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
F + 971 4 3675501
emaar.com

14 May 2017

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

Submitted Through Efsah System

Subject: Unaudited interim condensed consolidated financial statements for Q1 2017 in both English and Arabic.

Dear Mr. Al Serkal,

Please find attached the unaudited interim condensed consolidated financial statements of Emaar Malls PJSC for Q1 2017 in both English and Arabic.

Yours sincerely,

Ahmad Thani Al Matrooshi
Vice- Chairman

CC: Securities and Commodities Authority

14 مايو 2017

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

مقدم من خلال نظام إفصاح الإلكتروني

الموضوع: البيانات المالية الموحدة الموجزة المرحلية غير المدققة للربع الاول من العام 2017 باللغتين الإنكليزية والعربية.

تحية طيبة وبعد،

تجدون ربطاً البيانات المالية الموحدة الموجزة المرحلية غير المدققة لإعمار مولز ش.م.ع للربع الاول من العام 2017 باللغتين الإنكليزية والعربية.

وتفضلوا بقبول فائق الشكر والاحترام،،،

احمد ثاني المطروشي
نائب رئيس مجلس الإدارة

نسخة إلى هيئة الأوراق المالية والسلع

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

Emaar Malls PJSC and its subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2017

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

Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com/mena

Building a better working world

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR MALLS PJSC AND ITS SUBSIDIARIES

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emaar Malls PJSC (the "Company") and its subsidiaries (the "Group") as of 31 March 2017 and the related interim condensed consolidated statements of income, other comprehensive income, cash flows and changes in equity for the three-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 *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.

For Ernst & Young

Ernst + Young

Signed by:
Anthony O'Sullivan
Partner
Registration Number 687

7 May 2017

Dubai, United Arab Emirates

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2017 (unaudited)

	Notes	*(US $1.00 = AED 3.673)*	
		1 January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
REVENUE			
Rental income	4	**836,312**	833,192
Total revenue		**836,312**	833,192
EXPENSES			
Operating expenses	5	**(104,293)**	(107,707)
Sales and marketing expenses		**(13,286)**	(12,307)
Depreciation of property, plant and equipment	10	**(9,414)**	(11,500)
Depreciation of investment properties	11	**(83,260)**	(78,039)
General and administrative expenses		**(41,126)**	(43,436)
Write-off	6	**-**	(3,873)
Total expenses		**(251,379)**	(256,862)
OPERATING PROFIT FOR THE PERIOD		**584,933**	576,330
Finance income		**23,855**	20,603
Finance costs	7	**(69,654)**	(68,205)
PROFIT FOR THE PERIOD	8	**539,134**	528,728
ATTRIBUTABLE TO:			
Equity holders of the Company		**539,134**	528,728
Earnings per share (AED) - basic and diluted	9	**0.04**	0.04

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

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended 31 March 2017 (unaudited)

	(US $1.00 = AED 3.673)	
	1 January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Profit for the period	**539,134**	528,728
Other comprehensive income to be reclassified to the consolidated income statement in subsequent period:		
Other comprehensive income:		
Net movement on cash flow hedges	**7,102**	(41,765)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**546,236**	486,963
ATTRIBUTABLE TO:		
Equity holders of the Company	**546,236**	486,963

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

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	31 March 2017 (Unaudited) AED'000	31 December 2016 (Audited) AED'000
		(US $1.00 = AED 3.673)	
ASSETS			
Non-current assets			
Property, plant and equipment		195,034	203,555
Investment properties		21,321,616	21,218,905
		21,516,650	21,422,460
Current assets			
Inventories		11,294	12,467
Trade receivables	12	198,166	187,172
Advances, prepayments and other receivables		168,415	179,376
Due from related parties	13	62,974	55,828
Bank balances and cash	14	4,048,317	3,550,594
		4,489,166	3,985,437
TOTAL ASSETS		26,005,816	25,407,897
EQUITY AND LIABILITIES			
Equity			
Share capital	15	13,014,300	13,014,300
Reserves	16	881,460	874,358
Retained earnings		2,669,559	2,130,425
TOTAL EQUITY		16,565,319	16,019,083
Non-current liabilities			
Employees' end of service benefits		15,018	14,850
Interest bearing loans and borrowings	17	4,560,348	4,558,428
Sukuk	18	2,738,211	2,737,734
Retentions payable after 12 months		56,512	46,519
		7,370,089	7,357,531
Current liabilities			
Due to related parties	13	115,299	86,883
Accounts payable and accruals	19	649,439	654,883
Advances and security deposits		975,204	911,593
Retentions payable within 12 months		10,248	9,575
Deferred income		320,218	368,349
		2,070,408	2,031,283
TOTAL LIABILITIES		9,440,497	9,388,814
TOTAL EQUITY AND LIABILITIES		26,005,816	25,407,897

These interim condensed consolidated financial statements were authorised for issue on 7 May 2017 by Board of Directors and signed on their behalf by:

Chairman

Director

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

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2017 (unaudited)

	Notes	*(US $1.00 = AED 3.673)*	
		1 January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
OPERATING ACTIVITIES			
Profit for the period		**539,134**	528,728
Adjustments for:			
Depreciation of property, plant and equipment	10	**9,414**	11,500
Depreciation of investment properties	11	**83,260**	78,039
Provision for doubtful debts		**(3,678)**	118
Provision for employees' end of service benefits		**839**	440
Finance costs		**69,654**	68,205
Loss on disposal of property, plant and equipment		**(43)**	59
Finance income		**(23,855)**	(20,603)
Write-off		**-**	3,873
		674,725	670,359
Working capital changes:			
Inventories		**1,173**	49
Trade receivables		**(7,316)**	6,838
Due from related parties		**(7,146)**	34,992
Advances, prepayments and other receivables		**21,229**	(1,099)
Due to related parties		**28,718**	(15,466)
Accounts payable and accruals		**(29,106)**	16,593
Advances and security deposits		**63,611**	(23,034)
Retentions payable		**10,666**	4,496
Deferred income		**(48,131)**	10,523
Net cash flows from operations		**708,423**	704,251
Employees' end of service benefits paid		**(973)**	(450)
Net cash flows from operating activities		**707,450**	703,801
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	10	**(893)**	(5,442)
Amounts incurred on investment properties	11	**(185,971)**	(122,338)
Interest received		**13,587**	7,761
Proceeds from disposal of property, plant and equipment		**43**	36
Deposits under lien or maturing after three months		**(487,705)**	(519,153)
Net cash flows used in investing activities		**(660,939)**	(639,136)
FINANCING ACTIVITY			
Finance cost paid		**(36,493)**	(34,560)
Net cash flows used in financing activities		**(36,493)**	(34,560)
INCREASE IN CASH AND CASH EQUIVALENTS		**10,018**	30,105
Cash and cash equivalents at 1 January		**25,164**	26,777
CASH AND CASH EQUIVALENTS AT 31 MARCH	14	**35,182**	56,882

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

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2017 (unaudited)

	Share capital AED'000	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*
1 January 2017 to 31 March 2017				
As at 1 January 2017	13,014,300	874,358	2,130,425	16,019,083
Profit for the period	-	-	539,134	539,134
Other comprehensive income for the period	-	7,102	-	7,102
Total comprehensive income for the period	-	7,102	539,134	546,236
As at 31 March 2017	**13,014,300**	**881,460**	**2,669,559**	**16,565,319**

	Share capital AED'000	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*
1 January 2016 to 31 March 2016				
As at 1 January 2016	13,014,300	491,419	1,937,945	15,443,664
Profit for the period	-	-	528,728	528,728
Other comprehensive loss for the period	-	(41,765)	-	(41,765)
Total comprehensive Income / (loss) for the period	-	(41,765)	528,728	486,963
As at 31 March 2016	13,014,300	449,654	2,466,673	15,930,627

The attached notes 1 to 21 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. During the year ended 31 December 2014, the Parent Company converted the legal status of the Company from that of a limited liability company to public joint stock company and sold 15.37% of their shareholding in the Company through an Initial Public Offering ("IPO"). The Company is listed on the Dubai Financial Market and its shares were traded with effect from 2 October 2014.

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

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 31 March 2017 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 2016.

Results for the three-months period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017.

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 31 March 2017. 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*	
			2017	*2016*
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)

Basis of consolidation (continued)
Special purpose entities (continued)
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the three-months period ended 31 March 2017 are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2016, 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 2017, which do not impact the interim condensed consolidated financial statements of 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" and IFRS 9 "Financial Instruments" as disclosed in the annual consolidated financial statements for the year ended 31 December 2016.

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.

The following tables include revenue, results and other segment information from 1 January 2017 to 31 March 2017 and 1 January 2016 to 31 March 2016. Assets and liabilities information regarding business segments are presented as at 31 March 2017 and 31 December 2016.

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 2017 to 31 March 2017:						
Revenue						
Rental income	**687,710**	**46,959**	**63,539**	**38,104**	**-**	**836,312**
Results						
Profit for the period	**519,522**	**29,336**	**41,198**	**27,149**	**(78,071)**	**539,134**
Other segment information						
Capital expenditure (Property, plant and equipment and investment properties)	**138,635**	**3,417**	**41,656**	**2,906**	**250**	**186,864**
Depreciation (Property, plant and equipment and investment properties)	**67,023**	**9,251**	**8,390**	**7,082**	**928**	**92,674**
Finance costs	**-**	**-**	**-**	**-**	**69,654**	**69,654**
Assets and liabilities as at 31 March 2017:						
Segment assets	**18,864,059**	**1,265,656**	**983,235**	**1,319,043**	**3,573,823**	**26,005,816**
Segment liabilities	**1,466,538**	**107,643**	**193,784**	**85,949**	**7,586,583**	**9,440,497**

	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 31 March 2016:						
Revenue						
Rental income	681,778	47,539	66,989	36,886	-	833,192
Results						
Profit for the period	513,287	29,003	43,095	23,475	(80,132)	528,728

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 2016 to 31 March 2016:						
Other segment information						
Capital expenditure (Property, plant and equipment and investment properties)	101,187	1,340	19,869	3,638	1,746	127,780
Depreciation (Property, plant and equipment and investment properties)	65,529	9,323	8,613	5,455	619	89,539
Finance costs	-	-	-	-	68,205	68,205
Assets and liabilities as at 31 December 2016:						
Segment assets	18,829,367	1,261,124	904,334	1,306,049	3,107,023	25,407,897
Segment liabilities	1,502,277	104,427	156,080	81,700	7,544,330	9,388,814

4 RENTAL INCOME

	1January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Base rent	**556,320**	532,640
Turnover rent	**35,858**	76,564
Services charges	**89,100**	88,493
Promotion and marketing contribution	**12,672**	11,617
Specialty leasing	**57,217**	59,835
Multimedia	**17,517**	23,440
Others	**67,628**	40,603
	836,312	833,192

5 OPERATING EXPENSES

	1 January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Housekeeping and facility management	**46,776**	49,072
Direct staff costs	**22,514**	24,485
Utilities	**11,410**	11,404
Security	**8,907**	8,745
Others	**14,686**	14,001
	104,293	107,707

6 WRITE-OFF

During the period ended 31 March 2016, the Group partly demolished a Community Integrated Retail assets 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 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Interest on loans and borrowings	**67,576**	66,109
Others	**2,078**	2,096
	69,654	68,205

8 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	1 January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Indirect staff costs	**8,049**	8,551

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:

	1January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Earnings:		
Profit attributable to the shareholders for basis or diluted earnings per share	**539,134**	528,728
No of shares:		
Weighted average number of ordinary shares for basic and diluted earnings per share	**13,014,300,000**	13,014,300,000
Earnings per share (AED):		
- basic and diluted	**0.04**	0.04

10 PROPERTY, PLANT AND EQUIPMENT

Additions
During the period ended 31 March 2017, the Group purchased property, plant and equipment of AED 893 thousands (period ended 31 March 2016: AED 5,442 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 9,414 thousands (period ended 31 March 2016: AED 11,500 thousands).

11 INVESTMENT PROPERTIES

Additions
During the period ended 31 March 2017, the Group had additions of AED 185,971 thousands (period ended 31 March 2016: AED 122,338 thousands) and charged depreciation expense to interim condensed consolidated income statement of AED 83,260 thousands (period ended 31 March 2016: AED 78,039 thousands).

12 TRADE RECEIVABLES

	31 March 2017 AED'000	*31 December 2016 AED'000*
Trade receivables – net	**98,193**	85,207
Unbilled receivables	**99,973**	101,965
	198,166	187,172

Trade receivables include amounts due from related parties amounting to AED 2,245 thousands (31 December 2016: AED 2,588 thousands) [note 13 (b)].

12 TRADE RECEIVABLES (continued)

The above trade receivables are net of allowance for doubtful debts of AED 65,025 thousands (31 December 2016: AED 68,712 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:

	31 March 2017 AED'000	*31 December 2016 AED'000*
Balance at 1 January	**68,712**	55,257
Net charge for the period/ year	**(3,678)**	14,194
Written off during the period/ year	**(9)**	(739)
Balance at period/ year-end	**65,025**	68,712

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 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Rental income		
Parent Company	**6,680**	4,908
Affiliated entities	**16,443**	14,986
Entities owned or controlled by Directors and other related parties	**20,225**	32,967
	43,348	52,861
Operating expenses – net		
Parent Company	**10,666**	10,671
Affiliated entities	**12,425**	15,966
Entities owned or controlled by Directors and other related parties	**(1,151)**	(945)
Sales and marketing expenses		
Parent Company	**1,188**	176
Affiliated entities	**172**	210
Entities owned or controlled by Directors and other related parties	-	133
General and administrative expenses		
Parent Company	**20,931**	18,701
Affiliated entities	**1,279**	355
Entities owned or controlled by Directors and other related parties	-	-

13 RELATED PARTY DISCLOSURES (continued)

	1 January 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Finance income		
Entities owned or controlled by Directors and other related parties	**7,362**	5,130
Finance costs		
Entities owned or controlled by Directors and other related parties	**2,433**	2,800
Capital expenditures		
Parent Company	**1,722**	-
Affiliated entities	**2,833**	2,979

13 RELATED PARTY DISCLOSURES (continued)

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

31 March 2017	*Bank balances and cash AED '000*	*Due from related parties AED '000*	*Trade / 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	-	-	-	-	-	1,985	-
Affiliated entities	-	62,974	2,245	-	115,299	9,539	-
Entities owned or controlled by Directors and other related parties	1,102,165	-	-	-	-	34,913	506
	1,102,165	**62,974**	**2,245**	**-**	**115,299**	**46,437**	**506**

Outstanding balances are secured and interest-bearing. For the periods ended 31 March 2017 and year ended 31 December 2016, 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 2016	*Bank balances and cash AED '000*	*Due from related parties AED '000*	*Trade / 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	-	-	-	-	79,998	2,614	-
Affiliated entities	-	55,828	-	-	6,885	16,214	-
Entities owned or controlled by Directors and other related parties	1,107,415	-	2,588	-	-	17,669	376
	1,107,415	55,828	2,588	-	86,883	36,497	376

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 2017 to 31 March 2017 AED'000	*1 January 2016 to 31 March 2016 AED'000*
Short term benefits	**7,203**	5,090
End of service benefits	**350**	357

As at 31 March 2017, the number of key management personnel was 15 (31 March 2016: 17).

14 BANK BALANCES AND CASH

	31 March 2017 AED'000	*31 December 2016 AED'000*
Cash in hand	**118**	171
Bank balances:		
Current and call accounts	**35,064**	24,993
Cash and cash equivalents	**35,182**	25,164
Deposits under lien (note 17)	**31,897**	31,897
Deposits maturing after three months	**3,981,238**	3,493,533
Balance at period/ year-end	**4,048,317**	3,550,594

Included in the bank balances and cash is an amount of AED 1,102,165 thousands (31 December 2016: AED 1,107,415 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 1.95% and 2.80% per annum (31 December 2016: 2.32% and 2.80% per annum).

15 SHARE CAPITAL

	31 March 2017 AED'000	*31 December 2016 AED'000*
Authorised capital – 13,014,300,000 shares of AED 1 each (2016: 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 (2016: 13,014,300,000 shares of AED 1 each)	**13,014,300**	13,014,300

16 RESERVES

Movement in reserves is as follows:

	Statutory reserve AED'000	*Legal reserve AED'000*	*Hedging reserve AED'000*	*Total AED'000*
1 January 2017 to 31 March 2017:				
As at 1 January 2017	488,271	394,285	(8,198)	874,358
Other comprehensive income for the period	-	-	7,102	7,102
Total comprehensive income for the period	-	-	7,102	7,102
As at 31 March 2017	**488,271**	**394,285**	**(1,096)**	**881,460**

	Statutory reserve AED'000	*Legal reserve AED'000*	*Hedging reserve AED'000*	*Total AED'000*
1 January 2016 to 31 March 2016:				
As at 1 January 2016	300,839	206,853	(16,273)	491,419
Other comprehensive loss for the period	-	-	(41,765)	(41,765)
Total comprehensive loss for the period	-	-	(41,765)	(41,765)
As at 31 March 2016	300,839	206,853	(58,038)	449,654

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.

17 INTEREST BEARING LOANS AND BORROWINGS

	31 March 2017 AED'000	*31 December 2016 AED'000*
Interest bearing loans and borrowings	**4,591,250**	4,591,250
Less: unamortised portion of loan arrangement fee	**(30,902)**	(32,822)
Net interest bearing loans and borrowings	**4,560,348**	4,558,428
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)	**4,560,348**	4,558,428
	4,560,348	4,558,428

17 INTEREST BEARING LOANS AND BORROWINGS (continued)

The Group has 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 31,897 thousands (31 December 2016: AED 31,897 thousands) against interest payable (note 14).

As at 31 March 2017, part of interest bearing loans and borrowings amounting to USD 58,333 thousands (AED 214,258 thousands) (31 December 2016: AED 214,258 thousands) is borrowed from a related party [note13 (b)].

18 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:

	31 March 2017 AED'000	*31 December 2016 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	**5,048**	4,571
Sukuk liability as at period/ year-end	**2,738,211**	2,737,734

19 ACCOUNTS PAYABLE AND ACCRUALS

	31 March 2017 AED'000	*31 December 2016 AED'000*
Trade payables	**39,545**	40,387
Accrued expenses	**563,112**	591,616
Interest payable	**39,247**	8,483
Other payables	**7,535**	14,397
	649,439	654,883

Included in the trade payables is an amount of AED 506 thousands (31 December 2016: AED 376 thousands) due to related parties [note 13(b)].

20 COMMITMENTS AND CONTINGENCIES

Commitments
At 31 March 2017, the Group had commitments of AED 967,789 thousands (31 December 2016: AED 1,048,330 thousands) which includes project commitments of AED 735,588 thousands (31 December 2016: AED 889,884 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:

	31 March 2017 AED'000	*31 December 2016 AED'000*
Within one year	**2,522,199**	2,554,497
After one year but not more than five years	**4,999,733**	4,702,774
More than five years	**608,733**	688,055
	8,130,665	7,945,326

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 31 March 2017 was AED 89,100 thousands (period ended 31 March 2016: AED 88,493 thousands).

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:

	31 March 2017 AED'000	*31 December 2016 AED'000*
Within one year	**1,219**	1,400
After one year but not more than five years	**259**	519
More than five years	-	-
	1,478	1,919

Legal claims
As at 31 March 2017, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 45,723 thousands (31 December 2016: AED 9,474 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.

21 HEDGING ACTIVITIES

Cash flow hedges
The Group held certain interest rate swap contract 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 2016: AED 2,662,925 thousands).

	31 March 2017		*31 December 2016*	
	Assets AED'000	***Liabilities AED'000***	*Assets AED'000*	*Liabilities AED'000*
Interest rate swap contracts				
Fair value	-	**1,095**	-	8,198

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.

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***
31 March 2017				
Interest rate swap contracts	**1,095**	-	**1,095**	-
31 December 2016				
Interest rate swap contracts	8,198	-	8,198	-

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.