إعمار مولز ش.م.ع
ص. ب. 191741، دبي
الإمارات العربية المتحدة
رأس المال المدفوع :13,014,300,000 درهم
سجل تجاري: 1145125

ت + 971 4 3675588
ف + 971 4 3675501

Emaar Malls PJSC
P.O. Box 191741, Dubai
United Arab Emirates
Paid up capital: AED 13,014,300,000
Commercial Registration: 1145125

T + 971 4 3675588
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emaar.com

14 November 2016

14 نوفمبر 2016

**Mr. Hasan Abdul Rahman Al Serkal**
**Executive Vice President &**
**Chief Operations Officer**
**Dubai Financial Market**
**Dubai – United Arab Emirates**

**الاستاذ/ حسن عبد الرحمن السركال الموقر**
**نائب رئيس تنفيذي – رئيس تنفيذي العمليات**
**رئيس قطاع العمليات**
**سوق دبي المالي**
**دبي- الإمارات العربية المتحدة**

**Submitted Through Efsah System**

**مقدم من خلال نظام إفصاح الإلكتروني**

**Subject: Unaudited interim condensed consolidated financial statements for the period ended 30 September 2016**

**الموضوع: البيانات المالية الموحدة الموجزة المرحلية غير المدققة عن المدة المنتهية في 30 سبتمبر 2016**

Dear Mr. Al Serkal,

تحية طيبة وبعد،

Please find attached the unaudited interim condensed consolidated financial statements of Emaar Malls PJSC for the period ended 30 September 2016 in English & Arabic.

تجدون ربطاً البيانات المالية الموحدة الموجزة المرحلية غير المدققة لإعمار مولز ش.م.ع عن المدة المنتهية في 30 سبتمبر2016 باللغتين العربية والانكليزية.

Yours sincerely,

وتفضلوا بقبول فائق الشكر والاحترام،،،

**Ahmad Thani Al Matrooshi**
**Vice- Chairman**

**احمد ثاني المطروشي**
**نائب رئيس مجلس الإدارة**

إعمار مولز ش.م.ع.
Emaar Malls PJSC
P.O. Box 191741, Dubai, UAE
14

CC: Securities and Commodities Authority

نسخة إلى هيئة الأوراق المالية والسلع

# Emaar Malls PJSC and its subsidiaries

## (Formerly known as Emaar Malls Group PJSC)

## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**30 September 2016**

Ernst & Young
P.O. Box 9267
28th Floor, Al Saqr Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates

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# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR MALLS PJSC AND ITS SUBSIDIARIES (Formerly known as Emaar Malls Group PJSC)

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emaar Malls PJSC (the "Company") and its subsidiaries (formerly known as Emaar Malls Group PJSC), (the "Group") as of 30 September 2016 and the related interim condensed consolidated statements of income and other comprehensive income for the three months and nine months period then ended, cash flows and changes in equity for the nine-months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with *International Accounting Standard 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 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

Signed by:
Anthony O'Sullivan
Partner
Registration Number 687

8 November 2016

Dubai, United Arab Emirates

Emaar Malls PJSC and its subsidiaries
(Formerly known as Emaar Malls Group PJSC)

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2016 (unaudited)

| | Notes | *(US $1.00 = AED 3.673)* | | | |
|---|---|---|---|---|---|
| | | ***1 January 2016 to 30 September 2016 AED'000*** | *1 January 2015 to 30 September 2015 AED'000* | ***1 July 2016 to 30 September 2016 AED'000*** | *1 July 2015 to 30 September 2015 AED'000* |
| **REVENUE** | | | | | |
| Rental income | 4 | **2,392,360** | 2,171,501 | **773,975** | 719,661 |
| **Total revenue** | | **2,392,360** | 2,171,501 | **773,975** | 719,661 |
| **EXPENSES** | | | | | |
| Operating expenses | 5 | **(342,839)** | (341,099) | **(122,570)** | (122,937) |
| Sales and marketing expenses | | **(37,687)** | (32,879) | **(12,736)** | (14,998) |
| Depreciation of property, plant and equipment | 10 | **(34,889)** | (53,075) | **(9,982)** | (17,306) |
| Depreciation of investment properties | 11 | **(237,850)** | (200,483) | **(79,718)** | (69,763) |
| General and administrative expenses | | **(165,315)** | (131,652) | **(61,974)** | (58,616) |
| Write-off | 6 | **(3,873)** | (9,782) | - | - |
| **Total expenses** | | **(822,453)** | (768,970) | **(286,980)** | (283,620) |
| **OPERATING PROFIT FOR THE PERIOD** | | **1,569,907** | 1,402,531 | **486,995** | 436,041 |
| Finance income | | **58,441** | 19,098 | **18,170** | 8,448 |
| Finance costs | 7 | **(205,914)** | (200,204) | **(69,366)** | (68,129) |
| **PROFIT FOR THE PERIOD** | 8 | **1,422,434** | 1,221,425 | **435,799** | 376,360 |
| **ATTRIBUTABLE TO:** Equity holders of the Company | | **1,422,434** | 1,221,425 | **435,799** | 376,360 |
| Earnings per share (AED): - basic and diluted | 9 | **0.11** | 0.09 | **0.03** | 0.03 |

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

Emaar Malls PJSC and its subsidiaries
(Formerly known as Emaar Malls Group PJSC)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended 30 September 2016 (unaudited)

| | *(US $1.00 = AED 3.673)* | | | |
|---|---|---|---|---|
| | ***1 January 2016 to 30 September 2016 AED'000*** | *1 January 2015 to 30 September 2015 AED'000* | ***1 July 2016 to 30 September 2016 AED'000*** | *1 July 2015 to 30 September 2015 AED'000* |
| **Profit for the period** | **1,422,434** | 1,221,425 | **435,799** | 376,360 |
| ***Other comprehensive income to be reclassified to the consolidated income statement in subsequent period:*** | | | | |
| Other comprehensive income: | | | | |
| Net movement on cash flow hedges | **(29,631)** | (49,616) | **21,897** | (35,906) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **1,392,803** | 1,171,809 | **457,696** | 340,454 |
| **ATTRIBUTABLE TO:** | | | | |
| Equity holders of the Company | **1,392,803** | 1,171,809 | **457,696** | 340,454 |

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

Emaar Malls PJSC and its subsidiaries
(Formerly known as Emaar Malls Group PJSC)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

| | Notes | *30 September 2016 (Unaudited) AED'000* | *31 December 2015 (Audited) AED'000* |
|---|---|---|---|
| | | *(US $1.00 = AED 3.673)* | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **206,922** | 242,169 |
| Investment properties | | **21,061,310** | 20,807,452 |
| | | **21,268,232** | 21,049,621 |
| **Current assets** | | | |
| Inventories | | **11,691** | 13,765 |
| Trade and unbilled receivables | 12 | **118,535** | 133,336 |
| Advances, prepayments and other receivables | | **173,871** | 80,119 |
| Due from related parties | 13 | **55,763** | 114,250 |
| Bank balances and cash | 14 | **3,176,454** | 3,169,826 |
| | | **3,536,314** | 3,511,296 |
| **TOTAL ASSETS** | | **24,804,546** | 24,560,917 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 15 | **13,014,300** | 13,014,300 |
| Reserves | 17 | **461,788** | 491,419 |
| Retained earnings | | **2,053,399** | 1,937,945 |
| **TOTAL EQUITY** | | **15,529,487** | 15,443,664 |
| **Non-current liabilities** | | | |
| Employees' end of service benefits | | **14,555** | 16,753 |
| Interest bearing loans and borrowings | 18 | **4,556,706** | 4,551,135 |
| Sukuk | 19 | **2,737,259** | 2,735,867 |
| Retentions payable after 12 months | | **42,356** | 23,541 |
| | | **7,350,876** | 7,327,296 |
| **Current liabilities** | | | |
| Due to related parties | 13 | **91,773** | 96,039 |
| Accounts payable and accruals | 20 | **634,389** | 477,324 |
| Advances and security deposits | | **811,445** | 789,357 |
| Retentions payable within 12 months | | **11,985** | 13,655 |
| Deferred income | | **374,591** | 413,582 |
| | | **1,924,183** | 1,789,957 |
| **TOTAL LIABILITIES** | | **9,275,059** | 9,117,253 |
| **TOTAL EQUITY AND LIABILITIES** | | **24,804,546** | 24,560,917 |

These interim condensed consolidated financial statements were authorised for issue on 8 November 2016 by the Board of Directors and signed on their behalf by:

Chairman

Director

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

Emaar Malls PJSC and its subsidiaries
(Formerly known as Emaar Malls Group PJSC)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2016 (unaudited)

| | Notes | *(US $1.00 = AED 3.673)* | |
|---|---|---|---|
| | | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* |
| **OPERATING ACTIVITIES** | | | |
| Profit for the period | | **1,422,434** | 1,221,425 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 10 | **34,889** | 53,075 |
| Depreciation of investment properties | 11 | **237,850** | 200,483 |
| Provision for doubtful debts | | **3,525** | 974 |
| Provision for employees' end of service benefits | | **2,257** | 2,998 |
| Finance costs | | **205,914** | 200,204 |
| Loss on disposal of property, plant and equipment | | **276** | 24 |
| Finance income | | **(58,441)** | (19,098) |
| Write-off | | **3,873** | 9,782 |
| | | **1,852,577** | 1,669,867 |
| Working capital changes: | | | |
| Inventories | | **2,074** | 24 |
| Trade and unbilled receivables | | **11,276** | (19,573) |
| Due from related parties | | **58,487** | 48,435 |
| Advances, prepayments and other receivables | | **(89,529)** | (5,971) |
| Due to related parties | | **(5,585)** | (72,800) |
| Accounts payable and accruals | | **95,666** | (44,548) |
| Advances and security deposits | | **22,088** | 214,796 |
| Retentions payable | | **17,145** | 11,070 |
| Deferred income | | **(38,991)** | (41,559) |
| Net cash flows from operations | | **1,925,208** | 1,759,741 |
| Employees' end of service benefits paid | | **(3,136)** | (814) |
| Net cash flows from operating activities | | **1,922,072** | 1,758,927 |
| **INVESTING ACTIVITIES** | | | |
| Purchases of property, plant and equipment | 10 | **(10,717)** | (30,699) |
| Amounts incurred on investment properties | 11 | **(484,863)** | (302,955) |
| Interest received | | **54,218** | 9,760 |
| Proceeds from disposal of property, plant and equipment | | **81** | - |
| Deposits under lien or maturing after three months | | **7,889** | (1,292,872) |
| Net cash flows used in investing activities | | **(433,392)** | (1,616,766) |
| **FINANCING ACTIVITIES** | | | |
| Dividends paid | | **(1,301,430)** | - |
| Finance cost paid | | **(167,183)** | (162,379) |
| Bonus paid to Board of Directors | | **(5,550)** | - |
| Net cash flows used in financing activities | | **(1,474,163)** | (162,379) |
| **INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **14,517** | (20,218) |
| Cash and cash equivalents at 1 January | | **26,777** | 48,262 |
| **CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER** | 14 | **41,294** | 28,044 |

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

Emaar Malls PJSC and its subsidiaries
(Formerly known as Emaar Malls Group PJSC)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2016 (unaudited)

| | *Share capital AED'000* | *Reserves AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|
| ***1 January 2016 to 30 September 2016:*** | | | | |
| As at 1 January 2016 | 13,014,300 | 491,419 | 1,937,945 | 15,443,664 |
| Profit for the period | - | - | 1,422,434 | 1,422,434 |
| Other comprehensive loss for the period | - | (29,631) | - | (29,631) |
| Total comprehensive income/ (loss) for the period | - | (29,631) | 1,422,434 | 1,392,803 |
| Dividends paid (note 16) | - | - | (1,301,430) | (1,301,430) |
| Directors' bonus [note 13(c)] | - | - | (5,550) | (5,550) |
| **As at 30 September 2016** | **13,014,300** | **461,788** | **2,053,399** | **15,529,487** |

| | *Share capital AED'000* | *Reserves AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|
| *1 January 2015 to 30 September 2015:* | | | | |
| As at 1 January 2015 | 13,014,300 | 132,250 | 654,127 | 13,800,677 |
| Profit for the period | - | - | 1,221,425 | 1,221,425 |
| Other comprehensive loss for the period | - | (49,616) | - | (49,616) |
| Total comprehensive income/ (loss) for the period | - | (49,616) | 1,221,425 | 1,171,809 |
| As at 30 September 2015 | 13,014,300 | 82,634 | 1,875,552 | 14,972,486 |

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

## 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. In 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.

During the Annual General Meeting of the Company held on 19 April 2016, the shareholders have approved to amend the name of the Company from "Emaar Malls Group" to "Emaar Malls".

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation**
The interim condensed consolidated financial statements of the Group for the period ended 30 September 2016 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 with the Group's annual consolidated financial statements as at 31 December 2015.

Results for the nine-months period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

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.

**Basis of consolidation**
The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 September 2016. 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 statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Basis of consolidation (continued)**

*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.

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 parent'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.

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

| *Name of the subsidiary* | *Country of incorporation* | *Principal activity* | *Beneficial Ownership* | |
|---|---|---|---|---|
| | | | *2016* | *2015* |
| 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% |

*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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the nine-months period ended 30 September 2016 are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations issued by the International Accounting Standard Board ("IASB") and effective for annual periods beginning on or after 1 January 2016, which do not impact the interim condensed consolidated financial statements of the Group for the nine-months period ended 30 September 2016.

**New standards, interpretations and amendments adopted by the Group**
The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective except for IFRS 15 "Revenue from Contacts with Customers" as disclosed in the annual consolidated financial statements for the year ended 31 December 2015.

## 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.

**Business segments**
For management purposes, the Group is organised into five 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 Integrated 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.

*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.

## 3 SEGMENT INFORMATION (continued)

**Business segments (continued)**
The following tables include revenue, results and other segment information from 1 January 2016 to 30 September 2016 and 1 January 2015 to 30 September 2015. Assets and liabilities information regarding business segments are presented as at 30 September 2016 and 31 December 2015.

| | *Super Regional Malls AED'000* | *Regional Malls AED'000* | *Community Integrated Retail AED'000* | *Specialty Retail AED'000* | *Others AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|
| ***1 January 2016 to 30 September 2016:*** | | | | | | |
| **Revenue** | | | | | | |
| Rental income | **1,954,498** | **135,249** | **188,912** | **113,701** | **-** | **2,392,360** |
| **Results** | | | | | | |
| Profit for the period | **1,428,487** | **80,398** | **109,472** | **72,249** | **(268,172)** | **1,422,434** |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | **449,863** | **6,999** | **26,405** | **10,245** | **2,068** | **495,580** |
| Depreciation (Property, plant and equipment and investment properties) | **197,961** | **27,301** | **27,902** | **17,421** | **2,154** | **272,739** |
| Finance costs | **-** | **-** | **-** | **-** | **205,914** | **205,914** |
| ***1 July 2016 to 30 September 2016:*** | | | | | | |
| **Revenue** | | | | | | |
| Rental income | **636,376** | **40,321** | **59,424** | **37,854** | **-** | **773,975** |
| **Results** | | | | | | |
| Profit for the period | **455,604** | **21,894** | **32,394** | **23,235** | **(97,328)** | **435,799** |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | **190,348** | **1,838** | **2,252** | **4,976** | **-** | **199,414** |
| Depreciation (Property, plant and equipment and investment properties) | **64,680** | **8,852** | **8,693** | **6,602** | **873** | **89,700** |
| Finance costs | **-** | **-** | **-** | **-** | **69,366** | **69,366** |
| **Assets and liabilities as at 30 September 2016:** | | | | | | |
| Segment assets | **18,604,578** | **1,262,370** | **877,232** | **1,304,392** | **2,755,974** | **24,804,546** |
| Segment liabilities | **1,368,130** | **93,580** | **169,094** | **90,285** | **7,553,970** | **9,275,059** |

## 3 SEGMENT INFORMATION (continued)

**Business segments (continued)**

| | *Super Regional Malls AED'000* | *Regional Malls AED'000* | *Community Integrated Retail AED'000* | *Specialty Retail AED'000* | *Others AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|
| *1 January 2015 to 30 September 2015:* | | | | | | |
| **Revenue** | | | | | | |
| Rental income | 1,771,997 | 120,943 | 163,674 | 114,887 | - | 2,171,501 |
| **Results** | | | | | | |
| Profit for the period | 1,240,750 | 60,660 | 102,095 | 67,644 | (249,724) | 1,221,425 |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | 227,508 | 8,898 | 90,251 | 5,056 | 1,941 | 333,654 |
| Depreciation (Property, plant and equipment and investment properties) | 190,929 | 23,615 | 20,349 | 17,918 | 747 | 253,558 |
| Finance costs | - | - | - | - | 200,204 | 200,204 |
| *1 July 2015 to 30 September 2015:* | | | | | | |
| **Revenue** | | | | | | |
| Rental income | 587,332 | 39,824 | 53,991 | 38,514 | - | 719,661 |
| **Results** | | | | | | |
| Profit for the period | 401,948 | 19,534 | 35,312 | 23,124 | (103,558) | 376,360 |
| **Other segment information** | | | | | | |
| Capital expenditure (Property, plant and equipment and investment properties) | 91,801 | 1,425 | 37,102 | 1,242 | 1,254 | 132,824 |
| Depreciation (Property, plant and equipment and investment properties) | 64,929 | 8,034 | 7,690 | 6,000 | 416 | 87,069 |
| Finance costs | - | - | - | - | 68,129 | 68,129 |
| **Assets and liabilities as at 31 December 2015:** | | | | | | |
| Segment assets | 18,341,712 | 1,268,000 | 788,209 | 1,279,064 | 2,883,932 | 24,560,917 |
| Segment liabilities | 1,311,045 | 109,004 | 190,150 | 92,368 | 7,414,686 | 9,117,253 |

## 4 RENTAL INCOME

| | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 July 2016 to 30 September 2016 AED'000* | *1 July 2015 to 30 September 2015 AED'000* |
|---|---|---|---|---|
| Base rent | **1,619,841** | 1,464,824 | **550,528** | 497,465 |
| Turnover rent | **141,829** | 144,341 | **23,264** | 25,464 |
| Services charges | **267,047** | 240,643 | **89,415** | 89,083 |
| Promotion and marketing contribution | **35,919** | 32,142 | **12,153** | 11,119 |
| Specialty leasing | **148,041** | 149,299 | **42,397** | 47,831 |
| Multimedia | **64,825** | 63,597 | **20,129** | 20,499 |
| Others | **114,858** | 76,655 | **36,089** | 28,200 |
| | **2,392,360** | 2,171,501 | **773,975** | 719,661 |

## 5 OPERATING EXPENSES

| | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 July 2016 to 30 September 2016 AED'000* | *1 July 2015 to 30 September 2015 AED'000* |
|---|---|---|---|---|
| Housekeeping and facility management | **139,850** | 137,288 | **44,892** | 43,197 |
| Direct staff costs | **71,647** | 74,975 | **23,685** | 22,040 |
| Utilities – net | **60,843** | 66,105 | **28,710** | 34,557 |
| Security | **23,428** | 20,891 | **7,695** | 7,698 |
| Others | **47,071** | 41,840 | **17,588** | 15,445 |
| | **342,839** | 341,099 | **122,570** | 122,937 |

## 6 WRITE-OFF

During the period ended 30 September 2016, the Group has partly or completely demolished certain Community Integrated Retail assets with a carrying value of AED 3,873 thousands (period ended 30 September 2015: AED 9,782 thousands) due to a planned redevelopment. Accordingly, the net book value of these asset were written-off from investment properties and property, plant and equipment.

## 7 FINANCE COSTS

| | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 July 2016 to 30 September 2016 AED'000* | *1 July 2015 to 30 September 2015 AED'000* |
|---|---|---|---|---|
| Interest on loans and borrowings | **199,574** | 193,863 | **67,195** | 65,285 |
| Others | **6,340** | 6,341 | **2,171** | 2,844 |
| | **205,914** | 200,204 | **69,366** | 68,129 |

## 8 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

| | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 July 2016 to 30 September 2016 AED'000* | *1 July 2015 to 30 September 2015 AED'000* |
|---|---|---|---|---|
| Indirect staff costs | **23,751** | 27,040 | **7,609** | 9,582 |

## 9 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the period 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:

| | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* | *1 July 2016 to 30 September 2016 AED'000* | *1 July 2015 to 30 September 2015 AED'000* |
|---|---|---|---|---|
| **Earnings:** | | | | |
| Profit attributable to the equity holders of the Company | **1,422,434** | 1,221,425 | **435,799** | 376,360 |
| ***No of shares:*** | | | | |
| Weighted average number of ordinary shares for basic and diluted earnings per share | **13,014,300,000** | 13,014,300,000 | **13,014,300,000** | 13,014,300,000 |
| **Earnings per share (AED):** | | | | |
| - basic and diluted | **0.11** | 0.09 | **0.03** | 0.03 |

## 10 PROPERTY, PLANT AND EQUIPMENT

**Additions and depreciation**
During the period ended 30 September 2016, the Group purchased property, plant and equipment of AED 10,717 thousands (period ended 30 September 2015: AED 30,699 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 34,889 thousands (period ended 30 September 2015: AED 53,075 thousands).

## 11 INVESTMENT PROPERTIES

**Additions and depreciation**
During the period ended 30 September 2016, the Group had additions of AED 484,863 thousands (period ended 30 September 2015: AED 302,955 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 237,850 thousands (period ended 30 September 2015: AED 200,483 thousands).

## 12 TRADE AND UNBILLED RECEIVABLES

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Trade receivables – net | **62,049** | 46,979 |
| Unbilled receivables | **56,486** | 86,357 |
| | **118,535** | 133,336 |

Trade receivables include amounts due from related parties amounting to AED 6,781 thousands (31 December 2015: AED 6,755 thousands) [note 13 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 58,066 thousands (31 December 2015: AED 55,257 thousands) representing management's best estimate of doubtful trade receivables which are past due and impaired.

Movement in the allowance for doubtful debts is as follows:

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Balance at 1 January | **55,257** | 56,730 |
| Net charge for the period/ year | **3,525** | 691 |
| Written off during the period/ year | **(716)** | (2,164) |
| Balance at period/ year-end | **58,066** | 55,257 |

## 13 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 (equivalent to terms which prevail in arm's length transactions) on terms agreed between the parties:

| | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* |
|---|---|---|
| *Rental income* | | |
| Parent Company | **11,305** | 10,088 |
| Affiliated entities | **50,397** | 47,648 |
| Entities owned or controlled by Directors and other related parties | **93,938** | 87,807 |
| | **155,640** | 145,543 |
| *Operating expenses – net* | | |
| Parent Company | **32,032** | 32,368 |
| Affiliated entities | **65,052** | 78,081 |
| Entities owned or controlled by Directors and other related parties | **(3,979)** | (751) |
| *Sales and marketing expenses* | | |
| Parent Company | **2,080** | 1,593 |
| Affiliated entities | **452** | 593 |
| Entities owned or controlled by Directors and other related parties | **449** | 1,357 |
| *General and administrative expenses* | | |
| Parent Company | **53,026** | 60,411 |
| Affiliated entities | **3,041** | 1,164 |
| *Finance income* | | |
| Entities owned or controlled by Directors and other related parties | **17,202** | 2,589 |
| *Finance costs* | | |
| Entities owned or controlled by Directors and other related parties | **7,405** | 5,958 |
| *Capital expenditures* | | |
| Parent Company | **38,954** | 85,888 |
| Affiliated entities | **17,765** | 8,205 |

## 13 RELATED PARTY DISCLOSURES (continued)

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

| *30 September 2016* | *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* | *Trade payables AED '000* |
|---|---|---|---|---|---|---|---|
| *Non-current* | | | | | | | |
| Entities owned or controlled by Directors and other related parties | - | - | - | 214,258 | - | - | - |
| | - | - | - | 214,258 | - | - | - |
| *Current* | | | | | | | |
| Parent Company | - | - | - | - | 77,276 | 1,231 | - |
| Affiliated entities | - | 55,763 | - | - | 14,497 | 17,723 | - |
| Entities owned or controlled by Directors and other related parties | 1,286,004 | - | 6,781 | - | - | 20,463 | 423 |
| | 1,286,004 | 55,763 | 6,781 | | 91,773 | 39,417 | 423 |

Outstanding balances are secured and interest-bearing. For the periods ended 30 September 2016 and year ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

**13 RELATED PARTY DISCLOSURES (continued)**

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

| *31 December 2015* | *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* | *Trade payables AED '000* |
|---|---|---|---|---|---|---|---|
| *Non-current* | | | | | | | |
| Entities owned or controlled by Directors and other related parties | - | - | - | 214,258 | - | - | - |
| | - | - | - | 214,258 | - | - | - |
| *Current* | | | | | | | |
| Parent Company | - | - | - | - | 86,397 | 23 | - |
| Affiliated entities | - | 114,250 | - | - | 9,642 | 9,617 | - |
| Entities owned or controlled by Directors and other related parties | 819,567 | - | 6,755 | - | - | 23,095 | 212 |
| | 819,567 | 114,250 | 6,755 | - | 96,039 | 32,735 | 212 |

## 13 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:

| | *1 January 2016 to 30 September 2016 AED'000* | *1 January 2015 to 30 September 2015 AED'000* |
|---|---|---|
| Short term benefits | **16,010** | 23,269 |
| End of service benefits | **807** | 1,368 |

As at 30 September 2016, the number of key management personnel was 14 (30 September 2015: 25).

During the period, the Company has paid bonus to the members of the Board of Directors amounting to AED 650 thousands for each board member (including the Vice Chairman) and a bonus amounting to AED 1 million to the Chairman of the Board for the year 2015 as approved by the shareholders at the Annual General Meeting of the Company held on 19 April 2016.

## 14 BANK BALANCES AND CASH

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Cash in hand | **191** | 189 |
| Bank balances: | | |
| Current and call accounts | **41,103** | 26,588 |
| Cash and cash equivalents | **41,294** | 26,777 |
| Deposits under lien (note 18) | **28,123** | 27,208 |
| Deposits maturing after three months | **3,107,037** | 3,115,841 |
| Balance at period/ year-end | **3,176,454** | 3,169,826 |

Included in the bank balances and cash is an amount of AED 1,286,004 thousands (31 December 2015: AED 819,567 thousands) as balance held with related party [note 13(b)].

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Fixed deposits maturing after three months earn interest at rates between 2.1% and 2.7% per annum (31 December 2015: 1.4% and 3.05% per annum).

## 15 SHARE CAPITAL

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Authorised capital – 13,014,300,000 shares of AED 1 each (2015: 13,014,300,000 shares of AED 1 each) | **13,014,300** | 13,014,300 |
| Issued and fully paid – 13,014,300,000 shares of AED 1 each (2015: 13,014,300,000 shares of AED 1 each) | **13,014,300** | 13,014,300 |

## 16 DIVIDENDS

A cash dividend of AED 0.10 per share for the year 2015 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 19 April 2016 and was paid during the period ended 30 September 2016.

## 17 RESERVES

Movement in reserves is as follows:

| | *Statutory reserve AED'000* | *Legal reserve AED'000* | *Hedging reserve AED'000* | *Total AED'000* |
|---|---|---|---|---|
| ***1 January 2016 to 30 September 2016:*** | | | | |
| As at 1 January 2016 | 300,839 | 206,853 | (16,273) | 491,419 |
| Other comprehensive income for the period | - | - | (29,631) | (29,631) |
| Total comprehensive income for the period | - | - | (29,631) | (29,631) |
| **As at 30 September 2016** | **300,839** | **206,853** | **(45,904)** | **461,788** |

| | *Statutory reserve AED'000* | *Legal reserve AED'000* | *Hedging reserve AED'000* | *Total AED'000* |
|---|---|---|---|---|
| *1 January 2015 to 30 September 2015:* | | | | |
| As at 1 January 2015 | 135,209 | - | (2,959) | 132,250 |
| Other comprehensive income for the period | - | - | (49,616) | (49,616) |
| Total comprehensive income for the period | - | - | (49,616) | (49,616) |
| As at 30 September 2015 | 135,209 | - | (52,575) | 82,634 |

As required by the UAE Federal Commercial Companies Law No. (2) of 2015 and the Article number 56 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.

## 18 INTEREST BEARING LOANS AND BORROWINGS

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Interest bearing loans and borrowings | **4,591,250** | 4,591,250 |
| Less: unamortised portion of loan arrangement fee | **(34,544)** | (40,115) |
| Net interest bearing loans and borrowings | **4,556,706** | 4,551,135 |

Net interest bearing loans and borrowings are repayable as follows:

| | | |
|---|---|---|
| Within one year (shown under current liabilities) | - | - |
| After one year (shown under non-current liabilities) | **4,556,706** | 4,551,135 |
| | **4,556,706** | 4,551,135 |

The Group has a Syndicated Murhabha Islamic finance facility for USD 1.25 billion (AED 4,591,250 thousands) availed from the commercial banks of UAE. The facility is unsecured and carries interest rate at 3 months LIBOR + 1.75% pa and this facility will be repaid in a single instalment in 2021. The bank has a lien on certain cash collateral amounting to AED 28,123 thousands (31 December 2015: AED 27,208 thousands) against interest payable (note 14).

As at 30 September 2016, part of interest bearing loans and borrowings amounting to USD 58,333 thousands (AED 214,258 thousands) (31 December 2015: AED 214,258 thousands) is borrowed from a related party [note13 (b)].

## 19 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:

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| 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 | **2,733,163** | 2,733,163 |
| Profit accrued up to period/ year-end | **4,096** | 2,704 |
| Sukuk liability as at period/ year-end | **2,737,259** | 2,735,867 |

## 20 ACCOUNTS PAYABLE AND ACCRUALS

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Trade payables | **63,853** | 41,476 |
| Accrued expenses | **480,079** | 404,606 |
| Interest payable | **39,256** | 7,488 |
| Other payables | **51,201** | 23,754 |
| | **634,389** | 477,324 |

Included in the trade payables is an amount of AED 423 thousands (31 December 2015: AED 212 thousands) due to related parties [note 13(b)].

## 21 COMMITMENTS AND CONTINGENCIES

**Commitments**
At 30 September 2016, the Group had commitments of AED 1,204,131 thousands (31 December 2015: AED 1,342,534 thousands) which includes project commitments of AED 1,041,775 thousands (31 December 2015: 1,200,821 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:

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Within one year | **2,276,665** | 1,983,193 |
| After one year but not more than five years | **3,607,353** | 3,049,572 |
| More than five years | **514,323** | 247,889 |
| | **6,398,341** | 5,280,654 |

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount of service charges for the period ended 30 September 2016 was AED 267,047 thousands (period ended 30 September 2015: AED 240,643 thousands).

## 21 COMMITMENTS AND CONTINGENCIES (continued)

**Operating lease commitments - Group as lessee**
The Group has entered into agreement with related party to lease its office space. Future minimum rental payable under non-cancellable operating lease is as follows:

| | *30 September 2016 AED'000* | *31 December 2015 AED'000* |
|---|---|---|
| Within one year | **1,581** | 1,761 |
| After one year but not more than five years | **778** | 1,918 |
| More than five years | **-** | - |
| | **2,359** | 3,679 |

**Legal claims**
As at 30 September 2016, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 24,052 thousands (31 December 2015: AED 26,792 thousands). Based on the advice of legal advisors, outcome of these claims will have no adverse impact on the interim condensed consolidated financial statements of the Group.

## 22 HEDGING ACTIVITIES

**Cash flow hedges**
The Group held certain interest rate swap contracts designated as a hedge of expected future payments under the borrowing contracts entered by the Group for which it has firm commitments. The interest rate swap contract is being used to hedge the interest rate risk of the firm commitments. The nominal amount of these contracts is USD 725,000 thousands (AED 2,662,925 thousands) (31 December 2015: AED 2,662,925 thousands).

| | *30 September 2016* | | *31 December 2015* | |
|---|---|---|---|---|
| | ***Assets AED'000*** | ***Liabilities AED'000*** | *Assets AED'000* | *Liabilities AED'000* |
| *Interest rate swap contracts* | | | | |
| Fair value (note 17) | - | **45,904** | - | 16,273 |

The fair values of the interest rate swaps are estimated using quotes from external sources or from the counterparty to the instruments.

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

## 22 HEDGING ACTIVITIES (continued)

***Fair value hierarchy***

The Group uses the following hierarchy for determining and disclosing the fair value of cash flow hedges by valuation technique:

| | *Total AED'000* | *Level 1 AED'000* | *Level 2 AED'000* | *Level 3 AED'000* |
|---|---|---|---|---|
| **30 September 2016** | | | | |
| Interest rate swap contracts | **45,904** | - | **45,904** | - |
| 31 December 2015 | | | | |
| Interest rate swap contracts | 16,273 | - | 16,273 | - |

**Level 1:** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

***Valuation technique***

The present value of interest rate swaps is computed by determining the present value of the fixed leg and the floating leg interest flows. The value of the fixed leg is given by the present value of the fixed coupon payments. The value of the floating leg is given by the present value of the floating coupon payments determined at the agreed dates of each payment. The forward rate for each floating payment date is calculated using the forward curves.