

**Emaar Properties PJSC
and its Subsidiaries**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2012

Emaar Properties PJSC and its Subsidiaries

**Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 30 September 2012**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Properties PJSC (the "Company") and its subsidiaries (the "Group") as at 30 September 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income and comprehensive income for the three- month and nine- month periods then ended, the related statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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. Consequently, it 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to notes 13 (iii) and 13 (iv) to the interim condensed consolidated financial statements regarding the Group's investment in Amlak Finance PJSC. Our conclusion is not qualified in respect of this matter.

Other matter

The interim condensed consolidated financial statements for the nine month period ended 30 September 2011 and the consolidated financial statements for the year ended 31 December 2011 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion on the interim condensed consolidated financial statements for the nine month period ended 30 September 2011 on 13 November 2011 and an unmodified opinion on the consolidated financial statements for the year ended 31 December 2011 on 19 March 2012.



Signed by
Joseph A. Murphy
Partner
Registration No. 492

Dubai, United Arab Emirates
8 November 2012

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2012 (Unaudited)

(US \$1.00 = AED 3.673)

		Nine month period ended		Three month period ended	
		30 September 2012 AED'000	30 September 2011 AED'000	30 September 2012 AED'000	30 September 2011 AED'000
Note					
Revenue	4	5,560,312	5,873,004	1,639,458	1,858,737
Cost of revenue	4	(2,530,495)	(2,906,998)	(807,460)	(883,695)
GROSS PROFIT		3,029,817	2,966,006	831,998	975,042
Other operating income		135,791	125,351	54,201	50,614
Other operating expenses		(90,643)	(85,557)	(36,820)	(35,266)
Selling, general and administrative expenses	5	(1,378,495)	(1,317,538)	(508,034)	(460,504)
Finance income	6	262,067	304,374	83,238	77,953
Finance costs		(553,810)	(415,723)	(189,427)	(145,662)
Other income		231,542	74,403	121,207	8,176
Share of results of associates and joint ventures		(42,766)	(260,934)	25,893	(58,406)
Impairment of assets		-	(172,358)	-	-
PROFIT BEFORE TAX		1,593,503	1,218,024	382,256	411,947
Income tax credit/ (expense)		13,455	(35,773)	6,237	(5,390)
NET PROFIT FOR THE PERIOD		1,606,958	1,182,251	388,493	406,557
ATTRIBUTABLE TO:					
Owners of the parent		1,607,340	1,076,871	387,499	406,332
Non-controlling interests		(382)	105,380	994	225
		1,606,958	1,182,251	388,493	406,557
Earnings per share attributable to the owners of the parent:					
- basic and diluted earnings per share (AED)		0.26	0.18	0.06	0.07

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2012 (Unaudited)

(US \$1.00 = AED 3.673)

	Note	Nine month period ended		Three month period ended	
		30 September 2012 AED'000	30 September 2011 AED'000	30 September 2012 AED'000	30 September 2011 AED'000
Net profit for the period		1,606,958	1,182,251	388,493	406,557
Other comprehensive income/(loss):					
(Decrease)/increase in hedging reserve	18	(52,998)	439	(23,467)	867
Increase/ (decrease) in unrealised gains/ (losses) reserve		73,193	(80,795)	49,408	(31,749)
Realised gain/ (loss) on transfer of financial assets at fair value through other comprehensive income		32,110	(27,888)	6,596	-
(Decrease)/ increase in foreign currency translation reserve		(215,004)	(297,666)	217,730	(360,312)
Other comprehensive (loss)/income for the period		(162,699)	(405,910)	250,267	(391,194)
Total comprehensive income for the period		1,444,259	776,341	638,760	15,363
ATTRIBUTABLE TO:					
Owners of the parent		1,459,595	684,584	639,580	22,748
Non-controlling interests		(15,336)	91,757	(820)	(7,385)
		1,444,259	776,341	638,760	15,363

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

(US \$1.00 = AED 3.673)

	Note	30 September 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)
ASSETS			
Bank balances and cash	7	4,087,134	2,865,272
Trade receivables	8	783,390	776,485
Other assets, receivables, deposits and prepayments	9	2,850,988	2,757,996
Development properties	10	27,380,844	26,611,285
Investments in securities	11	519,065	896,895
Loans to associates and joint ventures	12	2,955,017	3,116,627
Investments in associates and joint ventures	13	6,613,380	6,684,476
Property, plant and equipment		8,166,932	8,300,420
Investment properties		7,806,731	7,998,584
Goodwill		46,066	46,066
TOTAL ASSETS		61,209,547	60,054,106
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		8,150,720	8,145,142
Trade and other payables	14	8,166,917	8,313,847
Interest-bearing loans and borrowings	15	6,238,751	7,528,718
Convertible notes - liability component	16	1,782,197	1,771,584
Sukuk	17	3,646,430	1,820,509
Retentions payable		726,016	814,917
Provision for employees' end-of-service benefits		74,474	70,482
TOTAL LIABILITIES		28,785,505	28,465,199
EQUITY			
Equity attributable to owners of the parent			
Share capital		6,091,239	6,091,239
Employees' performance share program		(1,684)	(1,684)
Reserves	18	14,526,880	14,706,735
Convertible notes - equity component	16	37,155	37,155
Retained earnings		11,505,116	10,474,790
Non-controlling interests		32,158,706	31,308,235
		265,336	280,672
TOTAL EQUITY		32,424,042	31,588,907
TOTAL LIABILITIES AND EQUITY		61,209,547	60,054,106

The interim condensed consolidated financial statements were authorised for issue on 8 November 2012 by:

Chairman

Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2012 (Unaudited)

	Attributable to owners of the parent							(US \$1.00 = AED 3.673)
	Share capital AED '000	Employees' share program AED '000	Reserves AED '000	Convertible notes-equity component AED '000	Retained earnings AED '000	Total AED '000	Non controlling interests AED '000	Total equity AED '000
Balance as at 31 December 2011 (Audited)	6,091,239	(1,684)	14,706,735	37,155	10,474,790	31,308,235	280,672	31,588,907
Net profit for the period	-	-	-	-	1,607,340	1,607,340	(382)	1,606,958
Other comprehensive (loss)/ income for the period	-	-	(179,855)	-	32,110	(147,745)	(14,954)	(162,699)
Total comprehensive (loss)/ income for the period	-	-	(179,855)	-	1,639,450	1,459,595	(15,336)	1,444,259
Dividend (Note 19)	-	-	-	-	(609,124)	(609,124)	-	(609,124)
Balance as at 30 September 2012	6,091,239	(1,684)	14,526,880	37,155	11,505,116	32,158,706	265,336	32,424,042

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US \$1.00 = AED 3.673)

*IFRIC 15 Agreements for the Construction of Real Estate was issued in July 2008 and became effective on 1 January 2009. The Group had reviewed the impact of IFRIC 15 on revenue recognition in each of the jurisdictions in which it operates and using the guidelines of the Interpretation, the Group had determined the appropriate accounting policy for revenue recognition for each jurisdiction. Accordingly, in 2009, the Group had restated the Retained Earnings as at 1 January 2009 as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for the effect of adoption of IFRIC 15 on all revenue recognised prior to 1 January 2009. During 2011, the management identified certain errors in the computation of the restated amounts with an impact of AED 138 million on the prior years retained earnings. In order to correct this error, the Group adjusted its opening retained earnings as at 1 January 2011 and corresponding adjustments were made to Development Properties and Advances from Customers, respectively.

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Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2012 (Unaudited)

(US \$1.00 = AED 3.673)

For the Nine month period ended

	30 September 2012 AED'000	30 September 2011 AED'000
Cash flows from operating activities		
Profit before tax for the period	1,593,503	1,218,024
Adjustments for:		
Share of results of associates and joint ventures	42,766	260,934
Depreciation	585,359	563,390
Provision for end-of-service benefits, net	3,992	7,644
Loss/ (gain) on disposal of property, plant and equipment	4,234	(778)
Finance costs	553,810	415,723
Finance income	(262,067)	(304,374)
Impairment of assets	-	172,358
Cash from operations before working capital changes:	2,521,597	2,332,921
Trade receivables, net	(6,905)	123,752
Other assets, receivables, deposits and prepayments	(40,710)	130,874
Development properties, net	(726,752)	434,702
Advances from customers, net	5,578	(1,250,710)
Trade and other payables	(185,036)	(1,113,592)
Retentions payable	(88,901)	(279,420)
Income tax, net	(3,545)	(15,013)
Net cash flows from operating activities	1,475,326	363,514
Cash flows from investing activities		
Purchase of securities	(17,236)	(3,288)
Proceeds from disposal of securities	506,525	24,704
Finance income received	66,546	146,170
Additional investments and loans in associates and joint ventures, net	203,422	(615,659)
Amounts incurred on investment properties	(18,040)	(4,102)
Purchase of property, plant and equipment	(321,872)	(248,580)
Proceeds from disposal of property, plant and equipment	4,387	43,110
Deposits maturing after three months (including deposits under lien)	(635,259)	953,734
Net cash flows (used in)/generated by investing activities	(211,527)	296,089

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Period ended 30 September 2012 (Unaudited)

(US \$1.00 = AED 3.673)

For the Nine month period ended

	30 September 2012 AED'000	30 September 2011 AED'000
Cash flows from financing activities		
Dividend paid	(590,526)	(586,759)
Interest-bearing loans and borrowings	5,748,573	872,553
Repayment of interest-bearing loans and borrowings	(7,038,540)	(2,632,889)
Proceeds from issuance of Sukuk	1,836,500	1,836,500
Finance cost paid	(590,320)	(459,460)
Net cash flows used in financing activities	(970,055)	(634,313)
Increase/(decrease) in cash and cash equivalents	629,486	(310,452)
Net foreign exchange difference	(42,883)	(23,193)
Cash and cash equivalents at the beginning of the period	1,079,559	1,773,492
Cash and cash equivalents at the end of the period (Note 7)	1,666,162	1,439,847

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

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 for 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 and development, shopping malls and retail, hospitality, property management and utility services and investments in providers of financial services.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group is 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 (IFRSs), and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011. 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 financial statements.

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 has been prepared on a historical cost basis except for derivative financial instruments and financial assets at fair value through other comprehensive income that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Results for the nine month period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

Basis of consolidation

Subsidiary Companies

Subsidiary companies are 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.

Share of losses within a subsidiary is attributed to the non-controlling interests 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. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Subsidiary Companies (continued)

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 interests;
- 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 income statement; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the statement of income or retained earnings, as appropriate.

Associates

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies. In the interim condensed consolidated financial statements, investments in associates are accounted for using the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. Investments in associates are carried in the interim consolidated statement of financial position at cost, plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The interim consolidated income statement reflects the Group's share of the results of its associates.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have a significant impact on the amounts recognised in the interim condensed consolidated financial statements.

Revenue recognition for real estate units

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of real estate units as set out in IAS 18 *Revenue*, IFRIC 15 *Agreements for the Construction of Real Estate* and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the real estate units.

Revenue recognition for leases

Lease income from operating leases is recognised in the interim consolidated income statement in accordance with the terms of the lease contracts with the tenants over the lease term as management is of the opinion that this method is more representative of the time pattern in which benefits are derived from the leased asset.

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.

Investment properties

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

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 operated by the Group are to be classified as part of property, plant and equipment rather than investment properties.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS
(continued)

Judgments (continued)

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 and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IAS 18 *Revenue*.

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 the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

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*.

Estimations and assumptions

Impairment of trade 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 according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment and investment properties

The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

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.

Allocation of cost of investment properties

The total costs incurred on the construction of investment properties have been allocated to various components such as structure, plant and machinery and furniture and fixtures based on certain percentages of the total costs as estimated by the cost consultants at the time of completion of the assets.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2011, except for the adoption of new standards and interpretations issued by the International Accounting Standard Board ("IASB") and effective for an annual period beginning on or after 1 January 2012.

New standards, interpretations and amendments thereof, adopted by the Group

IAS 12 - Deferred Tax: Recovery of Underlying Assets (Amendment)

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date of this amendment is for annual periods beginning on or after 1 January 2012.

The Group does not have any investment properties at fair value and assets under IAS 16 valued under the revaluation model. While the amendment is applicable, it has no impact on the financial statement of the Group.

The following amendments to IFRSs did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 7 - Disclosures - Transfers of financial assets (Amendment)

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after 1 July 2011 with early adoption permitted.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Selected accounting policies

The following significant accounting policies are reproduced from the Group's consolidated financial statements as at 31 December 2011:

Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

Sale of property

The Group recognises revenue when it is probable that the economic benefits from the sale will flow to the Group, the revenue and costs can be measured reliably and the risks and rewards of ownership of the property have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of property (continued)

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point of time, revenue and the associated costs are recognised at that point of time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition to be the time at which the buyer is entitled to take possession of the property.

In jurisdictions where the Group transfers to the buyer the control and the significant risks and reward of ownership of the work in progress in its current state as the work progresses, revenues and related costs of development are recognised on a progressive basis using the percentage of completion method.

Lease to buy scheme

Sales under the lease to buy scheme are accounted for as follows:

- Rental income during the period of lease is accounted for on a straight-line basis until such time the lessee exercises its option to purchase;
- When the lessee exercises its option to purchase, a sale is recognised in accordance with the revenue recognition policy for sale of property as stated above; and
- When recognising the sale, revenue is the amount payable by the lessee at the time of exercising the option to acquire the property.

Lease of investment property

Rental income from investment properties is recognised, net of discount, on an annual basis based on a systematic approach as per the contractual revenue to be recognised for year.

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 net carrying amount of the financial asset.

Hospitality revenue

Revenue from hotel accommodation, food and beverages and other related services are recognised, net of discount and municipality fees, at the point at which the services are rendered.

Services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

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 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 consolidated income statement as the expense is incurred.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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 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.

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 and fixtures	4 - 10 years

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 its recoverable amount, an impairment loss is recognised in the consolidated income statement. The recoverable amount is the higher of investment property's net selling price and value in use. The net selling price is the amount obtainable from the sale of an investment property 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 this investment property and from its disposal at the end of its useful life.

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

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties. Unsold properties 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 business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to complete and the estimated costs of sale.

The cost of development properties recognised in the 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 period. The resulting gain or loss is recognised in the 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.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the consolidated income statement immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the consolidated statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the consolidated income statement from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the consolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement, and is included in the 'other gains and losses' line item. Amounts previously recognised in statement of comprehensive income and accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item is recognised in the consolidated income statement, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated income statement.

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. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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

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 early adoption of IFRS 9 - Phase I 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.

Debt instruments

Debt instruments are also measured at fair value through profit or loss 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.

Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

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 consolidated income statement. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the 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 consolidated income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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,
- 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,
- 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 and 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 assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an 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 subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the 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 consolidated income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and the amount of any non-controlling interest in the acquiree. 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 as at the acquisition date. 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 statement of income. 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 IAS 39: Financial Instruments: Recognition and Measurement in the 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 net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the 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.

Fair values

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.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

3 SEGMENT INFORMATION

Management monitors the operating results of its units 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 consolidated financial statements.

Business segments

For management purposes, the Group is organised into three major segments, namely, real estate (develop and sells condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential space) and hospitality (develop, own and/or manage hotels, service 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 real estate, leasing and related activities and hospitality are included in other operating income.

Geographic segments

The Group is currently developing a number of international business opportunities outside the UAE that will have a significant impact in future periods.

The domestic segment includes business activities and operations in the UAE and the international segment includes business activities and operations outside the UAE.

Business segments

The following tables include revenue, profit/ (loss) and other segment information for the nine month and three month periods ended 30 September 2012 and 2011. Assets and liabilities of the business segments are presented as at 30 September 2012 and 31 December 2011.

	<i>Real estate</i> <i>AED'000</i>	<i>Leasing and related activities</i> <i>AED'000</i>	<i>Hospitality</i> <i>AED'000</i>	<i>Others</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<i>Nine month period ended</i>					
<i>30 September 2012:</i>					
Revenue					
Revenue from external customers	2,705,800	1,881,788	972,724	-	5,560,312
Results					
Profit before tax for the period	485,634	944,452	69,707	93,710	1,593,503
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	57,761	165,548	100,999	15,604	339,912
Depreciation (property, plant and equipment and investment properties)	96,658	318,629	151,300	18,772	585,359

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

3. SEGMENT INFORMATION (continued)

	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Three month period ended 30 September 2012:					
Revenue					
Revenue from external customers	798,688	587,788	252,982	-	1,639,458
Results					
Profit/(loss) before tax for the period	112,951	254,171	(32,573)	47,707	382,256
Assets and liabilities As at 30 September 2012					
Segment assets	44,217,014	9,970,221	4,698,697	2,323,615	61,209,547
Segment liabilities	22,853,490	5,198,453	641,002	92,560	28,785,505
	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Nine month period ended 30 September 2011:					
Revenue					
Revenue from external customers	3,446,442	1,582,499	844,063	-	5,873,004
Results					
Profit/ (loss) before tax for the period	595,222	769,438	55,875	(202,511)	1,218,024
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	44,911	82,557	122,066	3,148	252,682
Depreciation (property, plant and equipment and investment properties)	108,414	294,719	137,031	23,226	563,390
Three month period ended 30 September 2011:					
Revenue					
Revenue from external customers	1,108,224	526,016	224,497	-	1,858,737
Results					
Profit/ (loss) before tax for the period	243,690	221,821	(44,801)	(8,763)	411,947
Assets and liabilities As at 31 December 2011					
Segment assets	42,848,971	9,652,621	4,864,222	2,688,292	60,054,106
Segment liabilities	25,645,601	2,249,630	511,973	57,995	28,465,199

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

3. SEGMENT INFORMATION (continued)

Geographic Segments

The following tables include revenue and other segment information for the nine month and three month periods ended 30 September 2012 and 2011. Certain asset information for geographic segments is presented as at 30 September 2012 and 31 December 2011.

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
<i>Nine month period ended 30 September 2012:</i>			
Revenue			
Revenue from external customers	<u>4,836,971</u>	<u>723,341</u>	<u>5,560,312</u>
Other segment information			
Capital expenditure (property, plant and equipment and investment properties)	<u>312,284</u>	<u>27,628</u>	<u>339,912</u>
<i>Three month period ended 30 September 2012:</i>			
Revenue			
Revenue from external customers	<u>1,389,244</u>	<u>250,214</u>	<u>1,639,458</u>
Assets			
<i>As at 30 September 2012</i>			
Segment assets	<u>34,726,080</u>	<u>19,870,087</u>	<u>54,596,167</u>
Investment in associates and joint ventures	<u>1,588,234</u>	<u>5,025,146</u>	<u>6,613,380</u>
Total assets	<u>36,314,314</u>	<u>24,895,233</u>	<u>61,209,547</u>
	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
<i>Nine month period ended 30 September 2011:</i>			
Revenue			
Revenue from external customers	<u>5,012,788</u>	<u>860,216</u>	<u>5,873,004</u>
Other segment information			
Capital expenditure (property, plant and equipment and investment properties)	<u>143,066</u>	<u>109,616</u>	<u>252,682</u>
<i>Three month period ended 30 September 2011:</i>			
Revenue			
Revenue from external customers	<u>1,735,185</u>	<u>123,552</u>	<u>1,858,737</u>
Assets			
<i>As at 31 December 2011</i>			
Segment assets	<u>34,690,788</u>	<u>18,678,842</u>	<u>53,369,630</u>
Investment in associates and joint ventures	<u>1,572,459</u>	<u>5,112,017</u>	<u>6,684,476</u>
Total assets	<u>36,263,247</u>	<u>23,790,859</u>	<u>60,054,106</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2012 (Unaudited)

4 REVENUE AND COST OF REVENUE

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>
Revenue				
Revenue from property sales				
Sale of condominiums	1,542,444	823,876	566,936	183,347
Sale of villas	602,455	523,519	122,751	126,447
Sale of commercial units, plots of land and others	560,901	2,099,047	109,001	798,430
Revenue from hospitality	972,724	844,063	252,982	224,497
Rental income from leased properties and related income	1,881,788	1,582,499	587,788	526,016
	5,560,312	5,873,004	1,639,458	1,858,737
	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>
Cost of revenue				
Cost of revenue of property sales				
Cost of condominiums	936,876	574,335	360,893	128,949
Cost of villas	411,661	403,728	90,281	68,055
Cost of commercial units, plots of land and others	219,969	1,039,811	42,327	371,784
Operating cost of hospitality	588,308	531,572	186,092	180,338
Operating cost of leased properties	373,681	357,552	127,867	134,569
	2,530,495	2,906,998	807,460	883,695

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>
Depreciation of property, plant and equipment	338,438	323,566	111,370	115,881
Depreciation of investment properties	246,921	239,824	80,847	79,532
Payroll and related expenses	260,976	239,975	95,458	81,231
Property management expenses	167,576	176,748	57,749	68,262
Sales and marketing expenses	170,901	124,896	87,509	45,112
Land registration fees	11,927	31,445	3,354	8,045
Other expenses	181,756	181,084	71,747	62,441
	1,378,495	1,317,538	508,034	460,504

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

6 FINANCE INCOME

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>
Finance income on fixed deposits with banks	50,295	97,009	14,502	15,972
Other finance income	211,772	207,365	68,736	61,981
	<u>262,067</u>	<u>304,374</u>	<u>83,238</u>	<u>77,953</u>

7 BANK BALANCES AND CASH

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Cash in hand	5,697	7,907
Current and call deposit accounts	788,771	650,793
Fixed deposits maturing within three months	871,694	420,859
Cash and cash equivalents	<u>1,666,162</u>	<u>1,079,559</u>
Deposits under lien (Note 15)	254,809	400,750
Fixed deposits maturing after three months	2,166,163	1,384,963
	<u>4,087,134</u>	<u>2,865,272</u>
Bank balances and cash located:		
Within UAE	3,532,747	2,412,828
Outside UAE	554,387	452,444
	<u>4,087,134</u>	<u>2,865,272</u>
	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Bank balances and cash are denominated in the following currencies:		
United Arab Emirates Dirhams (AED)	3,532,747	2,412,828
United States Dollars (USD)	337,977	170,397
Moroccan Dirhams (MAD)	33,468	20,855
Syrian Pounds (SYP)	12,460	20,453
Other currencies	170,482	240,739
	<u>4,087,134</u>	<u>2,865,272</u>

Cash at banks earns interest at floating 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 immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits having a maturity after three months earn interest at rates between 1.35% and 2.4% per annum (31 December 2011: between 1.2% and 3.6% per annum).

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2012 (Unaudited)

8. TRADE RECEIVABLES

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
Amounts receivable within 12 months, net	582,619	572,615
Amounts receivable after 12 months, net	200,771	203,870
	<u>783,390</u>	<u>776,485</u>

Trade receivables include AED 150,037 thousands (31 December 2011: AED 138,021 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under agreed credit terms.

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
Advances for acquisition of leasehold interest	1,234,612	1,234,612
Advances to contractors and others	477,393	504,761
Value added tax recoverable	297,543	250,043
Receivables from Communities Owner Associations	241,405	173,294
Prepayments	109,380	165,924
Inventory - Hospitality and Retail business segments	84,868	80,721
Deposits for acquisition of land	65,242	65,164
Deferred income tax assets	43,059	39,981
Recoverable from non-controlling interests	34,536	34,796
Accrued interest and other income receivables	31,559	11,821
Other receivables and deposits	231,391	196,879
	<u>2,850,988</u>	<u>2,757,996</u>

10 DEVELOPMENT PROPERTIES

	30 September 2012 AED'000
Balance at the beginning of the period	26,611,285
Add: cost incurred during the period	2,295,259
Less: cost transferred to cost of revenue during the period	(1,568,506)
Add: cost transferred from property, plant and equipment, net	42,806
Balance at the end of the period	<u>27,380,844</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

10 DEVELOPMENT PROPERTIES (continued)

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
Development properties located:		
Within UAE	14,223,187	14,297,537
Outside UAE	13,157,657	12,313,748
	27,380,844	26,611,285

11 INVESTMENTS IN SECURITIES

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
Financial assets at fair value through other comprehensive income	516,489	449,950
Financial assets at amortised cost	2,576	446,945
	519,065	896,895
Securities located:		
Within UAE	474,360	866,328
Outside UAE	44,705	30,567
	519,065	896,895

12 LOANS TO ASSOCIATES AND JOINT VENTURES

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
Amlak Finance PJSC (i)	242,083	594,957
Emaar MGF Land Limited and its related parties (ii)	2,543,702	2,360,706
Golden Ace Pte Ltd (iii)	160,665	152,637
Other associates and joint ventures	8,567	8,327
	2,955,017	3,116,627

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12 LOANS TO ASSOCIATES AND JOINT VENTURES (continued)

- (i) The amount due from Amlak Finance PJSC ("Amlak") is unsecured and earns an average of 1.45% per annum (31 December 2011: average return ranging from 3.13% to 4% per annum).

The above loan includes AED Nil (31 December 2011: AED 356,009 thousands) relating to a credit facility extended to Amlak in the normal course of business for settlement of installment payments relating to the sale of properties, where customers have availed a financing facility from Amlak. During the period ended 30 September 2012, this amount has been settled by Amlak.

The Group's management believes that the remaining loan due from Amlak is fully recoverable (also refer Note 13 (iii) and 13 (iv)).

- (ii) The amounts due from Emaar MGF Land Limited ("EMGF") and their related parties earn a compound return ranging from 7% to 15% per annum other than on Compulsory Convertible Debentures (refer Note 13 (ii)) (31 December 2011: compound return ranging from 7% to 15% per annum).
- (iii) The amount owed by Golden Ace Pte Ltd is unsecured and earns a return ranging from 4.21% to 9.73% per annum (31 December 2011: 4.21% to 9.53% per annum).

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Carrying value of investment in:		
Associates:		
Emaar MGF Land Limited (i) & (ii)	2,578,092	2,694,810
Emaar The Economic City (Saudi Joint Stock Company) - quoted	2,197,271	2,167,581
Amlak Finance PJSC - quoted [(iii) & (iv)]	749,821	723,875
Emaar Industries and Investment (Pvt) JSC	164,580	174,238
Dead Sea Company for Tourist and Real Estate Investment	136,495	137,101
Emrill Services LLC	24,640	19,751
Other associates	113,289	112,525
	<u>5,964,188</u>	<u>6,029,881</u>
Joint Ventures:		
Emaar Bawadi LLC	427,690	403,804
Turner International Middle East Ltd	221,502	250,791
	<u>649,192</u>	<u>654,595</u>
	<u>6,613,380</u>	<u>6,684,476</u>

- (i) On 5 April 2006, the Group entered into an option agreement (the "agreement") with various parties (the "investors"). The agreement provided the right to the investors to require the Group to buy back the shares purchased by the investors in EMGF, in the event of an Initial Public Offering ("IPO") of EMGF not occurring within 39 months from the date of purchase of shares of EMGF, which was subsequently extended to 31 March 2010 and 30 June 2011 under the agreements dated 29 March 2009 and 29 March 2010 respectively.

Since the IPO had not occurred at 30 June 2011, the Group paid an amount of USD 70,580 thousands (AED 259,240 thousands) to buy back all the shares purchased by the investors in accordance with the agreements. Subsequently, the other promoter group transferred additional shares out of its shareholding in EMGF to the Group equivalent to 50% of the above amount paid by the Group based on the estimated share value of EMGF for IPO purpose.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2012 (Unaudited)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

- (ii) During the period, the Group has invested an amount of USD 49,975 thousands (AED 183,560 thousands) into 5% Compulsory Convertible Debentures ("CCD") issued by EMGF. These CCDs can be converted into equity shares of EMGF after the expiry of six months from the date of allotment of the CCDs at the discretion of the Group. It is mandatory to convert these CCDs into equity shares on the date of issue of any draft red herring prospectus by EMGF, or on expiry of 10 years from the date of allotment if the above option of early conversion is not exercised.
- (iii) The Governmental Committee for Amlak's affairs continues to explore the various options relating to financial restructuring of Amlak. This entails a full review and assessment of Amlak's business operations and liquidity position and providing guidance to the Amlak's management and regulators where necessary with a view to making recommendations to the UAE Government on Amlak's long term stability, liquidity, assets and liabilities management requirements. Trading in Amlak's shares on the Dubai Financial Market has been suspended until the Governmental Committee finalises its recommendations. The Group's management is not in a position to assess its investment for any impairment pending consideration of the recommendations from the Governmental Committee.
- (iv) The auditors have issued a qualified opinion on the consolidated financial statements of Amlak as of 31 December 2011 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,297 million and AED 792 million, respectively. Management of Amlak believes that property prices have generally declined since these assets were acquired but are unable to quantify the amount of decline in view of the limited number of transactions currently taking place in the market and accordingly continued to carry such assets at their acquisition cost.

14. TRADE AND OTHER PAYABLES

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Project contract cost accruals and provisions	4,608,399	4,637,630
Other payables and accruals	1,806,888	1,736,547
Payable to non-controlling interests	967,788	967,562
Trade payables	640,652	836,165
Dividends payable	115,469	96,871
Deferred income tax payable	27,721	35,527
Income tax payable	-	3,545
	8,166,917	8,313,847

15. INTEREST-BEARING LOANS AND BORROWINGS

	<i>30 September 2012 AED'000</i>
Balance at the beginning of the period	7,528,718
Borrowings drawn down during the period	5,748,573
Borrowings repaid during the period	(7,038,540)
Balance at the end of the period	6,238,751

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2012 (Unaudited)

15. INTEREST-BEARING LOANS AND BORROWINGS (continued)

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
The interest-bearing loans and borrowings are repayable as follows:		
Maturing within 12 months	1,729,808	5,234,446
Maturing after 12 months	4,508,943	2,294,272
Balance at the end of the period/year	<u>6,238,751</u>	<u>7,528,718</u>
Interest-bearing loans and borrowings located:		
Within UAE	4,148,334	3,842,178
Outside UAE	2,090,417	3,686,540
	<u>6,238,751</u>	<u>7,528,718</u>

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

Secured

- Indian Rupees (INR) 650,000 thousands (AED 45,269 thousands) loan from financial institutions, secured by way of first charge on certain property, plant and equipment and receivables in India, carries interest at benchmark rate plus 3.33% per annum. This loan is payable in quarterly installments and is fully repayable by 2016.
- Canadian Dollar (CAD) 10,211 thousands (AED 38,229 thousands) loan from a financial institution, secured against certain development properties owned by the Group in Canada, carries interest at prime rate plus 3.25% to 3.75% per annum and is repayable by 2015.
- USD 25,000 thousands (AED 91,825 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey, carries interest at USD LIBOR plus 3.75% per annum and is repayable in 2014.
- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank in Turkey, carries interest at 6.25% per annum and is repayable in 2012. The bank has a lien on certain cash collaterals amounting to AED 183,650 thousands (Note 7).
- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey and a bank guarantee, carries interest at 7.60% per annum and is repayable in 2014.
- USD 96,403 thousands (AED 354,088 thousands) loan from a commercial bank, secured against certain property, plant and equipment owned by the Group in UAE, carries interest at USD LIBOR plus 1.85% per annum and is repayable by 2021.
- USD 52,885 thousands (AED 194,247 thousands) loan from a commercial bank, secured against certain property, plant and equipment owned by the Group in UAE, carries interest at USD LIBOR plus 1.55% per annum and is repayable by 2021.
- USD 1,042 thousands (AED 3,827 thousands) of funding facility from financial institutions, secured against real estate owned by the Group in United States of America (USA), carries interest at USD LIBOR plus 4.50% per annum.
- AED 3,600,000 thousands of Syndicated facility, secured against certain investment properties owned by the Group in UAE, at EIBOR plus 3.50% per annum and fully repayable by 2019. The bank has a lien on certain cash collaterals amounting to AED 60,209 thousands (Note 7). One of the subsidiaries of the Group has given an irrevocable undertaking to deposit the proceeds of its revenue into the specific account maintained with a financing bank.

15. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- Pakistani Rupee (PKR) 775,000 thousands (AED 30,042 thousands) loan from a commercial bank, secured against receivables from projects in Pakistan, carries interest at KIBOR plus 2% per annum and is fully repayable by 2013. The bank has a lien on certain cash collaterals amounting to AED 10,950 thousands (Note 7).

- USD 35,890 thousands (AED 131,824 thousands) long term loan from a commercial bank, secured against certain assets in Lebanon and carries interest at 7.5% per annum.

Unsecured

- PKR 1,017,939 thousands (AED 39,460 thousands) loan from commercial banks, bearing interest at KIBOR plus 1.90% per annum and is repayable in 2013.

- PKR 1,038,500 thousands (AED 40,257 thousands) loan from a commercial bank, bearing interest at KIBOR plus 2% per annum and is repayable in 2013.

- PKR 768,993 thousands (AED 29,809 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1.90% per annum and is repayable by 2013.

- PKR 2,429,573 thousands (AED 94,180 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1.65% per annum and is fully repayable by 2013.

- Egyptian Pound (EGP) 1,000,192 thousands (AED 602,948 thousands) of funding facilities from commercial banks, carries interest at rates of 11.50% to 13% per annum.

- USD 146,670 thousands (AED 538,717 thousands) of funding facility from commercial banks in Egypt carries interest at 3% to 6% per annum and is repayable in 2013.

- USD 10,000 thousands (AED 36,730 thousands) of funding facility from commercial banks in Turkey carries interest at 6% per annum and is repayable by 2014.

16 CONVERTIBLE NOTES

The Company has issued guaranteed convertible notes (the "Notes") in 2010 for USD 500,000 thousands (AED 1,836,500 thousands) through its wholly-owned subsidiary Pyrus Limited (Pyrus), a British Virgin Island incorporated company. The Notes were approved by the Company's shareholders at an Extraordinary General Meeting held on 8 November 2010. The Notes mature on 20 December 2015 and have a fixed interest rate of 7.5% per annum to be paid quarterly. The Notes were admitted on the official list of the Luxembourg Stock Exchange (LSE) and admitted to trade on the Euro MTF market of the LSE on 20 December 2010.

The Notes issued are unconditionally and irrevocably guaranteed by the Company (the "Guarantor"). Each Note entitles the holder an option to convert such Note into new and/or existing shares between the period from 30 January 2011 till 25 November 2015 (final maturity date for conversion) as fully paid at an adjusted conversion price of AED 4.46 per share of the Company. Unless previously purchased and cancelled, redeemed or converted, the Notes will be redeemed at their principal amount on the final maturity date.

The Notes are hybrid financial instruments and the option to convert them is an embedded derivative. The carrying value of the Notes on initial recognition is based on the net proceeds of issuance of the Notes reduced by the fair value of the embedded derivatives and is subsequently carried at amortised cost.

The embedded derivatives are separated from the carrying value of the Notes as their risks and characteristics are not closely related to those of the Notes and the Notes are not carried at fair value. The embedded derivatives and the Notes are presented under a separate line item in the interim consolidated statement of financial position.

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16 CONVERTIBLE NOTES (continued)

The Notes are presented in the interim consolidated statement of financial position as follows:

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Liability component as at period/ year-end	<u>1,782,197</u>	<u>1,771,584</u>
Equity component as at period/ year-end	<u>37,155</u>	<u>37,155</u>

17 SUKUK

Emaar Sukuk Limited (the "Issuer"), a limited liability company registered in 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 1:

On 3 February 2011, the Issuer has issued first series of trust certificates (the "Sukuk 1") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk is listed on the London Stock Exchange and is due for repayment in 2016. Sukuk 1 carries a profit distribution at the rate of 8.5% per annum to be paid semi-annually. The carrying value of Sukuk 1 is as follows:

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Sukuk liability as at period/ year-end	<u>1,822,711</u>	<u>1,820,509</u>

Series 2:

On 18 July 2012, the Issuer has issued the second series of the trust certificates (the "Sukuk 2") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk 2 is listed on NASDAQ Dubai and is due for repayment in 2019. Sukuk 2 carries a profit distribution at the rate of 6.4% per annum to be paid semi-annually. The carrying value of Sukuk 2 is as follows:

	<i>30 September 2012 AED'000</i>
Proceeds from issuance of the Sukuk	1,836,500
Less: Sukuk issuance cost	(13,095)
Sukuk liability on initial recognition	<u>1,823,405</u>
Profit accrued up to period end	314
Sukuk liability as at period end	<u>1,823,719</u>
The total liability under the Programme is as follows:	
Sukuk 1	1,822,711
Sukuk 2	<u>1,823,719</u>
Sukuk liability as at period end	<u>3,646,430</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2012 (Unaudited)

18 RESERVES

	Statutory reserve AED'000	Capital reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Net unrealised gains/ (losses) reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000
Balance as at 31 December 2011 (Audited)	13,808,707	3,660	2,914,554	(9,453)	(1,423,294)	(587,439)	14,706,735
(Decrease)/ increase in unrealised reserve	-	-	-	(52,998)	73,024	-	20,026
Decrease in foreign currency translation reserve	-	-	-	-	-	(199,881)	(199,881)
Net (expense)/ income recognised directly in equity	-	-	-	(52,998)	73,024	(199,881)	(179,855)
Balance as at 30 September 2012	13,808,707	3,660	2,914,554	(62,451)	(1,350,270)	(787,320)	14,526,880
Balance as at 31 December 2010 (Audited)	13,808,707	3,660	2,735,200	(8,955)	(1,604,815)	(9,526)	14,924,271
Decrease in unrealised reserve	-	-	-	439	(80,749)	-	(80,310)
Increase in foreign currency translation reserve	-	-	-	-	-	(284,089)	(284,089)
Net (expense)/ income recognised directly in equity	-	-	-	439	(80,749)	(284,089)	(364,399)
Balance as at 30 September 2011	13,808,707	3,660	2,735,200	(8,516)	(1,685,564)	(293,615)	14,559,872

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19 DIVIDENDS

A cash dividend of AED 0.10 per share for the year 2011 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 23 April 2012.

20 RELATED PARTY DISCLOSURES

For the purpose of this 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 or common significant influence. Related parties may be individuals or other entities.

Related party transactions

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

	<i>Nine month period ended</i>	
	<i>30 September 2012 AED'000</i>	<i>30 September 2011 AED'000</i>
Associates and joint ventures:		
Islamic finance income	9,883	18,029
Finance income	169,849	149,078
Directors' and their related parties:		
Rental income from leased properties and related income	51,586	49,531
Finance income	633	21,486
Islamic finance income	1,472	1,431
Finance costs	34,386	16,460

Related party balances

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

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Associates and joint ventures:		
Loans to associates and joint ventures (Note 12)	2,955,017	3,116,627
Directors and their related parties:		
Bank balances and cash	59,992	215,361
Trade receivables	533	18,547
Other assets, receivables, deposits and prepayments	22,349	9,051
Investments in securities - at fair value through other comprehensive income	71,841	44,603
Investments in securities - at amortised cost	-	446,945
Trade and other payables	15,249	-
Interest-bearing loans and borrowings	848,952	234,329

During the period, a payment of a bonus amounting to AED 500 thousands to each of the members of the Board of Directors of the Company was approved by the shareholders at the Annual General Meeting of the Company held on 23 April 2012.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2012 (Unaudited)

21 GUARANTEES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 30 September 2012:

1. Loans taken by an associate from commercial banks amounting to AED 183,441 thousands (31 December 2011: AED 194,480 thousands) are guaranteed by the Group.
2. Loans taken by an associate from commercial banks amounting to AED 94,866 thousands (31 December 2011: AED 95,498 thousands) are guaranteed by the Group.
3. The Group has issued a financial guarantee of AED 13,291 thousands (31 December 2011: AED 9,117 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
4. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2011: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of a trade license from Government of Dubai.
5. The Group has provided a financial guarantee of AED 3,287 thousands (31 December 2011: AED 3,287 thousands) as a security for the performance of its contractual obligations.
6. The Group has provided a financial guarantee of AED 922 thousands (31 December 2011: AED 922 thousands) as a security for the performance of its contractual obligations.
7. The Group has provided a financial guarantee of AED 254,010 thousands (31 December 2011: Nil) to Real Estate Regulatory Authority (RERA), Dubai as a security for the performance of its contractual obligations.
8. The Group has provided a corporate guarantee of AED 73,460 thousands (31 December 2011: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associate of the Group.
9. The Group has provided a financial guarantee of AED 36,730 thousands (31 December 2011: Nil) as a security for a loan to be availed by a subsidiary.

Commitments

As at 30 September 2012, the Group had commitments of AED 5,522,585 thousands (31 December 2011: AED 6,158,649 thousands) which include project and land related commitments of AED 5,151,373 thousands (31 December 2011: AED 5,825,958 thousands). This represents the value of contracts issued at the reporting date net of invoices received and accruals made at that date.

Certain claims were submitted by the contractors relating to different projects of the Group in the ordinary course of business from which it is anticipated that no material un-provided liabilities will arise.

The Group had entered into a joint venture agreement (the "agreement") with Bawadi LLC, (a subsidiary of Tatweer LLC) to jointly develop land in Bawadi development in Dubai. According to the terms of the agreement, the Group is committed to contribute AED 3,850,000 thousands over the expected construction period of 7 to 10 years.

Operating lease commitments - Group as lessee

The Group has entered into various operating lease agreements for properties, office facilities and equipment. These leases have an average life of between 1 to 10 years. There are no restrictions placed upon by the Group on entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows:

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
Within one year	547,273	547,281
After one year but not more than five years	448,339	446,822
More than five years	90,466	108,559
	<u>1,086,078</u>	<u>1,102,662</u>

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21 GUARANTEES AND COMMITMENTS (continued)

Operating lease commitments - Group as lessor

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

	30 September 2012 AED'000	31 December 2011 AED'000 (Audited)
Within one year	1,338,952	1,108,567
After one year but not more than five years	2,322,118	2,219,513
More than five years	1,039,930	1,061,132
	<u>4,701,000</u>	<u>4,389,212</u>