

Detailed analysis of accumulated losses

Date:	09 November 2020
Listed Company Name:	Amlak Finance PJSC
Define the period of the financial statements:	Q3 2020
Accumulated losses:	AED 2 billion
Accumulated losses to capital ratio:	133%
The main reasons leading to these accumulated losses:	<p>The accumulated losses are mainly due to fair value loss on investment properties recorded in 2014.</p> <p>During the period from 2009 to 2013 the group held certain investment properties amounting to AED 2,942 million which have been carried at cost since acquisition. These investment properties were fair valued as at 31 December 2014 and a fair value loss on these properties of AED 1,761 million was recorded during 2014.</p>
Measures to be taken to address accumulated losses:	<p>Amlak held an extraordinary general meeting in September 2014 where financial restructuring plan was approved by the shareholders of the Company.</p> <p>Since 2014, the company has been implementing the restructuring which allowed for the resumption of normal business activity that enabled successful repayment of 48% of Amlak's total debt over a period of 4 years under the 12 years restructuring plan.</p> <p>In January 2019 the Company announced entering into renegotiations with its financiers on the restructuring terms agreed in 2014 and subsequently revised in 2016.</p> <p>In June 2020, the company succeeded in obtaining the signature of all the financiers on the agreement that governs the new terms of its debt restructuring. Amlak has initiated the process to carry out the new terms of the agreement which allow more flexibility to adapt to current market conditions and allow the company to develop its business to achieve growth in its balance sheet. The Company fully settled high cost tranche A financiers during the third quarter of the year 2020.</p> <p>On October 01, 2019 the Company announced that it has been awarded AED 780 million in an arbitration administered by the Dubai International Arbitration Center since 2013. The ruling has also awarded Amlak Finance its legal costs and additional compensation. Amlak will proceed with the legal proceedings to execute the ruling and recover the amounts due according to the judgment. The execution would have a positive impact on the Company's financial position.</p>

Authorized signatory

