Emaar Malls PJSC and its subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2021

Emaar Malls PJSC and its subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
For the period ended 31 March 2021

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

To the Shareholders of Emaar Malls PJSC

Introduction

We have reviewed the accompanying 31 March 2021 interim condensed consolidated financial statements of Emaar Malls PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the interim condensed consolidated statement of comprehensive income for the three month period ended 31 March 2021;
- the interim condensed consolidated statement of financial position as at 31 March 2021;
- the interim condensed consolidated statement of cash flows for the three month period ended 31 March 2021;
- the interim condensed consolidated statement of changes in equity for the three month period ended 31 March 2021; and
- notes to the interim condensed consolidated financial statements.

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

Scope of review

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

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

In 2020, the Emirates Securities & Commodities Authority ("ESCA") had announced that the issuance of the interim condensed consolidated financial statements for the three month period ended 31 March 2020 was voluntary. The Group opted for the exemption of not issuing the interim condensed consolidated financial statements for the three month period ended 31 March 2020. Accordingly, the comparatives for the three month period ended 31 March 2020 were not reviewed.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 10 MAY 2021

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2021 (Unaudited)

	Notes	*(US $1.00 = AED 3.673)* ***Three-month period ended*** ***31 March 2021 AED'000***	*31 March 2020 AED'000 (Unreviewed)*
Revenue	4	**901,444**	998,994
Cost of revenue	5	**(252,030)**	(253,653)
GROSS PROFIT		**649,414**	745,341
Sales and marketing expenses		**(103,133)**	(101,604)
General and administrative expenses		**(63,281)**	(107,494)
Depreciation and amortisation		**(119,227)**	(115,077)
OPERATING PROFIT FOR THE PERIOD		**363,773**	421,166
Finance income		**1,347**	1,051
Finance costs	6	**(46,898)**	(43,805)
PROFIT FOR THE PERIOD	7	**318,222**	378,412
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**318,222**	378,412
ATTRIBUTABLE TO:			
Equity holders of the parent		**318,222**	378,412
		318,222	378,412
Earnings per share (AED):			
Equity holders of the parent basic and diluted	8	0.02	0.03

Emaar Malls PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	*31 March 2021 AED'000 (Unaudited)*	*31 December 2020 AED'000 (Audited)*
		(US $1.00 = AED 3.673)	
ASSETS			
Non-current assets			
Property, plant and equipment	9	**135,871**	140,618
Investment properties	10	**22,208,177**	22,176,399
Goodwill and intangible assets	11	**543,900**	546,422
Right-of-use assets	12	**510,916**	519,415
		23,398,864	23,382,854
Current assets			
Inventories		**405,903**	291,395
Trade and unbilled receivables	13	**428,729**	378,569
Advances, prepayments and other receivables		**228,221**	216,538
Due from related parties	14	**188,327**	163,184
Bank balances and cash	15	**976,004**	558,949
		2,227,184	1,608,635
TOTAL ASSETS		**25,626,048**	24,991,489
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**13,014,300**	13,014,300
Reserves	17	**2,343,554**	2,343,554
Retained earnings		**4,020,340**	3,702,118
TOTAL EQUITY		**19,378,194**	19,059,972
Non-current liabilities			
Employees' end of service benefits		**36,775**	32,698
Interest bearing loans and borrowings	18	**-**	3,550
Sukuk	19	**2,746,692**	2,746,118
Retentions payable after 12 months		**14,483**	14,483
Lease liabilities payable after 12 months	12	**464,858**	480,996
		3,262,808	3,277,845
Current liabilities			
Due to related parties	14	**95,467**	145,293
Interest bearing loans and borrowings	18	**4,502**	-
Accounts payable and accruals	20	**1,380,868**	1,234,210
Advances and security deposits		**1,206,071**	1,129,073
Retentions payable within 12 months		**19,843**	16,779
Lease liabilities payable within 12 months	12	**49,083**	49,204
Deferred income		**229,212**	79,113
		2,985,046	2,653,672
TOTAL LIABILITIES		**6,247,854**	5,931,517
TOTAL EQUITY AND LIABILITIES		**25,626,048**	24,991,489

To the best of our knowledge, the interim condensed consolidated financial statements fairly present, in all material respects, the interim condensed consolidated financial position, consolidated results of operations and interim condensed consolidated cash flows of the Group as of, and for, the period ended 31 March 2021.

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

Director

Director

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2021 (Unaudited)

	Notes	*(US $1.00 = AED 3.673)* ***1 January 2021 to 31 March 2021 AED'000***	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
OPERATING ACTIVITIES			
Profit for the period		**318,222**	378,412
Adjustments for:			
Depreciation of property, plant and equipment	9	**5,267**	5,385
Depreciation of investment properties	10	**102,939**	96,537
Amoritisation of intangible assets with definite useful life	11	**2,522**	2,903
Depreciation of right-of-use assets	12	**8,499**	10,252
Provision for doubtful debts	13	**-**	44,025
Provision for employees' end of service benefits		**1,111**	686
Provision/ (reversal) for employees' equity option plan		**3,000**	1,200
Finance costs	6	**46,898**	43,805
Finance income		**(1,347)**	(1,051)
		487,111	582,154
Working capital changes:			
Inventories		**(114,508)**	(126,473)
Trade receivables		**(50,160)**	(122,746)
Due from related parties		**(25,143)**	18,084
Advances, prepayments and other receivables		**(11,214)**	(28,357)
Due to related parties		**(72,884)**	55,141
Accounts payable and accruals		**92,957**	414,114
Advances and security deposits		**76,998**	25,003
Retentions payable		**3,064**	1,530
Deferred income		**150,099**	27,359
Net cash flows from operations		**536,320**	845,809
Employees' end of service benefits paid		**(34)**	(1,255)
Net cash flows from operating activities		**536,286**	844,554
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	**(493)**	(6,210)
Amounts incurred on investment properties	10	**(112,129)**	(73,628)
Amounts invested in fixed deposits		**-**	(934,600)
Interest received		**878**	4,017
Net cash flows used in investing activities		**(111,744)**	(1,010,421)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		-	1,836,500
Repayment of interest bearing loans and borrowings		-	(661,140)
Finance cost paid		**(7,365)**	(73,067)
Payment of lease liabilities	12	**(122)**	(48)
Net cash flows (used in)/ generated from financing activities		**(7,487)**	1,102,245
INCREASE IN CASH AND CASH EQUIVALENTS		**417,055**	936,378
Cash and cash equivalents at 1 January		**558,949**	195,202
CASH AND CASH EQUIVALENTS AT 31 MARCH	15	**976,004**	1,131,580
SUPPLEMENTAL NON-CASH INFORMATION			
Investment properties project cost accruals		**22,615**	32,515

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 (Unaudited)

	Equity attributable to equity holders of the Parent			
1 January 2021 to 31 March 2021	***Share capital AED'000***	***Reserves AED'000***	***Retained earnings AED'000***	***Total AED'000***
As at 1 January 2021 (Audited)	13,014,300	2,343,554	3,702,118	19,059,972
Profit for the period	-	-	318,222	318,222
Total comprehensive income for the period	-	-	318,222	318,222
As at 31 March 2021	**13,014,300**	**2,343,554**	**4,020,340**	**19,378,194**

	Equity attributable to equity holders of the Parent			
1 January 2020 to 31 March 2020	*Share capital AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*
As at 1 January 2020 (Audited)	13,014,300	2,202,832	3,143,781	18,360,913
Profit for the period	-	-	378,412	378,412
Total comprehensive income for the period	-	-	378,412	378,412
As at 31 March 2020	13,014,300	2,202,832	3,522,193	18,739,325

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

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

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

During the period, the respective Board of Directors of the Company and Parent Company have recommended an all share merger to their respective shareholders. As part of the transaction, the existing business of the Company is to be reconstituted as a wholly owned subsidiary of Parent Company which will continue to develop and hold a portfolio of premium shopping malls and retail assets. This transaction is subject to completion of necessary legal and statutory formalities and approvals including from the respective shareholders. Post completion of the transaction, the Company's shares will be delisted from the Dubai Financial Market.

The interim condensed consolidated financial statements were authorised for issue on 10 May 2021.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and applicable requirements of United Arab Emirates law.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

Results for the three-months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

In accordance with the circular issued by Emirates Securities & Commodities Authority ("ESCA"), the interim condensed consolidated financial statements for the three month period ended 31 March 2020 have not been issued. Accordingly, the comparatives for three month period ended 31 March 2020 were not reviewed.

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.

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

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 31 March 2021. 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.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

Subsidiaries

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

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

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

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

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

Name of the subsidiary	*Country of incorporation*	*Principal activity*	*Legal Ownership*	
			2021	*2020*
The Dubai Mall LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Emaar Dubai Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Emaar International Malls LLC	UAE	Self owned property leasing, buying and selling of real estate and management services	**99%**	99%
Namshi Holding Limited	UAE	Holding company for Namshi group companies engaged in online retail business and related services	**100%**	100%

These entities are 100% beneficially owned by the Company.

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

2.2 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020.

2.3 SIGNIFICANT ESTIMATES AND JUDGMENTS

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2020.

2.4 NEW STANDARDS AND AMENDMENTS

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

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

- Reference to Conceptual Framework - Amendments to IFRS 3
- Onerous contract: cost of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS standards 2018-2020
- Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)
- Classification of liabilities as current or Non-current (Amendments to IAS 1)
- Definition of accounting estimates (Amendments to IAS 8)

3 SEGMENT INFORMATION

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

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

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

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

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

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

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

Online Retail:
Namshi, a regional online fashion portal in GCC, constitutes the online retail business segment of the Group.

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

3 SEGMENT INFORMATION (continued)

Business segments (continued)

The following tables include revenue, results and other segment information from 1 January 2021 to 31 March 2021 and 1 January 2020 to 31 March 2020. Assets and liabilities information regarding business segments are presented as at 31 March 2021 and 31 December 2020.

	Super Regional Malls AED'000	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
1 January 2021 to 31 March 2021:							
Revenue:							
Rental income from leased properties	**527,191**	**40,699**	**52,301**	**20,877**	**-**	**1,999**	**643,067**
Online retail	**-**	**-**	**-**	**-**	**258,377**	**-**	**258,377**
Total Revenue	**527,191**	**40,699**	**52,301**	**20,877**	**258,377**	**1,999**	**901,444**
Results:							
Profit/(loss) for the period	**332,158**	**23,720**	**27,730**	**8,991**	**(25,230)**	**(49,147)**	**318,222**
Other segment information							
Capital expenditure: (Property, plant and equipment and investment properties)	**87,037**	**2,815**	**3,321**	**41,490**	**47**	**527**	**135,237**
Depreciation and amortisation: (Property, plant and equipment, investment Properties, right of use assets and intangible assets)	**89,609**	**8,305**	**11,515**	**5,066**	**4,043**	**689**	**119,227**
Finance costs	**6,569**	**-**	**-**	**-**	**56**	**40,273**	**46,898**
Assets and liabilities As at 31 March 2021 (Unaudited):							
Segment assets	**20,549,704**	**1,283,869**	**947,662**	**1,417,138**	**662,699**	**764,976**	**25,626,048**
Segment liabilities	**2,546,247**	**99,940**	**213,762**	**99,867**	**1,205,493**	**2,082,545**	**6,247,854**

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Super Regional Malls AED'000	*Regional Malls AED'000*	*Community Retail AED'000*	*Specialty Retail AED'000*	*Online Retail AED'000*	*Others AED'000*	*Total AED'000*
1 January 2020 to 31 March 2020 (Unreviewed):							
Revenue:							
Rental income from leased properties	620,960	42,704	47,812	22,416	-	7,333	741,225
Online retail	-	-	-	-	257,769	-	257,769
Total Revenue	620,960	42,704	47,812	22,416	257,769	7,333	998,994
Results:							
Profit/(loss) for the period	391,734	24,470	18,906	8,001	(18,906)	(45,793)	378,412
Other segment information							
Capital expenditure:							
(Property, plant and equipment and investment properties)	92,752	841	15,915	2,015	83	746	112,352
Depreciation and amortisation:							
(Property, plant and equipment, investment Properties, right of use assets and intangible assets)	87,558	8,108	9,101	5,168	4,519	623	115,077
Finance costs	451	-	-	-	86	43,268	43,805
Assets and liabilities							
As at 31 December 2020(Audited):							
Segment assets	20,502,640	1,270,364	947,041	1,411,392	561,000	299,052	24,991,489
Segment liabilities	1,625,471	92,222	198,170	99,075	1,076,906	2,839,673	5,931,517

4 REVENUE

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Rental income from leased properties		
Base rent	**492,054**	512,392
Turnover rent	**-**	21,777
Services charges	**81,799**	92,840
Promotion and marketing contribution	**14,491**	15,324
Specialty leasing	**28,037**	52,243
Multimedia	**7,366**	13,950
Others	**19,320**	32,699
	643,067	741,225
Online retail	**258,377**	257,769
	901,444	998,994

5 COST OF REVENUE

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Operating cost of leasing activities		
Housekeeping and facility management	**39,397**	41,152
Direct staff costs	**13,274**	15,558
Utilities - net	**11,445**	7,828
Security	**7,888**	8,680
Others	**16,040**	16,915
	88,044	90,133
Cost of online retail revenue	**163,986**	163,520
	252,030	253,653

6 FINANCE COSTS

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Interest on loans and borrowings	**7,366**	10,905
Interest on Sukuk	**31,660**	31,811
Interest expense on lease liabilities	**6,624**	537
Others	**1,248**	552
	46,898	43,805

7 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Indirect staff costs	**30,456**	28,198

8 EARNINGS PER SHARE

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

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

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

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Earnings:		
Profit attributable to the equity holders of the parent for basis or diluted earnings per share	**318,222**	378,412
No of shares:		
Weighted average number of ordinary shares for basic and diluted earnings per share	**13,014,300**	13,014,300
Earnings per share (AED):		
- basic and diluted	**0.02**	0.03

9 PROPERTY, PLANT AND EQUIPMENT

During the period ended 31 March 2021, the Group purchased property, plant and equipment of AED 493 thousands (period ended 31 March 2020: AED 6,210 thousands) and charged depreciation expense to the interim condensed consolidated statement of comprehensive income of AED 5,267 thousands (period ended 31 March 2020: AED 5,385 thousands). During the period, accumulated depreciation of AED 27 thousands was reclassified from Property, Plant and Equipment to Investment Properties.

10 INVESTMENT PROPERTIES

During the period ended 31 March 2021, the Group had additions of AED 134,744 thousands (period ended 31 March 2020: AED 106,142 thousands) and charged depreciation expense to the interim condensed consolidated statement of comprehensive income of AED 102,939 thousands (period ended 31 March 2020: AED 96,537 thousands). During the period, accumulated depreciation of AED 27 thousands was reclassified from Property, Plant and Equipment to Investment Properties.

Based on the fair valuation of investment properties as at 31 December 2020, there was a significant headroom in the fair value of these investment properties. The fair value of Group's freehold interests in investment properties at 31 December 2020 amounting to AED 45,296 thousands was determined by management based on valuations performed by independent valuer. Based on management assessment, there was no material change in the fair value of the Group's investment properties for the period ended 31 March 2021.

11 GOODWILL AND INTANGIBLE ASSETS

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Goodwill	**365,012**	365,012
Other intangible assets	**178,888**	181,410
	543,900	546,422

During the period ended 31 March 2021, the Group charged amortisation expense to interim condensed consolidated statement of comprehensive income of AED 2,522 thousands (period ended 31 March 2020: AED 2,903 thousands).

12 RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

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

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Right of use assets		
As at 1 January	**519,415**	9,012
Adjustments during the period / year	**-**	(4,650)
Additions during the period / year	**-**	544,502
Depreciation expense	**(8,499)**	(29,449)
Balance as at period / year end	**510,916**	519,415
Lease Labilities		
As at 1 January	**530,200**	10,229
Adjustments during the period / year	**-**	(2,333)
Additions during the period / year	**-**	544,502
Interest expense (refer note 6)	**6,624**	27,295
Deferred lease liabilities (refer note 14 (b))	**(22,761)**	(45,521)
Payments during the period / year	**(122)**	(3,972)
Balance as at period / year end	**513,941**	530,200
Lease liabilities are payable as below:		
Lease liabilities payable after 12 months	**464,858**	480,996
Lease liabilities payable within 12 months	**49,083**	49,204
Balance as at period / year end	**513,941**	530,200

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

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

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Depreciation expense of right-of-use assets	**8,499**	10,252
Interest expense on lease liabilities	**6,624**	537
	15,123	10,789

Subsequent to the reporting date, the Group agreed to amend the lease agreement with a related party. The Group will account for the above amendment as a lease modification in accordance with IFRS 16 'Leases' and accordingly, the lease liability will be remeasured based on the revised lease rentals using the incremental borrowing rate on the effective date of lease modification.

Furthermore, subsequent to the reporting date, the Group has entered into new lease agreement with a related party for lease of another car parking facility.

13 TRADE AND UNBILLED RECEIVABLES

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Trade receivables – net	**152,573**	78,064
Unbilled receivables	**276,156**	300,505
	428,729	378,569

Trade receivables include amounts due from related parties amounting to AED 32,945 thousands (31 December 2020: AED 47,173 thousands) [note 14 (b)].

The above trade receivables are net of allowance for doubtful debts of AED 203,078 thousands (31 December 2020: AED 203,078 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 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Balance at 1 January	**203,078**	115,843
Net charge for the period / year	**-**	220,694
Write off / adjustments during the period / year -net	**-**	(133,459)
Balance at period / year end	**203,078**	203,078

14 RELATED PARTY DISCLOSURES

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

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Revenue		
Parent Company	**859**	365
Affiliated entities	**15,192**	35,154
Entities owned or controlled by Directors and other related parties	**24,289**	29,837
Cost of revenue		
Parent Company	**9,161**	9,742
Affiliated entities	**48,267**	50,378
Entities owned or controlled by Directors and other related parties	**(549)**	(1,096)
Cost of online retail revenue		
Entities owned or controlled by Directors and other related parties	**8,174**	7,867
Sales and marketing expenses		
Parent Company	**861**	436
Affiliated entities	**89**	218
Entities owned or controlled by Directors and other related parties	**22,327**	16,751
General and administrative expenses		
Parent Company	**11,978**	14,772
Affiliated entities	**385**	565
Entities owned or controlled by Directors and other related parties	**428**	22
Finance income		
Entities owned or controlled by Directors and other related parties	**-**	31
Finance costs		
Parent Company	**-**	-
Entities owned or controlled by Directors and other related parties	**1,105**	1,636
Capital expenditures		
Affiliated entities	**-**	2,871

14 RELATED PARTY DISCLOSURES (continued)

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

31 March 2021	***Bank balances and cash AED '000***	***Due from related parties AED '000***	***Trade and unbilled receivables AED '000***	***Interest bearing loans and borrowings AED '000***	***Due to related parties* AED '000***	***Deferred income AED '000***	***Accounts payable and accruals AED '000***	***Right-of-use assets AED'000***	***Lease liabilities AED'000***
Non-current									
Parent Company	**-**	-	-	-	-	-	-	**506,239**	**463,755**
Entities owned or controlled by Directors and other related parties	**-**	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	**506,239**	**463,755**
Current									
Parent Company	**-**	-	-	-	**46,066**	**1,323**	-	-	**45,521**
Affiliated entities	**-**	**188,327**	-	-	**49,401**	**21,702**	-	-	-
Entities owned or controlled by Directors and other related parties	**2,319**	-	**32,945**	-	-	**14,134**	**39**	-	-
	2,319	**188,327**	**32,945**	-	**95,467**	**37,159**	**39**	-	**45,521**

* This includes deferred lease liabilities payable to the Parent Company amounting to AED 22,761 thousands.

During the period, interest expense of AED 6,624 thousands (period ended 31 March 2020: AED 537 thousands) has been booked as unwinding of the lease liability.

14 RELATED PARTY DISCLOSURES (continued)

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

31 December 2020 (Audited)	*Bank balances and cash AED '000*	*Due from related parties AED '000*	*Trade and unbilled receivables AED '000*	*Interest bearing loans and borrowings AED '000*	*Due to related parties* AED '000*	*Deferred income AED '000*	*Accounts payable and accruals AED '000*	*Right-of-use assets AED'000*	*Lease liabilities AED'000*
Non-current									
Parent Company	-	-	-	-	-	-	-	513,784	479,948
Entities owned or controlled by Directors and other related parties	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	513,784	479,948
Current									
Parent Company	-	-	-	-	92,980	1,333	-	-	45,521
Affiliated entities	-	163,184	-	-	52,313	22,789	-	-	-
Entities owned or controlled by Directors and other related parties	2,187	-	47,173	-	-	13,646	120	-	-
	2,187	163,184	47,173	-	145,293	37,768	120	-	45,521

* This includes deferred lease liabilities payable to the Parent Company amounting to AED 45,521 thousands.

14 RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

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

	1 January 2021 to 31 March 2021 AED'000	*1 January 2020 to 31 March 2020 AED'000 (Unreviewed)*
Short term benefits	**2,882**	4,075
End of service benefits	**146**	203
Performance share program	**1,200**	1,200

As at 31 March 2021, the number of key management personnel was 14 (31 March 2020: 14).

15 BANK BALANCES AND CASH

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Cash in hand	**1,100**	205
Bank balances:		
Current and call accounts	**179,904**	248,744
Deposits maturing within three months	**795,000**	310,000
Balance at period / year end	**976,004**	558,949

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

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

Included in the bank balances and cash is an amount of AED 2,319 thousands (31 December 2020: AED 2,187 thousands) as balance held with related party [note 14(b)].

16 SHARE CAPITAL

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Authorised capital – 13,014,300,000 shares of AED 1 each (2020: 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 (2020: 13,014,300,000 shares of AED 1 each)	**13,014,300**	13,014,300

17 RESERVES

Movement in reserves is as follows:

	Statutory reserve AED'000	*Legal reserve AED'000*	*Total AED'000*
1 January 2021 to 31 March 2021:			
As at 1 January 2021 *(Audited)* and 31 March 2021 *(Unaudited)*	**1,218,770**	**1,124,784**	**2,343,554**

	Statutory reserve AED'000	*Legal reserve AED'000*	*Total AED'000*
1 January 2020 to 31 March 2020:			
As at 1 January 2020 *(Audited)* and 31 March 2020 *(Unaudited)*	1,148,409	1,054,423	2,202,832

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

18 INTEREST BEARING LOANS AND BORROWINGS

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Interest bearing loans and borrowings	**7,346**	7,346
Less: unamortised portion of loan arrangement fee	**(2,844)**	(3,796)
Net interest bearing loans and borrowings	**4,502**	3,550

Movement during the period/ year is as follows:

Balance as at 1 January	**7,346**	789,695
Less: Repaid during the period/ year	**-**	(2,618,849)
Add: Borrowed during the period/ year	**-**	1,836,500
Balance as at period / year end	**7,346**	7,346

The Group availed Revolving Islamic Finance facility of USD 2 billion (AED 7,346,000 thousands) from the commercial banks in the UAE. The facility was unsecured and carried profit rate at 3 months LIBOR + 1.25% pa.

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:

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
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
Amorisation of issuance cost	**13,529**	12,955
Sukuk liability as at period / year-end	**2,746,692**	2,746,118

20 ACCOUNTS PAYABLE AND ACCRUALS

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Trade payables	**390,254**	224,516
Accrued expenses	**941,130**	950,859
Interest payable	**36,564**	5,478
Other payables	**12,920**	53,357
	1,380,868	1,234,210

Included in the trade payables is an amount of AED 39 thousands (31 December 2020: AED 120 thousands) due to related parties [note 14(b)].

21 COMMITMENTS AND CONTINGENCIES

Commitments
At 31 March 2021, the Group had commitments of AED 391,451 thousands (31 December 2020: AED 417,707 thousands) which includes project commitments of AED 366,306 thousands (31 December 2020: AED 404,513 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 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Within one year	**2,416,886**	1,792,918
After one year but not more than five years	**4,204,819**	4,297,220
More than five years	**867,752**	810,333
	7,489,457	6,900,471

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 2021 was AED 81,799 thousands (period ended 31 March 2020: AED 92,840 thousands).

Operating lease commitments - Group as lessee
The Group has obtained certain properties under operating lease as a lessee. The maturity analysis of the undiscounted contractual cash flows is as follows:

	31 March 2021 AED'000	*31 December 2020 AED'000 (Audited)*
Within one year	**64,942**	49,204
After one year but not more than five years	**308,002**	228,654
More than five years	**667,110**	517,507
	1,040,054	795,365

Legal claims

As at 31 March 2021, legal proceedings are in progress against certain tenants to recover outstanding rents amounting to AED 16,695 thousands (31 December 2020: AED 34,694 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 COMPARATIVE INFORMATION

The previous period figures have been regrouped / reclassified wherever necessary, in order to conform to the current period presentation. The regrouping does not affect the previously reported net assets, total equity and the statement of comprehensive income.