<u>22,935,339</u>
Current assets			
Inventories		332,133	229,281
Trade and unbilled receivables	13	712,545	498,515
Advances, prepayments and other receivables		265,664	232,072
Due from related parties	14	155,362	149,355
Investments in fixed deposits	15	940,288	-
Bank balances and cash	16	892,973	195,202
		<u>3,298,965</u>	<u>1,304,425</u>
TOTAL ASSETS		<u>26,787,907</u>	<u>24,239,764</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	13,014,300	13,014,300
Reserves	19	2,202,832	2,202,832
Retained earnings		3,484,456	3,143,781
Equity attributable to the equity holders of the parent		<u>18,701,588</u>	<u>18,360,913</u>
Non-current liabilities			
Employees' end of service benefits		25,833	23,377
Interest bearing loans and borrowings	20	1,956,428	780,014
Sukuk	21	2,744,976	2,743,873
Retentions payable after 12 months		14,484	16,817
Lease liabilities payable after 12 months	12	496,134	4,591
		<u>5,237,855</u>	<u>3,568,672</u>
Current liabilities			
Due to related parties	14	270,950	152,439
Accounts payable and accruals	23	1,237,521	950,057
Advances and security deposits		1,109,155	1,106,834
Retentions payable within 12 months		16,995	14,794
Lease liabilities payable within 12 months	12	49,036	5,638
Deferred income		164,807	80,417
		<u>2,848,464</u>	<u>2,310,179</u>
TOTAL LIABILITIES		<u>8,086,319</u>	<u>5,878,851</u>
TOTAL EQUITY AND LIABILITIES		<u>26,787,907</u>	<u>24,239,764</u>

To the best of our knowledge, the interim condensed consolidated financial statements fairly presents, in all material respects, the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as of, and for, the period ended 30 June 2020. These interim condensed consolidated financial statements were authorised for issue by Board of Directors and signed on their behalf by:

Director

Director

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2020 (Unaudited)

(US \$1.00 = AED 3.673)

		1 January 2020 to 30 June 2020 AED'000	1 January 2019 to 30 June 2019 AED'000
OPERATING ACTIVITIES			
Profit for the period		345,225	1,123,888
Adjustments for:			
Depreciation of property, plant and equipment	9	11,604	12,904
Depreciation of investment properties	10	192,798	196,093
Amortisation of intangible assets with definite useful life	11	5,807	5,774
Depreciation of right-of-use assets	12	12,389	4,150
Provision for doubtful debts	13	61,025	12,175
Provision for employees' end of service benefits		953	5,399
Provision/ (reversal) of employees' equity option plan		4,200	(1,330)
Finance costs	6	106,500	109,486
Gain on settlement of put option over non-controlling interests	22	-	(15,689)
Finance income		(9,515)	(2,238)
		<u>730,986</u>	<u>1,450,612</u>
Working capital changes:			
Inventories		(102,852)	(46,887)
Trade receivables		(275,055)	(116,881)
Due from related parties		(6,007)	17,442
Advances, prepayments and other receivables		(30,187)	12,372
Due to related parties		95,751	56,975
Accounts payable and accruals		267,621	(34,260)
Advances and security deposits		2,321	62,906
Retentions payable		(132)	(1,532)
Deferred income		84,390	(13,926)
		<u>766,836</u>	<u>1,386,821</u>
Net cash flows from operations		766,836	1,386,821
Employees' end of service benefits paid		(2,697)	(860)
		<u>764,139</u>	<u>1,385,961</u>
Net cash flows from operating activities			
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	(7,633)	(9,948)
Amounts incurred on investment properties	10	(205,568)	(161,654)
Interest received		6,110	2,244
Investment in fixed deposits maturing after three months		(940,288)	-
		<u>(1,147,379)</u>	<u>(169,358)</u>
Net cash flows used in investing activities			
FINANCING ACTIVITIES			
Acquisition of non-controlling interests		-	(496,872)
Proceeds from interest bearing loans and borrowings		1,836,500	1,109,246
Repayment of interest bearing loans and borrowings		(661,140)	(484,836)
Finance cost paid		(91,979)	(98,577)
Payment of lease liabilities	12	(95)	(4,828)
Dividends paid	18	-	(1,301,430)
Bonus paid to Board of Directors	14(c)	(2,275)	(4,550)
		<u>1,081,011</u>	<u>(1,281,847)</u>
Net cash flows from/(used in) financing activities			
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		697,771	(65,244)
Cash and cash equivalents at 1 January		195,202	265,564
		<u>892,973</u>	<u>200,320</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	16		
SUPPLEMENTAL NON-CASH INFORMATION			
Investment properties project cost accruals		18,982	7,520

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020 (Unaudited)

	Equity attributable to equity holders of the Parent					
	Share capital AED'000	Reserves AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
1 January 2020 to 30 June 2020						
As at 1 January 2019 (Audited)	13,014,300	2,202,832	3,143,781	18,360,913	-	18,360,913
Profit for the period	-	-	345,225	345,225	-	345,225
Total comprehensive income for the period	-	-	345,225	345,225	-	345,225
Directors' bonus [note 14(c)]	-	-	(4,550)	(4,550)	-	(4,550)
As at 30 June 2020	13,014,300	2,202,832	3,484,456	18,701,588	-	18,701,588
	Equity attributable to equity holders of the Parent					
	Share capital AED'000	Reserves AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
1 January 2019 to 30 June 2019						
As at 1 January 2019 (Audited)	13,014,300	1,277,052	2,969,732	17,261,084	147,040	17,408,124
Profit / (loss) for the period	-	-	1,129,758	1,129,758	(5,870)	1,123,888
Total comprehensive income/ (loss) for the period	-	-	1,129,758	1,129,758	(5,870)	1,123,888
Dividends paid (note 18)	-	-	(1,301,430)	(1,301,430)	-	(1,301,430)
Directors' bonus [note 14(c)]	-	-	(4,550)	(4,550)	-	(4,550)
Acquisition of non-controlling interests (note 1)	-	468,658	(348,460)	120,198	(141,170)	(20,972)
As at 30 June 2019	13,014,300	1,745,710	2,445,050	17,205,060	-	17,205,060

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

1 CORPORATE INFORMATION

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

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

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

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

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

The interim condensed consolidated financial statements were authorised for issue on 12 August 2020.

2.1 BASIS OF PREPARATION

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

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

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

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

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

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

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

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

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

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

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

Subsidiaries

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

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

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

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

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

These entities are 100% beneficially owned by the Company.

Special purpose entities

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

2.2 SIGNIFICANT ACCOUNTING POLICIES

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

Investments in fixed deposits

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. As on 30 June 2020, the management has carried out the impairment assessment and have concluded that no impairment loss has arisen for the period.

2.3 SIGNIFICANT ESTIMATES AND JUDGMENTS

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

2.3 SIGNIFICANT ESTIMATES AND JUDGMENTS (continued)

Valuation of investment properties

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

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

Revenue and trade receivables

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

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

Funding and liquidity

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

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

2.4 NEW STANDARDS AND AMENDMENTS

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

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

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

3 SEGMENT INFORMATION

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

Geographic segment

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

Business segments

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

Super Regional Malls:

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

Regional Malls:

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

Community Retail:

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

Specialty Retail:

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

Online Retail:

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

Others:

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

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

1 January 2020 to 30 June 2020:

	Super Regional Malls AED '000	Regional Malls AED '000	Community Retail AED '000	Specialty Retail AED '000	Online Retail AED '000	Others AED '000	Total AED '000
Revenue:							
Rental income from leased properties	820,446	57,380	78,406	28,360	-	8,599	993,191
Online retail	-	-	-	-	663,630	-	663,630
Total Revenue	820,446	57,380	78,406	28,360	663,630	8,599	1,656,821
Results:							
Profit/(loss) for the period	411,732	25,774	29,046	3,571	(22,840)	(102,058)	345,225
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	186,873	3,334	35,527	5,188	82	1,179	232,183
Depreciation and amortisation: (Property, plant and equipment, investment properties, right-of-use asset and intangible assets)	167,225	16,207	18,189	10,337	9,148	1,492	222,598
Finance costs	13,600	-	-	-	246	92,654	106,500

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls AED'000	Regional Malls AED'000	Community Retail AED'000	Specialty Retail AED'000	Online Retail AED'000	Others AED'000	Total AED'000
<i>1 April 2020 to 30 June 2020:</i>							
Revenue:							
Rental income from leased properties	199,486	14,675	30,594	5,946	-	1,266	251,967
Online retail	-	-	-	-	405,861	-	405,861
Total Revenue	199,486	14,675	30,594	5,946	405,861	1,266	657,828
Results:							
Profit/(loss) for the period	12,665	1,303	10,142	(4,430)	(3,900)	(48,966)	(33,186)
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	108,411	1,480	20,640	3,170	-	437	134,138
Depreciation and amortisation: (Property, plant and equipment, investment Properties, right-of-use assets and intangible assets)	79,666	8,099	9,090	5,168	4,629	868	107,520
Finance costs	13,150	-	-	-	160	49,385	62,695
<i>Assets and liabilities As at 30 June 2020:</i>							
Segment assets	20,534,502	1,327,829	997,136	1,382,061	667,495	1,878,884	26,787,907
Segment liabilities	2,296,620	146,097	226,995	75,369	1,148,133	4,193,105	8,086,319

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls	Regional Malls AED '000	Community Retail AED '000	Specialty Retail AED '000	Online Retail AED '000	Others AED '000	Total AED '000
<i>1 January 2019 to 30 June 2019:</i>							
Revenue:							
Rental income from leased properties	1,528,296	90,807	124,447	60,457	-	1,125	1,805,132
Online retail	-	-	-	-	422,216	-	422,216
Total Revenue	1,528,296	90,807	124,447	60,457	422,216	1,125	2,227,348
Results:							
Profit/(loss) for the period	1,113,370	50,758	68,668	32,686	(27,986)	(113,608)	1,123,888
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	157,365	9,036	4,369	4,123	1,448	2,781	179,122
Depreciation and amortisation: (Property, plant and equipment, investment properties, right-of-use asset and intangible assets)	157,560	15,072	22,775	10,799	11,662	1,053	218,921
Finance costs	-	-	-	-	1,346	108,140	109,486

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls AED '000	Regional Malls AED '000	Community Retail AED '000	Specialty Retail AED '000	Online Retail AED '000	Others AED '000	Total AED '000
<i>1 April 2019 to 30 June 2019:</i>							
Revenue:							
Rental income from leased properties	755,956	45,077	65,030	29,870	-	1,125	897,058
Online retail	-	-	-	-	255,656	-	255,656
Total Revenue	<u>755,956</u>	<u>45,077</u>	<u>65,030</u>	<u>29,870</u>	<u>255,656</u>	<u>1,125</u>	<u>1,152,714</u>
Results:							
Profit/(loss) for the period	<u>545,488</u>	<u>26,135</u>	<u>36,425</u>	<u>15,658</u>	<u>(16,051)</u>	<u>(61,401)</u>	<u>546,254</u>
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	94,553	5,387	2,165	2,706	940	999	106,750
Depreciation and amortisation: (Property, plant and equipment, investment properties, right-of-use asset and intangible assets)	79,043	7,350	11,277	5,406	6,198	510	109,784
Finance costs	-	-	-	-	419	54,063	54,482
Assets and liabilities <i>As at 31 December 2019 (Audited):</i>							
Segment assets	<u>20,026,752</u>	<u>1,278,180</u>	<u>970,836</u>	<u>1,396,084</u>	<u>479,886</u>	<u>88,026</u>	<u>24,239,764</u>
Segment liabilities	<u>1,585,936</u>	<u>90,592</u>	<u>215,240</u>	<u>83,772</u>	<u>934,012</u>	<u>2,969,299</u>	<u>5,878,851</u>

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

4 REVENUE

	<u>Six-month period ended</u>		<u>Three-month period ended</u>	
	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>
Rental income from leased properties				
Base rent	652,059	1,351,179	139,668	668,758
Turnover rent	87,173	49,089	65,396	28,367
Services charges	120,012	184,828	27,172	91,621
Promotion and marketing contribution	23,087	30,636	7,763	15,459
Specialty leasing	51,945	99,914	702	49,293
Multimedia	19,392	31,454	5,442	15,686
Others	39,523	58,032	5,824	27,874
	<u>993,191</u>	<u>1,805,132</u>	<u>251,967</u>	<u>897,058</u>
Online retail	<u>663,630</u>	<u>422,216</u>	<u>405,861</u>	<u>255,656</u>
	<u><u>1,656,821</u></u>	<u><u>2,227,348</u></u>	<u><u>657,828</u></u>	<u><u>1,152,714</u></u>

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

5 COST OF REVENUE

	<u>Six-month period ended</u>		<u>Three-month period ended</u>	
	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>
Operating cost of leasing activities				
Housekeeping and facility management	69,662	96,390	28,510	48,666
Direct staff costs	25,663	36,620	10,106	19,117
Utilities – net	19,952	24,989	12,124	13,640
Security	15,588	18,592	6,909	9,152
Others	29,149	34,581	12,231	17,643
	<u>160,014</u>	<u>211,172</u>	<u>69,880</u>	<u>108,218</u>
Cost of online retail revenue	<u>525,489</u>	<u>317,882</u>	<u>316,731</u>	<u>196,299</u>
	<u><u>685,503</u></u>	<u><u>529,054</u></u>	<u><u>386,611</u></u>	<u><u>304,517</u></u>

6 FINANCE COSTS

	<u>Six-month period ended</u>		<u>Three-month period ended</u>	
	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>
Interest on loans and borrowings	27,938	40,409	17,034	21,555
Interest on sukuk	63,623	63,549	31,812	31,939
Interest expense on lease liabilities	13,778	-	13,241	-
Others	1,161	5,528	608	988
	<u>106,500</u>	<u>109,486</u>	<u>62,695</u>	<u>54,482</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

7 PROFIT/(LOSS) FOR THE PERIOD

The profit/(loss) for the period is stated after charging:

	<u>Six-month period ended</u>		<u>Three-month period ended</u>	
	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>
Indirect staff costs	<u>53,969</u>	<u>52,527</u>	<u>25,771</u>	<u>27,179</u>

8 EARNINGS PER SHARE

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

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

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

	<u>Six-month period ended</u>		<u>Three-month period ended</u>	
	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>	<u>30 June</u> <u>2020</u> <u>AED'000</u>	<u>30 June</u> <u>2019</u> <u>AED'000</u>
Earnings:				
Profit attributable to the shareholders for basis or diluted earnings per share	<u>345,225</u>	<u>1,129,758</u>	<u>(33,186)</u>	<u>546,254</u>
No of shares:				
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>13,014,300</u>	<u>13,014,300</u>	<u>13,014,300</u>	<u>13,014,300</u>
Earnings per share (AED):				
- basic and diluted	<u>0.03</u>	<u>0.09</u>	<u>(0.00)</u>	<u>0.04</u>

9 PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2020, the Group purchased property, plant and equipment of AED 7,633 thousands (period ended 30 June 2019: AED 9,948 thousands) and charged depreciation expense to the interim condensed consolidated income statement of AED 11,604 thousands (period ended 30 June 2019: AED 12,904 thousands).

10 INVESTMENT PROPERTIES

During the period ended 30 June 2020, the Group had additions of AED 224,550 thousands (period ended 30 June 2019: AED 169,174 thousands) and charged depreciation expense to the interim condensed consolidated income statement of AED 192,798 thousands (period ended 30 June 2019: AED 196,093 thousands).

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

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

11 GOODWILL AND INTANGIBLE ASSETS

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Goodwill	365,012	365,012
Other intangible assets	186,786	192,593
	<u>551,798</u>	<u>557,605</u>

During the period ended 30 June 2020, the Group charged amortisation expense to interim condensed consolidated statement of comprehensive income of AED 5,807 thousands (period ended 30 June 2019: AED 5,774 thousands).

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
<i>Right-of-use assets</i>		
As at 1 January	9,012	29,739
Adjustments during the period / year	-	(10,314)
Additions during the period / year	544,018	-
Depreciation expense	(12,389)	(10,413)
Balance as at period / year end	<u>540,641</u>	<u>9,012</u>
<i>Lease liabilities</i>		
As at 1 January	10,229	25,468
Adjustments during the period / year	-	(10,314)
Additions during the period / year	544,018	-
Interest expense	13,778	488
Liability transferred to a related party	(22,760)	-
Payments during the period / year	(95)	(5,413)
Balance as at period / year end	<u>545,170</u>	<u>10,229</u>
<i>Lease liabilities are payable as below:</i>		
Lease liabilities payable after 12 months	496,134	4,591
Lease liabilities payable within 12 months	49,036	5,638
Balance as at period / year end	<u>545,170</u>	<u>10,229</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

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

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

	<i>Six-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 June 2020 AED'000</i>	<i>30 June 2019 AED'000</i>	<i>30 June 2020 AED'000</i>	<i>30 June 2019 AED'000</i>
Depreciation expense of right-of-use assets	12,389	-	2,137	-
Interest expense on lease liabilities	13,778	-	13,241	-
	<u>26,167</u>	<u>-</u>	<u>15,378</u>	<u>-</u>

13 TRADE AND UNBILLED RECEIVABLES

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Trade receivables – net	338,340	372,397
Unbilled receivables	374,205	126,118
	<u>712,545</u>	<u>498,515</u>

Trade receivables include amounts due from related parties amounting to AED 55,531 thousands (31 December 2019: AED 45,364 thousands) [note 14 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 176,868 thousands (31 December 2019: AED 115,843 thousands) representing management's best estimate of doubtful trade receivables.

Movement in the allowance for doubtful debts is as follows:

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Balance at 1 January	115,843	89,581
Net charge for the period / year	61,025	26,298
Write off / adjustments during the period / year -net	-	(36)
	<u>176,868</u>	<u>115,843</u>

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

14 RELATED PARTY DISCLOSURES

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

	<i>1 January 2020 to 30 June 2020 AED'000</i>	<i>1 January 2019 to 30 June 2019 AED'000</i>
<i>Revenue</i>		
Parent Company	18,096	17,455
Affiliated entities	51,517	47,776
Entities owned or controlled by Directors and other related parties	<u>81,940</u>	<u>75,633</u>
<i>Cost of revenue</i>		
Parent Company	14,933	19,880
Affiliated entities	82,454	120,070
Entities owned or controlled by Directors and other related parties	<u>20,343</u>	<u>15,824</u>
<i>Sales and marketing expenses</i>		
Parent Company	1,149	3,139
Affiliated entities	374	380
Entities owned or controlled by Directors and other related parties	<u>15,968</u>	<u>15,535</u>
<i>General and administrative expense</i>		
Parent Company	26,496	31,497
Affiliated entities	998	867
Entities owned or controlled by Directors and other related parties	<u>433</u>	<u>639</u>
<i>Finance income</i>		
Entities owned or controlled by Directors and other related parties	<u>-</u>	<u>338</u>
<i>Finance costs</i>		
Parent Company	13,600	-
Entities owned or controlled by Directors and other related parties	<u>1,815</u>	<u>5,828</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

14 RELATED PARTY DISCLOSURES (continued)

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

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

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

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

14 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

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

	<i>1 January 2020 to 30 June 2020 AED'000</i>	<i>1 January 2019 to 30 June 2019 AED'000</i>
Short term benefits	7,014	14,324
End of service benefits	404	2,263
	<u> </u>	<u> </u>

As at 30 June 2020, the number of key management personnel was 15 (30 June 2019: 18).

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

15 INVESTMENTS IN FIXED DEPOSITS

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Financial assets at amortised cost	940,288	-
	<u> </u>	<u> </u>

Financial assets at amortised cost includes investment deposits placed in UAE which earn interest at the respective deposit rates. Investments are placed with an expected maturity period of 3 to 12 months.

16 BANK BALANCES AND CASH

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Cash in hand	229	270
Bank balances:		
Current and call accounts	158,144	194,932
Deposits maturing within three months	734,600	-
	<u> </u>	<u> </u>
Balance at period / year end	892,973	195,202
	<u> </u>	<u> </u>

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

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

Included in the bank balances and cash is an amount of AED 1,381 thousands (31 December 2019: AED 2,383 thousands) as balance held with related party [note 14(b)].

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

17 SHARE CAPITAL

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

18 DIVIDENDS

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

19 RESERVES

Movement in reserves is as follows:

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

20 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Interest bearing loans and borrowings	1,965,055	789,695
Less: unamortised portion of loan arrangement fee	(8,627)	(9,681)
Net interest bearing loans and borrowings	<u>1,956,428</u>	<u>780,014</u>
Movement for the period/year is as follows:		
Balance as at 1 January	789,695	1,193,725
Less: Repaid during the period/year	(661,140)	(1,513,276)
Add: Borrowed during the period/year	1,836,500	1,109,246
Balance as at 30 June	<u>1,965,055</u>	<u>789,695</u>

The Group has availed Revolving Islamic Finance facility of USD 2 billion (AED 7,346,000 thousands) from the commercial banks in the UAE. The facility is unsecured and carries profit rate at 3 months LIBOR + 1.25% pa. Borrowings obtained during the period include USD 80 million (AED 294,758 thousands) availed from a related party [note 14(b)].

21 SUKUK

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

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Proceeds from the issuance of the Sukuk	2,754,750	2,754,750
Less: Sukuk issuance cost	(21,587)	(21,587)
Sukuk liability on initial recognition	<u>2,733,163</u>	<u>2,733,163</u>
Amortisation of issuance cost	11,813	10,710
Sukuk liability as at period / year-end	<u>2,744,976</u>	<u>2,743,873</u>

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At 30 June 2020 (Unaudited)

22 PUT OPTION OVER NON-CONTROLLING INTERESTS

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

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

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

23 ACCOUNTS PAYABLE AND ACCRUALS

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Trade payables	403,865	193,844
Accrued expenses	813,050	729,245
Interest payable	5,554	6,968
Other payables	15,052	20,000
	<u>1,237,521</u>	<u>950,057</u>

Included in the trade payables is an amount of AED 182 thousands (31 December 2019: AED 135 thousands) due to related parties [note 14(b)].

24 COMMITMENTS AND CONTINGENCIES

Commitments

At 30 June 2020, the Group had commitments of AED 876,244 thousands (31 December 2019: AED 757,497 thousands) which includes project commitments of AED 758,273 thousands (31 December 2019: AED 554,514 thousands). This represents the value of contracts issued as at reporting date net of invoices received and accruals made as at that date.

Operating lease commitments - Group as lessor

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

	<i>30 June 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Within one year	1,998,360	2,586,149
After one year but not more than five years	4,557,742	4,861,278
More than five years	937,340	881,938
	<u>7,493,442</u>	<u>8,329,365</u>

Emaar Malls PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Unaudited)

24 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments - Group as lessor (continued)

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount of service charges for the period ended 30 June 2020 was AED 120,012 thousands (period ended 30 June 2019: AED 184,824 thousands).

Legal claims

As at 30 June 2020, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 14,516 thousands (31 December 2019: AED 17,470 thousands). Based on the advice of legal advisors, outcome of these claims will have no material adverse impact on the interim condensed consolidated financial statements of the Group.

25 EVENTS AFTER THE REPORTING PERIOD

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