

**Amlak Finance PJSC  
and its Subsidiaries**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**30 JUNE 2020 (UNAUDITED)**

## Amlak Finance PJSC and its Subsidiaries

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## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**The Board of Directors**  
**Amlak Finance PJSC**  
**Dubai**  
**United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Amlak PJSC, Dubai, United Arab Emirates** (the “Company”) **and its Subsidiaries** (together referred to as the “Group”) as at 30 June 2020, and the related condensed consolidated interim income statement and condensed consolidated interim statements of comprehensive income, condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended, and a summary of other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

### *Other Matters*

As per the communication to listed companies by the Securities and Commodities Authority dated 7 April 2020 on disclosure of interim financial statements, the Group opted for the exemption of not issuing the condensed consolidated interim financial statements for the three month period ended 31 March 2020.

The information presented in the condensed consolidated interim statement of income and condensed consolidated interim statement of comprehensive income for the three month period ended 30 June 2020 has not been reviewed.

**Deloitte & Touche (M.E.)**



Musa Ramahi  
Registration No. 872  
9 August 2020  
Dubai, United Arab Emirates

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkawatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

# Amlak Finance PJSC and its Subsidiaries

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

For the period ended 30 June 2020 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2020 AED'000</i>	<i>2019 AED'000</i>	<i>2020 AED'000</i>	<i>2019 AED'000</i>
Income from Islamic financing and investing assets		<b>41,708</b>	43,125	<b>85,108</b>	85,128
Fee income		<b>1,044</b>	865	<b>2,135</b>	1,722
Income on deposits		<b>599</b>	1,404	<b>1,135</b>	2,994
Rental income	8	<b>11,897</b>	14,219	<b>25,039</b>	29,305
Fair value (loss) / gain on investment properties	8	<b>(89,705)</b>	28,697	<b>(218,297)</b>	83,547
Loss on sale of investment properties		<b>(9,955)</b>	(6,245)	<b>(17,254)</b>	(6,245)
Other income		<b>20,083</b>	11,460	<b>34,673</b>	18,653
		<b>(24,329)</b>	93,525	<b>(87,461)</b>	215,104
Impairment on:					
- Islamic financing and investing assets		<b>(68,522)</b>	(15,297)	<b>(71,789)</b>	(58,961)
- Other assets		<b>299</b>	(445)	<b>129</b>	(340)
Amortisation of fair value gain on investment deposits	9	<b>(21,050)</b>	(24,337)	<b>(43,178)</b>	(50,001)
Fair value adjustment on investment deposits	9	<b>213,125</b>	-	<b>213,125</b>	-
Operating expenses		<b>(22,659)</b>	(29,698)	<b>(50,848)</b>	(58,562)
Share of results of an associate		<b>8,059</b>	6,451	<b>13,752</b>	12,149
<b>PROFIT/(LOSS) BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS</b>		<b>84,923</b>	30,199	<b>(26,270)</b>	59,389
Distribution to financiers / investors		<b>(26,591)</b>	(27,526)	<b>(51,560)</b>	(55,033)
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>58,332</b>	2,673	<b>(77,830)</b>	4,356
Attributable to:					
Equity holders of the parent		<b>59,737</b>	1,777	<b>(63,608)</b>	1,652
Non-controlling interests		<b>(1,405)</b>	896	<b>(14,222)</b>	2,704
		<b>58,332</b>	2,673	<b>(77,830)</b>	4,356
Profit / (loss) per share attributable to equity holders of the parent:					
Basic profit / (loss) per share (AED)	3	<b>0.040</b>	0.0004	(0.043)	0.0003
Diluted profit / (loss) per share (AED)	3	<b>0.020</b>	0.0002	(0.043)	0.0002

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020 AED'000</i>	<i>2019 AED'000</i>	<i>2020 AED'000</i>	<i>2019 AED'000</i>
<b>Profit / (loss) for the period</b>	<b>58,332</b>	2,673	<b>(77,830)</b>	4,356
<b>Other comprehensive income</b>				
<i>Item that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	<b>(7,714)</b>	7,960	<b>(3,990)</b>	14,909
<b>Total comprehensive income / (loss) for the period</b>	<b>50,618</b>	10,633	<b>(81,820)</b>	19,265
Attributable to:				
Equity holders of the parent	<b>52,023</b>	9,737	<b>(67,598)</b>	16,561
Non-controlling interests	<b>(1,405)</b>	896	<b>(14,222)</b>	2,704
	<b>50,618</b>	10,633	<b>(81,820)</b>	19,265

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

# Amlak Finance PJSC and its Subsidiaries

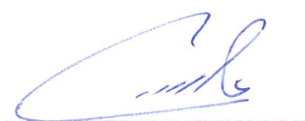
## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
	Notes		
<b>ASSETS</b>			
Cash and balances with banks	4	192,130	183,115
Islamic financing and investing assets	5	2,299,786	2,434,858
Investment securities	6	7,765	7,769
Investment properties	8	2,033,914	2,319,794
Investment in an associate		302,698	288,946
Other assets		57,655	61,962
Furniture, fixtures and office equipment		8,279	10,848
<b>TOTAL ASSETS</b>		<b>4,902,227</b>	<b>5,307,292</b>
<b>Liabilities</b>			
Investment deposits and other Islamic financing	9	3,745,294	4,056,115
Term Islamic financing		143,812	115,062
Employees' end of service benefits		3,798	4,108
Other liabilities		287,830	323,290
<b>Total liabilities</b>		<b>4,180,734</b>	<b>4,498,575</b>
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,500,000	1,500,000
Treasury shares		(88,848)	(88,848)
Statutory reserve		122,650	122,650
General reserve		122,650	122,650
Special reserve		99,265	99,265
Mudaraba Instrument		215,472	215,472
Mudaraba Instrument reserve		810,088	810,088
General impairment reserve		-	4,316
Cumulative changes in fair value		1,459	1,459
Foreign currency translation reserve		(305,089)	(301,099)
Accumulated losses		(1,838,267)	(1,778,975)
		639,380	706,978
Non-controlling interests		82,113	101,739
<b>Total equity</b>		<b>721,493</b>	<b>808,717</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,902,227</b>	<b>5,307,292</b>

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Group as of, and for the periods presented therein.

Approved by the Board of Directors on 09 August 2020 and signed on its behalf by:



Chairman



Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

# Amlak Finance PJSC and its Subsidiaries

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 June 2019 (Unaudited)

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>
<b>OPERATING ACTIVITIES</b>		
(Loss) / profit for the period	(77,830)	4,356
Adjustments for:		
Depreciation	3,117	3,323
Share of results of an associate	(13,752)	(12,149)
(Reversal)/impairment of other assets	(129)	340
Impairment of financing and investing assets	71,789	58,961
Fair value loss / (gain) on investment properties	218,297	(83,547)
Amortisation of fair value gain on investment deposits	43,178	50,001
Fair value adjustment on investment deposits	(213,125)	-
Distribution to financiers/investors	51,560	55,033
Income on deposits	(1,135)	(2,994)
Loss realised on sale of investment properties	17,254	6,245
Provision for employees' end of service benefit	354	645
	<b>99,578</b>	<b>80,214</b>
Operating profit before changes in operating assets and liabilities:		
Islamic financing and investing assets	23,283	31,689
Other assets	4,178	(9,000)
Other liabilities	(41,977)	15,530
	<b>85,062</b>	<b>118,433</b>
Cash generated from operations		
Employees' end of service benefit paid	(664)	(829)
	<b>84,398</b>	<b>117,604</b>
<b>INVESTING ACTIVITIES</b>		
Increase in investment properties	(26,716)	(88,191)
Sale of investment properties	75,575	20,690
Movement in restricted cash	13,291	11,897
Proceeds from wakala deposits	980,000	1,410,000
Placement of wakala deposits	(940,000)	(1,310,000)
Purchase of furniture, fixtures and office equipment	(613)	63
Income on deposits	1,135	2,994
	<b>102,672</b>	<b>47,453</b>
<b>FINANCING ACTIVITIES</b>		
Receipt of term Islamic financing	41,765	25,454
Repayment of term Islamic financing	(12,148)	(5,588)
Redemption of capital of non-controlling interests	(5,404)	(6,295)
Investment deposits and other Islamic financing	(185,918)	(171,635)
Directors' fees paid	-	(1,159)
	<b>(161,705)</b>	<b>(159,223)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>25,365</b>	<b>5,834</b>
Foreign currency translation reserve	(3,059)	5,932
Cash and cash equivalents at the beginning of the period	58,111	87,086
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>80,417</b>	<b>98,852</b>

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

# Amlak Finance PJSC and its Subsidiaries

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020 (Unaudited)

*Attributable to the equity holders of the parent*

	<i>Share capital AED'000</i>	<i>Treasury shares AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Special reserve AED'000</i>	<i>Mudaraba Instrument AED'000</i>	<i>Mudaraba Instrument reserve AED'000</i>	<i>General impairment reserve AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>Foreign currency translation reserve AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>	<i>Non controlling interests AED'000</i>	<i>Total equity AED'000</i>
At 1 January 2020	1,500,000	(88,848)	122,650	122,650	99,265	215,472	810,088	4,316	1,459	(301,099)	(1,778,975)	706,978	101,739	808,717
Loss for the period	-	-	-	-	-	-	-	-	-	-	(63,608)	(63,608)	(14,222)	(77,830)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	(3,990)	-	(3,990)	-	(3,990)
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	-	(3,990)	(63,608)	(67,598)	(14,222)	(81,820)
Regulatory credit risk reserve	-	-	-	-	-	-	-	(4,316)	-	-	4,316	-	-	-
Funds paid to project owner	-	-	-	-	-	-	-	-	-	-	-	-	(5,404)	(5,404)
<b>At 30 June 2020</b>	<b>1,500,000</b>	<b>(88,848)</b>	<b>122,650</b>	<b>122,650</b>	<b>99,265</b>	<b>215,472</b>	<b>810,088</b>	<b>-</b>	<b>1,459</b>	<b>(305,089)</b>	<b>(1,838,267)</b>	<b>639,380</b>	<b>82,113</b>	<b>721,493</b>

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.



# Amlak Finance PJSC and its Subsidiaries

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020 (Unaudited)

*Attributable to the equity holders of the parent*

	<i>Share capital AED'000</i>	<i>Treasury shares AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Special reserve AED'000</i>	<i>Mudaraba Instrument AED'000</i>	<i>Mudaraba Instrument reserve AED'000</i>	<i>General impairment reserve AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>Foreign currency translation reserve AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>	<i>Non controlling interests AED'000</i>	<i>Total equity AED'000</i>
At 1 January 2019	1,500,000	(93,048)	122,650	122,650	99,265	215,472	810,088	4,316	1,459	(324,271)	(1,299,719)	1,158,862	106,335	1,265,197
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,652	1,652	2,704	4,356
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	14,909	-	14,909	-	14,909
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	14,909	1,652	16,561	2,704	19,265
Zakat	-	-	-	-	-	-	-	-	-	-	(5,266)	(5,266)	-	(5,266)
Funds paid to project owner	-	-	-	-	-	-	-	-	-	-	-	-	(6,295)	(6,295)
Director's fee paid	-	-	-	-	-	-	-	-	-	-	(1,159)	(1,159)	-	(1,159)
At 30 June 2019	1,500,000	(93,048)	122,650	122,650	99,265	215,472	810,088	4,316	1,459	(309,362)	(1,304,492)	1,168,998	102,744	1,271,742

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

# Amlak Finance PJSC and its Subsidiaries

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited)

### 1 ACTIVITIES

Amlak Finance PJSC (the ‘Company’) was incorporated in Dubai, United Arab Emirates, on 11 November 2000 as a private shareholding company in accordance with UAE Federal Law No (8) of 1984, as amended. At the constituent shareholders meeting held on 9 March 2004, a resolution was passed to convert the Company to a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 28 June 2016, replacing the Federal Law No. 8 of 1984.

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in financing and investing activities based on structures such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. The activities of the Company are conducted in accordance with Islamic Sharia’a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association.

The registered address of the Company is P.O. Box 2441, Dubai, United Arab Emirates.

The condensed consolidated interim financial information comprises of the financial information of Amlak Finance PJSC and its subsidiaries (the “Group”). The principal activities of the subsidiaries are the same as those of the parent company. The extent of the Group’s shareholding in the subsidiaries is as follows:

Company	Basis for Consolidation	Country of incorporation	Percentage of shareholding	
			30 June 2020	31 December 2019
Amlak Finance Egypt Company (S.A.E.)	Subsidiary	Egypt	100%	100%
EFS Financial Services LLC	Subsidiary	UAE	57.5%	57.5%
Amlak Sky Gardens LLC	Subsidiary	UAE	100%	100%
Amlak Holding Limited	Subsidiary	UAE	100%	100%
Warqa Heights LLC	Subsidiary	UAE	100%	100%
Amlak Capital LLC	Subsidiary	UAE	100%	100%
Amlak Property Investment LLC	Subsidiary	UAE	100%	100%
Amlak Limited	Subsidiary	UAE	100%	100%
Amlak Nasr City Real Estate Investment LLC	Subsidiary	Egypt	100%	100%

### 2 ACCOUNTING POLICIES

#### 2.1 ASSESSMENT OF GOING CONCERN

Due to uncertainty in forecast of future cash flows, the Group initiated negotiations with its commercial financiers in January 2019 to restructure the Common Term Agreement (CTA) signed in 2014 and amended in 2016. The restructuring in 2014 and revised terms in 2016 through New Business Plan (NBP) allowed for the resumption of normal business activity that enabled successful repayment of 48% of the Group’s total debt over a period of 4 years under a 12-year restructuring plan. With the passage of time and given the changes in market dynamics and macro-economic factors, the NBP proved to be less viable and detrimental to the long-term prospects of the Group. Consequently, the Group’s management approached its Commercial Financiers to renegotiate the funding conditions in order to allow more flexibility in adapting to current market conditions. A Revised Business Plan (RBP) with updated CTA was developed by the Group and presented to all Financiers, which received 100% acceptance. Based on the new CTA which was implemented and effective from 25 June 2020, investment deposits of AED 4.2 billion were renegotiated and have the following key features:

- Monthly principal installments of Commercial financiers were deferred from 25 January 2019 till 25 July 2020.
- AED 1.36 billion is payable in 74 monthly installments commencing from 25 August 2020 and the remaining outstanding amount is payable on maturity in October 2026.
- The Group shall apply 75% proceeds from sale of qualified real estate assets in prepayment of the outstanding in inverse order of maturity.
- There is no change in the profit rate of 2% per annum and tenor of original restructuring.

Restructured investment deposits and other Islamic financing are secured against assignment and mortgage over the Group’s investment properties located in UAE (note 8), assignment of insurances, pledge over bank accounts (note 4), assignment of rights to receive payments in connection with the Islamic financing and investing assets portfolio and corporate guarantees of the Group’s subsidiaries. Securities offered would be held by a security agent on behalf of the financiers.

## 2 ACCOUNTING POLICIES (continued)

### 2.2 BASIS OF PREPARATION

As the formal restructuring process has been completed, these consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated interim financial statements of Amlak Finance PJSC and its subsidiaries (the “Group”) are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial statements do not include all the information or disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2019. In addition, results for the six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The condensed consolidated interim financial statements have been presented in UAE Dirhams (AED) and all values are rounded to the nearest thousand (AED’000) except when otherwise indicated.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments at FVOCI, investment properties and advance for investment properties.

### 2.3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

#### 2.3.1 *New and revised IFRS applied with no material effect on the condensed consolidated interim financial statements*

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendment to IFRS 3 Business Combinations relating to definition of a business.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to definition of material.
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to profit interest rate benchmark reforms.

#### 2.3.2 New and revised IFRSs in issue but not yet effective

##### **New and revised IFRS**

IFRS 17 *Insurance Contracts*

**Effective for  
annual periods  
beginning on or after  
1 January 2022**

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Group in the period of initial application.

### 2.4 RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2019.

## Amlak Finance PJSC and its Subsidiaries

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

#### 3 BASIC AND DILUTED PROFIT PER SHARE

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020 (Unaudited)</i>	<i>2019 (Unaudited)</i>	<i>2020 (Unaudited)</i>	<i>2019 (Unaudited)</i>
Profit for the period attributable to equity holders of the parent (AED'000) (net of Director's fee)	<b>59,737</b>	618	<b>(63,608)</b>	493
Weighted average number of shares for basic EPS (in thousands)*	<b>1,479,200</b>	1,475,000	<b>1,479,200</b>	1,475,000
Effect of dilution: Mudaraba Instrument	<b>1,511,857</b>	1,511,857	<b>1,511,857</b>	1,511,857
Weighted average number of ordinary shares adjusted for the effect of dilution	<b>2,991,057</b>	2,986,857	<b>2,991,057</b>	2,986,857
Basic profit / (loss) per share (AED)	<b>0.040</b>	0.0004	<b>(0.043)</b>	0.0003
Diluted profit / (loss) per share (AED)	<b>0.020</b>	0.0002	<b>(0.043)</b>	0.0002

\*The weighted average numbers of shares for basic EPS were reduced by the purchase of own shares during the year 2008. During the year ended 31 December 2019, 4.2 million shares were sold.

Diluted loss per share for the six month period ended 30 June 2020 has been reported same as basic loss per share in these condensed consolidated interim financial statements, as the impact of potential ordinary shares is antidilutive.

#### 4 CASH AND BALANCES WITH BANKS

	<i>30 June 2020 AED'000 (Unaudited)</i>	<i>31 December 2019 AED'000 (Audited)</i>
Cash on hand	<b>60</b>	60
Balances with banks	<b>85,070</b>	63,297
Deposits with banks	<b>107,000</b>	119,758
Cash and balances with banks	<b>192,130</b>	183,115
Less: Restricted cash and deposits		
Regulatory deposit with no maturity (note 4.1)	<b>(35,000)</b>	(35,000)
Restricted cash (note 4.2)	<b>(76,713)</b>	(90,004)
Cash and cash equivalents	<b>80,417</b>	58,111

4.1 Represents deposits with a local bank under lien to the Central Bank of UAE in accordance with Central Bank regulations for licensing.

4.2 At quarter ended 30 June 2020, the Group reported AED 77 million (31 December 2019: AED 90 million) of restricted cash. This represents the Group's share of the cash held and controlled by a joint venture (Note 8).

# Amlak Finance PJSC and its Subsidiaries

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

### 5 ISLAMIC FINANCING AND INVESTING ASSETS

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
<i>Financing assets:</i>		
Ijarah	2,217,349	2,269,645
Forward Ijarah	236,729	244,594
Shirkatul Milk	165,397	170,514
Real estate Murabaha	661	817
Others	83,115	65,039
	<b>2,703,251</b>	<b>2,750,609</b>
Allowance for impairment	<b>(538,465)</b>	<b>(490,751)</b>
Total financing assets	<b>2,164,786</b>	<b>2,259,858</b>
<i>Investing assets:</i>		
Wakala	135,000	175,000
Total investing assets	<b>135,000</b>	<b>175,000</b>
	<b>2,299,786</b>	<b>2,434,858</b>

### 6 INVESTMENT SECURITIES

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Equities (FVOCI)	<b>7,765</b>	<b>7,769</b>

#### 30 June 2020 (Unaudited)

	<b>Total AED'000</b>	<b><u>Investments carried at fair value</u></b>		
		<b>Level 1 AED'000</b>	<b>Level 2 AED'000</b>	<b>Level 3 AED'000</b>
Equities (FVOCI)	<b>7,765</b>	-	-	<b>7,765</b>

#### 31 December 2019 (Audited)

	<b>Total AED'000</b>	<b><u>Investments carried at fair value</u></b>		
		<b>Level 1 AED'000</b>	<b>Level 2 AED'000</b>	<b>Level 3 AED'000</b>
Equities (FVOCI)	<b>7,769</b>	-	-	<b>7,769</b>

There were no transfers of securities between the Level 1 and Level 2 categories of the fair value hierarchy in the current and prior periods.

## Amlak Finance PJSC and its Subsidiaries

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

#### 6 INVESTMENT SECURITIES (continued)

The following shows reconciliation from the opening balances to the closing balances for level 3 fair values:

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Balance at 1 January	7,769	7,714
Exchange movement	(4)	55
	<b>7,765</b>	<b>7,769</b>

#### 7 ADVANCES FOR INVESTMENT PROPERTIES

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Opening	-	322,818
Settled during the period/year**	-	(30,037)
Provision for the period/year*	-	(292,781)
Closing	-	-
Advances For Investment Properties	<b>292,781</b>	292,781
Provision	<b>(292,781)</b>	(292,781)
Closing	-	-

\*This represents the advances paid by the Group towards the acquisition of units in two under-development real estate projects in Dubai. Both projects are delayed by a number of years and the date of completion is uncertain. The Group commenced arbitration in 2013 with one developer to facilitate recovery of advances paid of AED 780 million with a carrying value of AED Nil (31 December 2019: AED Nil). During the year ended 31 December 2019, the arbitration was awarded in the Group's favor with the cancelation of the original SPAs and addendum there to. Advances paid by the Group to developer are fully provided as recommended by the Central Bank and ratified by Board of Directors based on the assessment.

\*\*Based on a favorable Court judgement, advances for investment properties amounting to AED 30 million under Istisna with a financial institution and associated liability of AED 39 million were settled during the year ended 31 December 2019.

#### 8 INVESTMENT PROPERTIES

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
At 1 January	2,319,794	1,989,071
Additions during the period/year	26,716	192,271
Disposals during the period/year	(92,829)	(94,728)
Fair value loss on investment properties	(218,297)	(18,241)
Foreign exchange fluctuation	(1,470)	20,576
Transfer from property under development	-	230,845
	<b>2,033,914</b>	<b>2,319,794</b>

**8 INVESTMENT PROPERTIES (continued)**

The fair value loss in the year ended 31 December 2019 included AED 108 million on the plots which were transferred from properties under development to investment properties.

Investment properties consist of land, villas and units in buildings held for lease or capital appreciation. In accordance with its accounting policy, the Group carries investment properties at fair value, except for the properties under construction which are carried at cost because their fair value is not reliably measurable but expects the fair value to be reliably measured once the construction is complete.

The fair values of the properties are based on valuations performed at six months period end by independent professionally qualified valuers who hold a recognised relevant professional qualification and have relevant experience in the locations and segments of the investment properties valued. The valuation model used is in accordance with that recommended by the Royal Institute of Chartered Surveyors.

Investment properties as at 30 June 2020 include a plot of land and two units (31 December 2019: two units) in Egypt owned by the Group's subsidiaries amounting to AED 194 million (31 December 2019: AED 195 million). All other investment properties are located within the UAE. The carrying values of AED 194 million (31 December 2019: 195 million) also include foreign exchange gain and loss on currency translation of investment properties in Egypt which is included in equity.

Except for investment properties in joint venture, investment properties are categorised in Level 2 for fair value measurement as they have been derived using the comparable price approach based on comparable transactions for similar properties. Sales prices of comparable properties in close proximity are adjusted for differences in the key attributes such as property size and location. The most significant input into this valuation approach is the estimated price per square foot for each given location. There were no transfers into or out of the Level 2 category during the period.

Significant increases / (decreases) in comparable market value in isolation would result in a significantly higher / (lower) fair value of the properties.

Valuation technique used for investment properties in the joint venture is based on the income approach which uses significant unobservable inputs, hence is classified as level 3. Inputs used by valuator include sale price range from AED 150 to AED 300.50 per sqft with absorption period of 4 years at 11% fair value rate. Significant increases / (decreases) in price per sqft, absorption period and discount rate in isolation would result in a significantly higher / (lower) fair value of the properties.

As at 30 June 2020, investment properties having fair value of AED 1,322 million (31 December 2019: AED 1,509 million) are mortgaged / assigned in favour of the security agent as part of the restructuring.

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>30 June 2019 AED'000 (Unaudited)</b>
Rental income derived from investment properties	<b>25,039</b>	29,305
Direct operating expenses (including repairs and maintenance) generating rental income	<b>(9,412)</b>	(10,908)
Profit arising from investment properties carried at fair value	<b>15,627</b>	18,397

## Amlak Finance PJSC and its Subsidiaries

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

#### 8 INVESTMENT PROPERTIES (continued)

During the year ended 31 December 2019 the Group transferred properties under development to investment properties due to change in use of the properties under development.

On 1 October 2014, the Group entered into a joint venture agreement with another party to develop a jointly owned plot of land in Nad Al Hammar. Amlak Finance PJSC acquired a 50% interest in Al Warqa Gardens LLC, a jointly controlled entity to develop a jointly owned plot of land in Nad Al Hammar. The Group has a 50% share in the assets, liabilities, revenue and expenses of the joint venture and accordingly under IFRS 11 it is deemed to be a jointly controlled operation. As the land is under development with a view to disposal in the market, it has been treated as property under development with an initial cost equal to its fair value at the time of transfer from investment property portfolio for AED 330 million. Subsequent expenditure to develop the land for resale is included in the cost of the property. The cash held by the joint venture is restricted, given that it is contractually committed to the development of the land under the joint venture agreement. The Group's share of this restricted cash balance at 30 June 2020 is AED 77 million (31 December 2019: AED 90 million).

The revenue assigned to the sale of land is recorded at the time of transfer of the control of the land and the revenue relating to the building of infrastructure is recorded over the period of construction of the infrastructure on the basis that the joint venture has an enforceable right to payment for performance completed to date. The contracted revenue has been allocated between the two separate obligations on the basis of their respective fair values.

The following items represent the Group's interest in the assets, liabilities, revenue and expenses of the joint operation after elimination of intercompany transactions:

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Investment properties	<b>396,097</b>	419,625
Cash and balances with banks (note 4)	<b>76,713</b>	90,004
Other assets - receivables	<b>5,229</b>	5,137
Other liabilities	<b>(20,561)</b>	(33,736)
Net Assets	<b>457,478</b>	481,030
	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>30 June 2019 AED'000 (Unaudited)</b>
Revenue	<b>2,731</b>	-
Cost of sales	<b>(1,232)</b>	-
Operating expenses	<b>(151)</b>	-
Income on deposits	<b>820</b>	3,915
Other income	<b>1,323</b>	-
Profit for the period	<b>3,491</b>	3,915



**8.1 COVID 19 Impact on Investment Properties:**

On the 11 March 2020, the World Health Organization declared the novel strain of coronavirus, or COVID -19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic continues to adversely impact economic activity in the real estate sector and has contributed significant volatility and downward pressure on the fair values of the Group's investment properties. The impact of the virus has been rapidly evolving and as a result this may impact the Group's ability to recognize revenue due to changes in the probability of collection and reduction in lease income.

In determining the investment property valuations as of 30 June 2020, the Group has considered the potential impact (based on the best available information) of the uncertainties caused by the COVID-19 pandemic and has taken into account the economic and relief measures it has to extend to its tenants.

The overall impact has been treated as part of the unrealized loss on investment properties in these consolidated financial statements. Any changes made to valuations to estimate the overall impact of COVID-19 is subject to very high levels of uncertainty, as little reasonable and supportable forward-looking information is currently available on which to base those changes.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

**9 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING**

		<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
	<b>Profit rate</b>		
Murabaha	2%	<b>207,228</b>	207,228
Wakala	4%	<b>7,132</b>	49,923
Others	4%	<b>16,347</b>	114,430
Purchase price payable	2%	<b>4,011,781</b>	4,011,781
		<b>4,242,488</b>	4,383,362
Unamortised fair value adjustment (note 9.1)		<b>(497,194)</b>	(327,247)
		<b>3,745,294</b>	4,056,115

Investments deposits and other Islamic financing are secured against assignment and mortgages over the Group's investment properties located in UAE (note 8), assignment of insurance, pledge over bank accounts (note 4), assignment of rights to receive payments in connection with the Islamic financing and investing assets portfolio and corporate guarantees of the Group's subsidiaries. Securities offered would be held by a security agent on behalf of financiers.

**9.1 Unamortised fair value adjustment**

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
At 1 January	<b>327,247</b>	423,609
Amortisation charged for the period / year	<b>(43,178)</b>	(96,362)
Reversal of unamortized FV adjustment	<b>(284,052)</b>	-
FV Gain on restructuring	<b>497,177</b>	-
	<b>497,194</b>	327,247

## 9.1 Unamortised fair value adjustment (continued)

The nature of the Company's deposits was significantly changed due to the restructuring undertaken in 2014, resulting in a fixed obligation to be paid to the Commercial Financiers and Liquidity Support Providers. In accordance with IFRS, due to the substantial changes in the terms of the investment deposits through the restructuring, a fair valuation assessment of the restructured obligations was performed based on the net present value of the contracted cash flows. As at 25 November 2014, the restructured obligations were initially recognised at fair value in the statement of financial position giving rise to AED 911 million of fair value gain which was recorded in the consolidated statement of income.

In June 2020, the Company again undertook restructuring of deposits of Commercial financiers; the face value of the restructured fixed obligations at period end is AED 4,219 million (31 December 2019: AED 4,219 million). Upon revised restructuring, repayment behaviour was significantly changed resulting into scheduled and non scheduled instalment payments. Repayments terms are mentioned in Note 2.1.

The fair value adjustment is calculated using the original effective profit rate of 4.89%.

The cumulative value of fair value gain amortised till to 30 June 2020 was AED 627 million (31 December 2019: AED 584 million) giving a residual fair value gain of AED 284 million as at 30 June 2020 (31 December 2019: AED 328 million). However upon restructuring in 2020, this residual fair value gain as at 30 June 2020 is increased to AED 497 million which will be fully reversed out over the repayment period till October 2026, with a resulting charge to the consolidated statement of income each year.

The obligations are subsequently to be measured at amortised cost using the effective finance rate method.

## 10 SEGMENTAL INFORMATION

For management purposes, the Group is organised into three business segments, real estate finance (comprising of financing and investing activities), real estate investment (comprising of property transactions), corporate finance investment (comprising of corporate finance investment).

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and assessment of performance.

### Operating segments:

The Group's revenues and expenses for each segment for the six months period ended 30 June are as follows:

#### 30 June 2020 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Operating income	58,633	(167,465)	21,371	(87,461)
Allowances for impairment	(71,206)	(150)	(304)	(71,660)
Amortisation of fair value gain on deposits	(15,561)	(23,521)	(4,096)	(43,178)
Fair value adjustment on investment deposits	213,125	-	-	213,125
Expenses (including allocated expenses)	(33,076)	(12,977)	(4,795)	(50,848)
Share of results of an associate	-	-	13,752	13,752
Distribution to financiers/investors	(16,396)	(25,508)	(9,656)	(51,560)
Segment results	<u>135,519</u>	<u>(229,621)</u>	<u>16,272</u>	<u>(77,830)</u>
Non-controlling interests				<u>14,222</u>
Equity holders of the parent				<u>(63,608)</u>

# Amlak Finance PJSC and its Subsidiaries

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

### 10 SEGMENTAL INFORMATION (continued)

#### 30 June 2019 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Operating income	75,311	130,702	9,091	215,104
Allowances for impairment	(58,648)	(314)	(339)	(59,301)
Amortisation of initial fair value gain	(19,639)	(25,617)	(4,745)	(50,001)
Expenses (including allocated expenses)	(40,509)	(13,946)	(4,107)	(58,562)
Share of results of an associate	-	-	12,149	12,149
Distribution to financiers/investors	(22,842)	(23,390)	(8,801)	(55,033)
Segment results	<u>(66,327)</u>	<u>67,435</u>	<u>3,248</u>	<u>4,356</u>
Non-controlling interests				(2,704)
Equity holder of the parent				<u>1,652</u>

#### Segment assets and liabilities:

The following table presents segment assets and liabilities of the Group as at 30 June 2020 and 31 December 2019:

#### 30 June 2020 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Segment assets	<u>2,768,970</u>	<u>1,640,994</u>	<u>492,263</u>	<u>4,902,227</u>
Segment liabilities	<u>551,229</u>	<u>3,127,185</u>	<u>502,320</u>	<u>4,180,734</u>

#### 31 December 2019 (Audited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Segment assets	<u>3,021,941</u>	<u>1,831,111</u>	<u>454,240</u>	<u>5,307,292</u>
Segment liabilities	<u>938,900</u>	<u>3,081,888</u>	<u>477,787</u>	<u>4,498,575</u>

# Amlak Finance PJSC and its Subsidiaries

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

### 11 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Group's management, all transaction with related parties are on an arms length basis.

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

#### 30 June 2020 (Unaudited):

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Cash and balances with banks	-	-	2,910	2,910
Islamic financing and investing assets	-	10,109	4,313	14,422
Investment deposits	117,688	-	941,789	1,059,477
Other liabilities	118	-	1,616	1,818
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 31 December 2019 (Audited):

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Cash and balances with banks	-	-	1,682	1,682
Islamic financing and investing assets	-	13,606	5,682	19,288
Investment deposits	117,688	-	941,789	1,059,477
Other liabilities	118	-	946	1,064
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Transactions with related parties included in the statement of income are as follows:

#### 30 June 2020 (Unaudited)

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Income from Islamic financing and investing assets	-	166	123	289
Distribution to financiers / investors	1,248	-	9,983	11,231

#### 30 June 2019 (Unaudited)

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Income from Islamic financing and investing assets	-	116	75	191
Distribution to financiers / investors	1,206	-	9,648	10,854

**11 RELATED PARTY TRANSACTIONS (continued)****Compensation of key management personnel**

The compensation paid to key management personnel of the Group is as follows:

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>30 June 2019 AED'000 (Unaudited)</b>
Salaries and other benefits	<b>4,656</b>	6,519
Employee termination benefits	<b>163</b>	219
	<b>4,819</b>	6,738

**12 COMMITMENTS AND CONTINGENCIES****Commitments**

		<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
	<i>Notes</i>		
Irrevocable commitments to advance financing	12.1	<b>185,215</b>	210,819
Commitments for investment properties	12.2	-	18,192
Commitments against capital expenditure	12.3    -	<b>1,300</b>	-
		<b>186,515</b>	229,011

12.1 Credit-related commitments include commitments to extend facilities designed to meet the requirements of the Group's customers. Commitments generally have fixed expiration dates, or other termination clauses, and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

12.2 This represents commitments to property developers in respect of development of investment properties.

12.3 This represents commitment towards implementation of IT projects.

**Contingencies**

The Group is engaged in certain litigation proceedings in the United Arab Emirates, involving claims by and against it, mainly in respect of certain sale and financing transactions. The Group is defending these cases and, based on legal counsel advice received, believes it is less than probable that such actions taken by counter parties would succeed, except for cases against which a provision of AED 2 million (31 December 2019: AED 1 million) has been made.

**13 COVID-19 AND EXPECTED CREDIT LOSS (ECL)**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In response, governments and central banks have launched economic support and relief measures (including payment reliefs) to minimize the impact on individuals and corporates.

In the determination of Q2 2020 ECL, the Group has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic.

### 13 COVID-19 AND EXPECTED CREDIT LOSS (ECL) (continued)

#### Identifying whether a significant increase in credit risk (SICR) has occurred for IFRS 9

Under IFRS 9, loans are required to be moved from Stage 1 to Stage 2 if and only if they have been the subject of a SICR since origination. A SICR occurs when there has been a significant increase in the risk of a default occurring over the expected life of a financial instrument.

The Group continues to assess borrowers for other indicators of unlikelihood to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or longer term.

During 2020, the Group has initiated a programme of payment relief for its impacted customers by deferring profit/principal due for a period of one month to six months. These payment reliefs are considered as short-term liquidity to address borrower cash flow issues. The relief offered to customers may indicate a SICR. However, the Group believes that the extension of these payment reliefs do not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments. At this stage sufficient information is not available to enable the Group to individually differentiate between a borrowers' short term liquidity constraints and a change in its lifetime credit risk. This approach is consistent with the expectations of the Central Bank of UAE as referred to in the TESS notice.

The accounting impact of the onetime extension of credit facilities due to Covid-19 has been assessed and has been treated as per the requirements of IFRS 9 for modification of terms of arrangement.

#### *Reasonableness of Forward Looking Information and probability weights*

Any changes made to ECL to estimate the overall impact of Covid-19 is subject to very high levels of uncertainty as limited forward-looking information is currently available on which to base those changes.

The Group has previously performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio and expert judgement has also been applied in this process. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Forecast of these economic variables (the "base, upside and downside economic scenario") are obtained externally on a quarterly basis.

In light of the current uncertain economic environment, the Group has re-assessed the scenario weighting to reflect the impact of current uncertainty in measuring the estimated credit losses for the period ended 30 June 2020. In making estimates, the Group assessed a range of possible outcomes by stressing the previous basis (that includes upside, based case and downside scenarios) and changed the downside weightings from 10% to 30%.

The Group compared the downside macro economic variables to indicative data received from an independent source and for some portfolios or sectors have further stressed the ECL. The Group continues to individually assess significant corporate exposures to adequately safeguard against any adverse movements due to Covid-19.

The increase in the downturn weighting of the macro economic scenario and the management overlays result in an additional ECL of AED 5 million for the Group. The impact of such uncertain economic environment is judgmental and the Group will continue to reassess its position and the related impact on a regular basis.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

## Amlak Finance PJSC and its Subsidiaries

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

#### 13 COVID-19 AND EXPECTED CREDIT LOSS (ECL) (continued)

##### Analysis of clients benefitting from payment deferrals

The table below contains analysis of the deferred amount and outstanding balances of UAE clients benefitting from deferrals.

	<b>Total AED'000</b>
<b>At 30 June 2020 (unaudited)</b>	
<b>Deferral Amount</b>	
Islamic Financing	<b>3,414</b>
<b>Exposures</b>	
Islamic Financing	<b>275,368</b>
<b>Customer Count</b>	<b>66</b>

As per the requirements of the Central Bank of UAE, the Group has divided its customers benefitting from payment deferrals into two groups as follows:

*Group 1: includes those customers that are not expected to face substantial changes in their creditworthiness, beyond liquidity issues and are temporarily and mildly impacted by the Covid-19 crisis.*

For these clients, the payment deferrals are believed to be effective and thus the economic value of the facilities is not expected to be materially affected. These customers will remain in their current IFRS 9 stage, at least for the duration of the crisis, or their distress, whichever is shorter.

*Group 2: includes those customers that are expected to face substantial changes in their creditworthiness, in addition to liquidity issues that will be addressed by payment deferrals.*

For these customers, there is sufficient deterioration in credit risk to trigger IFRS 9 stage migration. The Group continues to monitor the creditworthiness of these customer, particularly indications of potential inability to pay any of their obligations as and when they become due. The Group does not have these customers.

The impact of Covid-19 crisis continues to filter through into the real economy. In view of this, the Group has taken a proactive approach and on an ongoing basis for all customers, the Group continues to consider the severity and extent of potential Covid-19 impact on economic sectors and outlook, cash flow, financial strength, agility and change in risk profile along with the past track record and ongoing adaptation. Accordingly, all staging and grouping decisions are subject to regular review to ensure these reflect an accurate view of the Group's assessment of the customers' creditworthiness, staging and grouping as of the reporting date.

##### Outstanding balances and related ECL of UAE customers

The table below is an analysis of outstanding balances and related ECL of UAE customers that are benefitting from payment deferrals.

	<b>Total AED'000</b>
<b>Group 1</b>	
Islamic Financing and Investing assets	<b>275,368</b>
Less: Expected credit Losses	<b>(20,299)</b>
	<b>255,069</b>

**13 COVID-19 AND EXPECTED CREDIT LOSS (ECL) (continued)**

**The total changes in Exposure at Default (EAD) since December 2019**

Below is an analysis of total changes in EAD since 31 December 2019 on UAE clients benefitting from payment deferrals.

	<b>Total AED'000</b>
<b>EAD as at 1 January 2020</b>	<b>280,137</b>
Additions during the period	-
Repayments / de-recognition during the period	<b>(4,769)</b>
Other movements	-
<b>EAD as at 30 June 2020</b>	<b>275,368</b>



# Amlak Finance PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

### 14 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The maturity analysis of assets, liabilities and off balance sheet items is analysed according to when they are expected to be recovered, settled or sold. The values presented in this table include the impact of fair value adjustment as per the statement of financial position and excludes profit not yet due at the period end.

*At 30 June 2020 (Unaudited)*

	<i>Up to 1 year</i>			<i>Total up to 1 year</i>	<i>1 year to 5 years</i>	<i>Over 5 years</i>	<i>Items with no maturity</i>	<i>Total</i>
	<i>Less than 3 months AED'000</i>	<i>3 months to 6 months AED'000</i>	<i>6 months to 1 year AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<b>Assets</b>								
Cash and balances with banks	69,755	-	-	69,755	76,713	-	45,662	192,130
Islamic financing and investing assets	245,280	40,189	75,875	361,344	1,425,967	512,475	-	2,299,786
Investment securities	-	-	-	-	-	-	7,765	7,765
Investment properties	82,108	82,108	164,217	328,433	1,472,224	232,889	368	2,033,914
Investments in an associate	98,327	-	-	98,327	204,371	-	-	302,698
Other assets	30,000	2,284	25,371	57,655	-	-	-	57,655
Furniture, fixture and office equipment	-	-	-	-	-	-	8,279	8,279
<b>Total assets</b>	<b>525,470</b>	<b>124,581</b>	<b>265,463</b>	<b>915,514</b>	<b>3,179,275</b>	<b>745,364</b>	<b>62,074</b>	<b>4,902,227</b>
<b>Liabilities</b>								
Investment deposits and other Islamic financing	49,927	54,828	234,546	339,301	922,595	2,483,398	-	3,745,294
Term Islamic financing	5,823	5,394	10,599	21,816	51,336	70,660	-	143,812
Employees' end of service benefits	-	-	-	-	-	-	3,798	3,798
Other liabilities	97,440	21,847	12,226	131,513	2,003	154,314	-	287,830
<b>Total liabilities</b>	<b>153,190</b>	<b>82,069</b>	<b>257,371</b>	<b>492,630</b>	<b>975,934</b>	<b>2,708,372</b>	<b>3,798</b>	<b>4,180,734</b>
<b>Commitments</b>	<b>5,402</b>	<b>73,494</b>	<b>10,784</b>	<b>89,680</b>	<b>96,835</b>	<b>-</b>	<b>-</b>	<b>186,515</b>
<b>Net liquidity gap</b>	<b>366,878</b>	<b>(30,982)</b>	<b>(2,692)</b>	<b>333,204</b>	<b>2,106,506</b>	<b>(1,963,008)</b>	<b>58,276</b>	<b>534,978</b>
<b>Cumulative net liquidity gap</b>	<b>366,878</b>	<b>335,896</b>	<b>333,204</b>	<b>333,204</b>	<b>2,439,710</b>	<b>476,702</b>	<b>534,978</b>	<b>534,978</b>

# Amlak Finance PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2020 (Unaudited) (continued)

### 14 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

At 31 December 2019

	<i>Up to 1 year</i>			<i>Total up to 1 year</i>	<i>1 year to 5 years</i>	<i>Over 5 years</i>	<i>Items with no maturity</i>	<i>Total</i>
	<i>Less than 3 months AED'000</i>	<i>3 months to 6 months AED'000</i>	<i>6 months to 1 year AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<b>Assets</b>								
Cash and balances with banks	58,111	23,245	-	81,356	66,759	-	35,000	183,115
Islamic financing and investing assets	280,322	47,119	102,025	429,466	554,662	1,450,730	-	2,434,858
Investment securities	-	-	-	-	7,769	-	-	7,769
Investment properties	82,108	82,108	164,217	328,433	1,708,711	282,650	-	2,319,794
Investment in an associate	-	-	-	-	288,946	-	-	288,946
Other assets	35,062	24,038	2,862	61,962	-	-	-	61,962
Furniture, fixture and office equipment	-	-	-	-	-	-	10,848	10,848
<b>Total assets</b>	<b>455,603</b>	<b>176,510</b>	<b>269,104</b>	<b>901,217</b>	<b>2,626,847</b>	<b>1,733,380</b>	<b>45,848</b>	<b>5,307,292</b>
<b>Liabilities</b>								
Investment deposits and other Islamic financing	70,437	70,437	23,479	164,353	2,942,505	949,257	-	4,056,115
Term Islamic financing	4,657	4,332	8,540	17,529	41,625	55,908	-	115,062
Employees' end of service benefits	-	-	-	-	-	-	4,108	4,108
Other liabilities	121,059	23,174	22,741	166,974	2,002	154,314	-	323,290
<b>Total liabilities</b>	<b>196,153</b>	<b>97,943</b>	<b>54,760</b>	<b>348,856</b>	<b>2,986,132</b>	<b>1,159,479</b>	<b>4,108</b>	<b>4,498,575</b>
<b>Commitments</b>	<b>52,484</b>	<b>31,313</b>	<b>144,330</b>	<b>228,127</b>	<b>884</b>	<b>-</b>	<b>-</b>	<b>229,011</b>
<b>Net liquidity gap</b>	<b>206,966</b>	<b>47,254</b>	<b>70,014</b>	<b>324,234</b>	<b>(360,169)</b>	<b>573,901</b>	<b>41,740</b>	<b>579,706</b>
<b>Cumulative net liquidity gap</b>	<b>206,966</b>	<b>254,220</b>	<b>324,234</b>	<b>324,234</b>	<b>(35,935)</b>	<b>537,966</b>	<b>579,706</b>	<b>579,706</b>