Integrated Report 2021

AMLAK

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About Amlak

Amlak Finance PJSC is a leading specialized real estate financier in the Middle East. Since its establishment in November 2000 as the region's pioneer financial services provider, it has provided its customers with innovative, Sharia-compliant property financing products and solutions designed to meet the rapidly evolving market demands.

It was first established as a private shareholding company in Dubai, United Arab Emirates, in accordance with UAE Federal Law. In 2004, it was converted to a Public Joint Stock Company.

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

During 2007, Amlak expanded its operations and launched its first international office in Cairo, which operates under the name 'Amlak Finance Egypt Company S.A.E.' It also has business associations in Saudi Arabia under the name 'Amlak International For Real Estate and Finance Co.'.

Over the years, Amlak Finance has received a number of prestigious awards. These achievements are a testament to the Company's leading services, diligent corporate values, and ongoing efforts toward innovation.

Past Awards include:

- Global Islamic Business Award (GIBA)
- Best Sharia Compliant Property Finance Company
- Best Islamic Finance CSR Company in UAE
- Dubai Chamber of Commerce and Industry's CSR Label

Today, through a variety of customized property finance solutions, Amlak enables individuals and businesses to achieve their goals of owning a property in the UAE and remains committed to making a positive contribution not just to its customers, but also the wider UAE community.

Chairman's Message

Amid a challenging macroeconomic environment and continued headwinds caused by the COVID-19 pandemic, Amlak Finance demonstrated its agility and the resilience of its operating model throughout 2021, successfully closing the year in a robust position.

The operating environment experienced in 2021 remained somewhat challenging, however by the year-end, signs of economic progress were evident with leading indicators showing upwards trends, as consumer confidence rose, gross domestic product increased for many nations and capital market activity was underscored by a flurry of new issuers tapping markets around the globe in order to seize favorable market windows. The real estate sector was buoyed by positive market sentiment.

In 2021, Amlak Finance focused on prudently managing its UAE operations and balance sheet. Amlak reported a net profit of AED 1.06 billion for the year ended 31 December 2021 as compared to net loss of AED 438 million for the year ended 31 December 2020. With continued pressure caused by COVID-19, Amlak's revenues decreased slightly to AED 221 million from AED 283 million in 2020 excluding fair value losses on investment properties, gain on debt settlement and legal case settlement. Full year 2021 revenues from financing business activities are marginally lower than 2020 at AED 165 million in 2021 (FY20: AED 169 million), while rental income decreased by 46% during 2021 to AED 23 million (FY20: AED 42 million).

During 2021, a key milestone for Amlak Finance was the closure of an arbitration settlement, administered by the Dubai International Arbitration Centre, in favour of the business, with a net value of approximately AED 875 million.

Another achievement for Amlak in 2021 was its prudent management which saw it Debt settlement arrangements yield AED 465 million and was able to reduce its debt burden by AED 1,139 million (including Mudaraba instrument of AED 235 million).

In the region, Amlak's Egypt affiliate showcased its robustness, recording a 10% increase in profit from previous year. Our KSA office also demonstrated strength, recording a consistent income of AED 19 million.

As the impact of the pandemic continued, Amlak remained focused on supporting its customers to navigate the challenging period through its commitment to enhancing customer-centricity through various strategic initiatives.

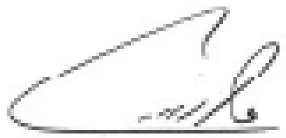
As Amlak Finance sought to ensure business continuity and stability during the protracted pandemic, its true focus remained on its employees' wellbeing as it placed front and centre the safety of employees in all of its endeavours. our focus was – and very much remains – on the safety and wellbeing of Amlak Finance's employees.

As we look ahead, in 2022, Amlak is continuing its strategy to unlock new opportunities that will further enable it to adapt and respond to changing market realities whilst the company moves towards a bright future.

Our long-term goal is to continue sustainable growth for Amlak Finance. Generating value for our shareholders, managing our obligations , nurturing our employees and implementing prudent risk management will continue to be at the top of our corporate agenda.

On behalf of the Board of Directors, I would like to express my sincere gratitude to His Highness Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and ruler of Dubai, for his aspirational leadership and vision and drive for excellence across all sectors in the UAE.

I would also like to express my heartfelt thanks to the management and employees for their dedication and hard work, and to our customers for their continued loyalty and support. It is only with their contributions that we steered Amlak Finance confidently through what has been a turbulent year globally.



Ali Ibrahim Mohammad
Chairman of the Board

CEO’s Message

In a year characterized by extraordinary challenges and opportunities, Amlak Finance has displayed remarkable resilience and adaptability. At Amlak Finance, 2021 has been a year of recovery and navigating the changes caused by the global pandemic.

Despite the disruption caused by the pandemic, we were able to maintain operational resilience and managed to achieve a number of important milestones over the course of the year.

One of our biggest achievements was the successful closure of a long-running arbitration case in favour of Amlak Finance. Administered by the Dubai International Arbitration Centre, the settlement for Amlak netted approximately AED 875 million including both plots and partial cash installments. This award, alongside our prudent management of our UAE operations and balance sheet supported our robust financial results. We reported a net profit of AED 1.06 billion for the year ended 31 December 2021 as compared to net loss of AED 438 million for the year ended 31 December 2020.

Amlak also recorded a gain of AED 465 million on debt settlement arrangements and was able to reduce its debt burden by AED 1,139 million (including Mudaraba instrument of AED 235 million). Our income for the year increased by 215% to AED 1,298 million as compared to AED 412 million during last year excluding fair value losses on investment properties. This increase in income is mainly attributed to the settlement of the arbitration and the gain resulted from the debt settlement arrangements.

Furthermore, revenues from financing business activities for the year were marginally lower by 2% as compared to 2020 and stand at AED 165 million in 2021 (FY20: AED 169 million), while rental income decreased by 46% during 2021 to AED 23 million (FY20: AED 42 million).

In 2021, we continued to effectively manage our obligations including repayment of AED 181 million to financiers in 2021 and full settlement with four financiers. To date, Amlak has paid 69% of its Islamic deposit liabilities relating to Financiers.

Looking internally - throughout the course of the year, we initiated a cultural transformation journey. We prioritized our focus on employee wellbeing and developed strategies to ensure continuity despite the ongoing COVID-19 pandemic. In a short span of time, we normalized operations and safely returned to our offices thanks to the visionary directives of the UAE’s wise leadership and the robust implementation of the vaccination program.

Egypt remained a key market for us, and I am pleased to note that, last year we saw the development of greater alignment with our colleagues at Amlak Egypt. As we look ahead, we will continue to build on these ties to create further synergies over the next year.

We have also seen considerable growth and momentum in Saudi Arabia where we have yielded a consistent income of AED 19 million.

The other significant milestone was the launch of our new corporate values that reflect the essence of our identity. Our new values of Agility, Trust, Collaboration and Accountability are underpinned by a set of behavioral competencies that will act as catalysts to support our cultural transformation and will become an integral part of our performance metrics.

In addition to building our culture, 2022 will see a continued focus on customer-centricity as we look to further improve our customer satisfaction and ensure that we meet their needs.

As we step into the future, there are surely some challenges that lie ahead, however we remain optimistic about future opportunities and are confident that we are well placed to capitalize on them.

In closing, I would like to thank the Board of Directors, the Management Team and all of Amlak’s employees for their unwavering support and dedication.

I would also like to thank our loyal customers, shareholders and stakeholders for their continued trust and support in us.

Arif Alharmi Albastaki
CEO

Board of Directors

Mr. Ali Ibrahim Mohammad
Chairman

Mr. Khalid Al-Halyan
Vice Chairman

Mr. Mostafa Ismail Karam
Member of the Board

Mr. Rashed Mohammad Ali Abdulrahman
Member of the Board

Mr. Ayad Hammad Alharazeen
Member of the Board

Mrs. Fatima Ahmed Rashid Qasimi
Member of the Board

Executive Management

Arif Abdulla AbdulRahman Alharmi Albastaki
Chief Executive Officer

Ahmad Omar Said Salameh
Chief Financial Officer

Lama Takieddin
Company Secretary and Sharia

Muhammad Sajid Latif
Head of Finance

Rawad Ezzeddin Khoja
Senior Manager - Legal

Mohamed Ibrahim Mohamed Abdalla AlMaazmi
Head of Collections

Syed Kashif Hussain
Head of Revenue

Chenchu Rama Naidu Gande
Head of Enterprise Risk Management

Nilesh Dutta
Head of Strategy

Mohammad Omar Mustafa Barry
Head of Information Technology

Sarrah Shabbirali Tambawala
Head of Human Resources & Administration

Osama Nagey Hussin Sadek
Head of Internal Audit

Yasser Mohamed Ibrahim Asser
Head of REPPA and Head of Asset Management

What drives us forward

Vision

To be the specialized and customer centric real estate financing institution of the UAE.

Mission

To provide niche financial solutions, customized to fit our customers' needs while maximizing shareholders' value and nurturing our employees.

Our Corporate Values:

Agility

We are innovative and imaginative in working with opportunities and challenges. We continuously improve the way we work, making it simpler, better and faster.

Trust

We do what is best for Amlak and our customers. We deliver on our promises and work to high standards. We are reliable, open and honest.

Collaboration

We work collaboratively with colleagues and form effective partnerships with internal and external stakeholders. Promoting cross-disciplinary working as a means of achieving shared goals.

Accountability

We hold ourselves and others accountable for delivering high quality and end to end service. We are courageous and speak up when the interest of the department and Amlak is at stake.

Amlak Through the Years

2000

Incorporated as a private shareholding company in Dubai, UAE.

2004

- Converted into Sharia compliant public joint stock company.
- Listed on DFM.

2005

- Rights issue.
- Successfully launched Sukuk.

2006

- Launched "First Amlak Real Estate Fund".
- Invested in Amlak International for Real Estate Finance Company KSA (Associate).

2007

- Invested in Amlak Finance & Real Estate Investment (S.A.E.)
- (100% subsidiary in Egypt) CCI Redemption of AED 100 Mn.

2008

- The financial turmoil hit the UAE.
- **Suspension of share trading on DFM.**

2009 — 2013

It was the stand still period for Amlak growth. However, management proactively adopted focused strategies covering.

I. Continue serving financier.
II. Effective Portfolio management.
III. Robust liquidity management.
IV. Cost rationalization.
V. Negotiated significant reduction in liabilities & commitments.
VI. Protecting Shareholders' value.

2014

- Implementation of the approved restructuring plan in November.
- Settled AED 2.8 Bn of liabilities in cash.

2015

Resumption of share trading on DFM in June.

Redemption of AED 200 Mn of Contingent Convertible Instrument (CCI) within the first year after restructuring Advance Payment of AED 558 Mn to Financiers.

2016

Successful renegotiation of key restructuring terms led Amlak to meet its strategic intents.

- Long term sustainability and growth.
- Improved ability to attract new funding.
- Enhancement in shareholder value.
- Advance Payment of AED 274 Mn to Financiers.

2017

CCI Redemption of AED 100 Mn.

2018

Advance payment of AED 684 million to financiers

2019

- Amlak announces Renegotiation of Restructuring Terms with its Financiers.
- Amlak announces completion of labour camp project.

2020

- Debt restructuring completed in 2020.
- Debt settlement of AED 257 million and full settlement with three financier.
- Partial exit from Amlak KSA through IPO generating AED 98.3 million.
- Repayment of AED 157 million to financiers (Tranche B) in 2020 and full settlement of liquidity support providers (Tranche A) in 2020
- Amlak's Egypt affiliate records 68% increase in profit from previous year

2021

- Debt settlement of AED 1.15 billion and full settlement with four financiers.
- Concluded arbitration ruling in Amlak's favor with a net value of AED 725 million.

Strategy

Guided by its vision and mission, Amlak pursues a strategy of sustainable growth, customer centricity and operational excellence, underpinned by prudence, corporate governance and corporate responsibility.

Shareholder Value

Sustainable growth has been placed at the root of Amlak's corporate strategy. The key focus will be on maximizing shareholder value through delivering dedicated service to our customers and generating optimum value from financial assets.

Amlak is also committed to create long term value from its real estate investment portfolio by considering development of land parcels in conjunction with suitable partners in an effort to better and faster fulfill its restructuring commitment to its financiers.

Funding

Optimum and sustainable long-term funding remains a critical focus for the organization while we continue to flawlessly implement the restructuring milestones in the financing structures. This will underpin Amlak's balance sheet and profitability growth strategy in years to come.

Amlak continues to explore innovative options to repay financiers with a view to achieve a sustainable capital structure

Cost Rationalization

Achieving operational efficiency with a view to reduce costs is a key area of focus. Amlak continues to explore digital solutions as a means to deliver improved internal and external service delivery while effectively managing costs.

Organization Capabilities

Other main strategic priorities will include improving customer service delivery through technology, process reengineering to drive efficiency, robust risk management, progressive staff development and talent management as well as boosting corporate brand.

Risk Management

Enterprise Risk Management

Risk Management continues to be a top priority of Amlak Finance. Risk is an integral part of our business and decision-making process. Our performance depends on our ability to manage risk at every level. Amlak is committed to achieving an optimum balance between risk and return to minimize potential adverse impacts on the Company's financial performance.

Aligned with this objective, the Board of Directors established the Board Risk Committee (BRC).The BRC's main responsibility is to oversee the organization's enterprise risk management. It is governed by a Charter that sets the roles and responsibilities of the Committee, its authority, composition and relationship with different stakeholders.

Furthermore, Amlak has established, working groups comprising of stakeholders form business units and support functions to discuss financial and non-financial risks..

Risk Management Philosophy / Strategy

Amlak has a strong risk culture, anchored to our strategy, and all staff are responsible for highlighting and managing potential risks in the course of their work. We reinforce individual accountability through a focus on the Three Lines of Defence model. In this model, as depicted here, management control is the first line of Defence in risk management, Enterprise Risk Management (ERM) and compliance oversight functions are the second line of Defence, while independent assurance internal audit team is the third.

1st Line of Defense
Business Line management responsible for identification and control fo risk

2nd Line of Defense
Control functions - Enterprise Risk Management and Compliance

3rd Line of Defense
To provide independent assurance

Risk Appetite

As part of our continued efforts to improve the enterprise risk management, Amlak manages its risks by seeking to ensure that its exposures in each business segment remain within acceptable risk tolerance levels. The risk tolerances are translated into risk limits for operational purposes. The risk appetite is collectively managed throughout the organization through adherence to its risk management policies and procedures. Risk Limits are periodically reviewed to ensure that they remain within the risk appetite of the Group.

Amlak's Risk Management Framework

Risk Mitigation
Identifying existing and new mitigation factors to effectively manage risks.

Risk Response Strategies
Once a risk has been assessed, an appropriate risk response strategy needs to be put in place in order to manage the risk.

Risk Identification
Process to identify and document risks that may prevent achieving objectives.

Risk Assessment
Overall process of risk measurement and risk evaluation.

Risk Reporting
Reporting the status of risks and mitigation factors to the Management.

Risk Management Approach:

Amlak addresses the challenges of risks through enterprise wide risk management framework, key features of the frame-work are as follows:

- The Board of Directors provide overall risk management direction and oversight.
- Company's risk appetite is approved by the Board of Di-rectors
- Risk Management is embedded as intrinsic process and is a core competence of all employees.
- Amlak manages its Credit, Market, Operational, Informa-tion Security and Liquidity risks in a coordinated manner within the organization.
- Enterprise Risk management Department is independent of the business units.

Amlak continuously modifies and enhances its risk management policies and systems to reflect changes in the market, products, and international best practices.

Training, individual responsibility and accountability together with disciplined and cautious culture of control is an integral part of Risk management.

Amlak's risk management structures and processes are continually reviewed and ensure their adequacy and appropriateness for the Company's risk and opportunities profile as well as bringing them up to date with changes in strategy, business environment, evolving thoughts and tends in Risk Management.

Products & Services

Since Inception, Amlak Finance has been the real estate specialist providing Shari'a compliant property financing solutions, designed to meet the rapidly evolving ecosystem comprising real estate markets and customer demands.

Through its innovative & customized products and services, Amlak has been making the dream of owning a property in the UAE become a reality for UAE residents, and contributes positively to the growth of Dubai's real estate sector.

Customer Service:

Amlak provides focused customer service by servicing each customer through a dedicated relationship. Amlak's customer service has been rated above industry benchmarks by independent evaluators.

Our suite of products & services includes:

Istithmari

Istithmari is the first-of-its-kind Buy-To-Let property finance (Ijarah) product in the region, designed

for investors looking to invest in completed residential and commercial properties. In addition to providing personalized and professional relationship management, customers are provided with a

full suite of Property Management Services.

Ijarah

Ijarah is the standard home finance product aimed towards end users of ready residential and commercial

properties. Under Ijarah, Amlak buys the property from the developer/seller and leases it out to the customer with a promise to sell at the end of the lease term. The customer pays monthly rentals that comprise of fixed, variable and supplementary rentals.

Double Your Property

This product has been designed for UAE resident investors who have own a property in UAE to avail an opportunity to double their property portfolio. The product offers eligible investors to unlock their equity and increase their real estate returns through attractive financing terms from Amlak.

Amlak will facilitate the second investment process from offering its real estate portfolio to financing the transaction. In addition, investors can also avail professional property management services.

Tatweer

Tatweer is a product aimed at financing under-construction properties for investors as well as for end users. Finance is supplemented with a full suite of property management services that come into effect post completion and handover of the property.

Private Construction Finance

Private Construction Finance is offered to individuals or corporates that undertake construction of commercial or residential projects. Amlak is one of the handful financiers offering this product to a target market comprising UAE nationals as well as Expatriates for the purposes of renting in future or occupying. Amlak also prides in having substantial experience in managing construction financing transactions via trusted third party contractors and consultants as well as personalized relationship management of its clients.

Corporate Social Responsibility (CSR)

We remain fully committed towards Corporate Social Responsibility (CSR). CSR is embedded as an integral part of our corporate culture and plays a key role in our everyday business operations.
In 2021, we continued to actively engage with other CSR-conscious organizations and participate in national initiatives without a dedicated budget and mainly through employee volunteering.

Some of our key CSR initiatives of 2022 include:

Vaccination Awareness Communications
Our focus was largely been towards pushing towards vaccination by regularly providing educative information about the vaccine, factual Q & A about vaccine development, quell misbeliefs about the COVID vaccine and encourage employees to get vaccinated in collaboration in line with the UAE's vaccination targets for the year 2021.

Amlak Going Green: Paperless Initiative
Amlak Finance has successfully gone paperless – all internal documents are signed through DocuSign.

Shukran Recognition
A simple **rewards and recognition tool** is included on the Intranet portal that enables employees to say thank you to a colleague. This was launched in our efforts foster a positive culture of recognition and appreciation.

To read the full 2021 CSR Report, please visit our website:
https://www.amlakfinance.com/csr-library/

Give and Gain 2021
We have collaborated with, Emaar Industries & Investments and Education 4 All for Clothes Donation Drive , and NEFSY for Ramadan Campaign. Amlak received a certificate of appreciation from the Dubai Chamber for its efforts in the Give and Gain campaign 2021.

Dubai Fitness Challenge 30 x30
A National Initiative, This is where all members representing Amlak Finance commit to a minimum of 30 minutes of walking or running for 30 days straight.

Al Noor Training Center for Children with disabilities
All the baked goods were made by students who have been given sheltered employment at the Centre. With the generous contributions of our employees, we were able to contribute positively to Al Noor's quest of helping students achieve greater independence in society.


ENGAGE DUBAI

DUBAI CHAMBE
CENTRE FOR RESPONSIBLE BUSINES

شهادة تقدير
Certificate of Appreciation

يتقدم مركز أخلاقيات الأعمال بالشكر إلى
The Dubai Chamber Center for Responsible Business would like to thank

Amlak Finance

للمساهمة الفعالة في فعالية اعط واحصد 2021
For contributing to Give and Gain in 2021

غرفة تجارة وصناعة دبي
Dubai Chamber of Commerce & Industry

Valid one year from date

Financial Trends

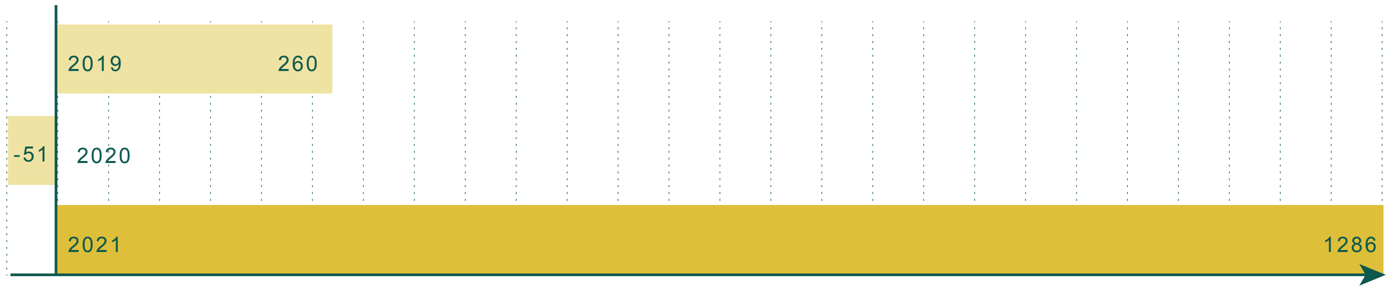
I. Group Income Statement

AED in Mn

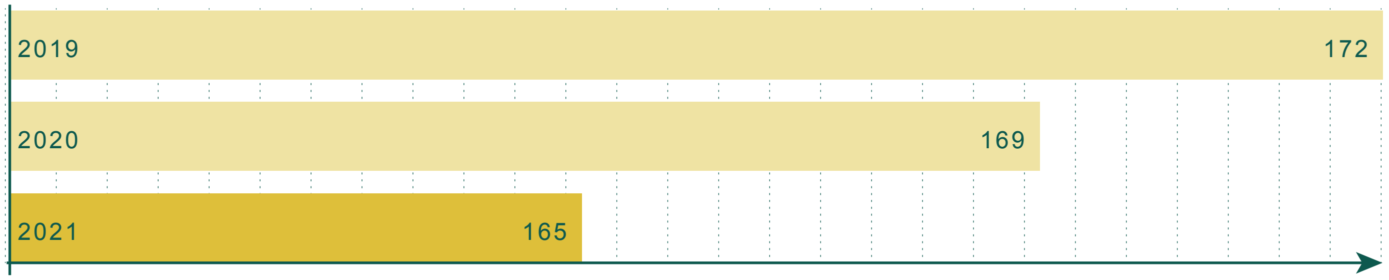
Profit / Loss for the year*

*Including Share of Results

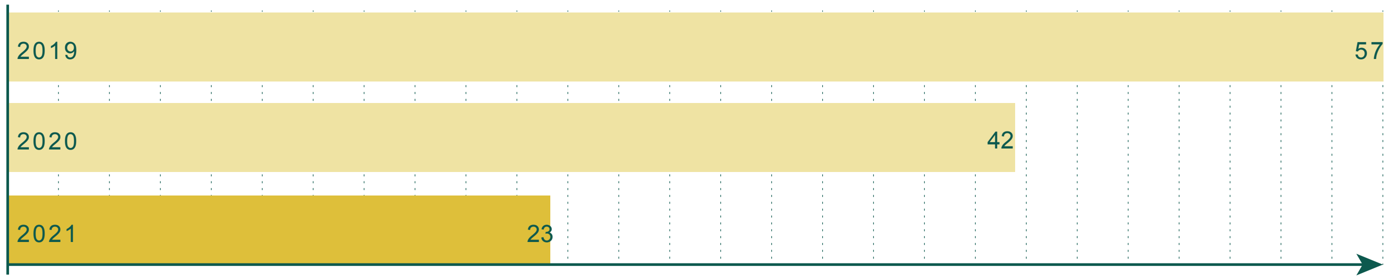
Total Income*



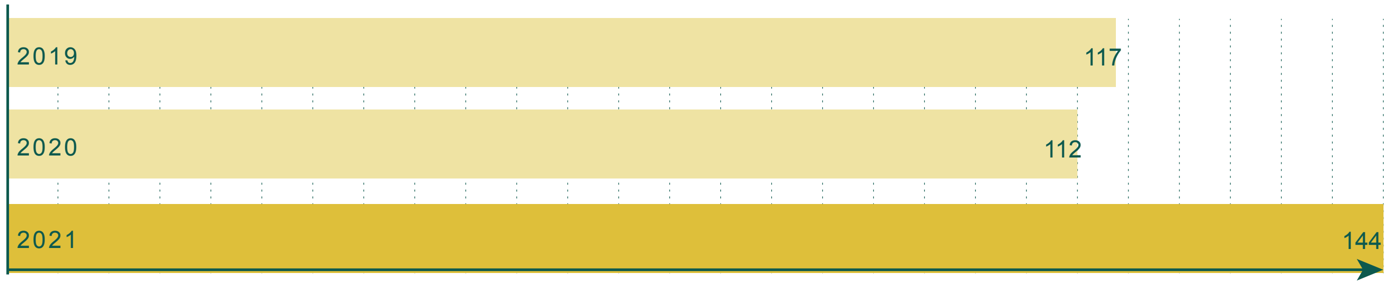
Income from Financing and Investing Assets



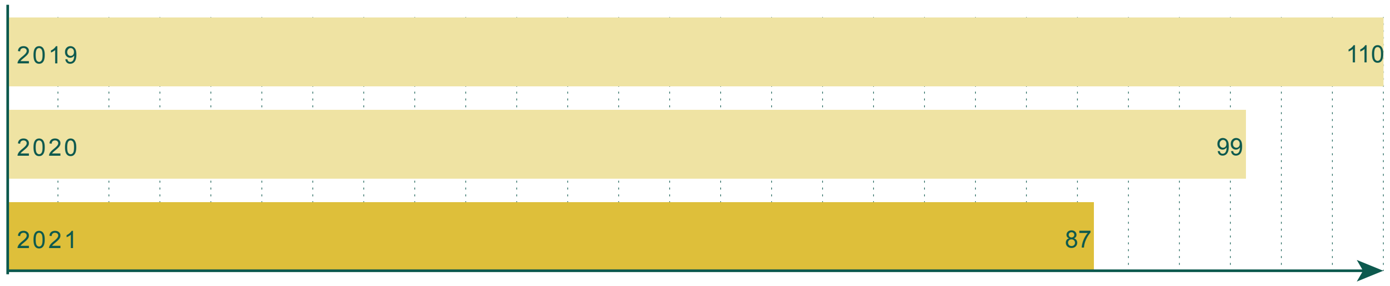
Rental Income



Operating Expenses



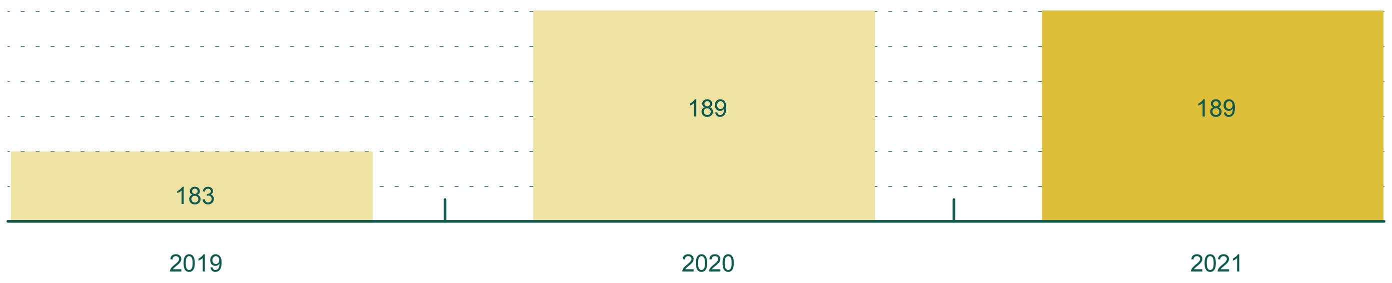
Distribution to Financiers/ Investors



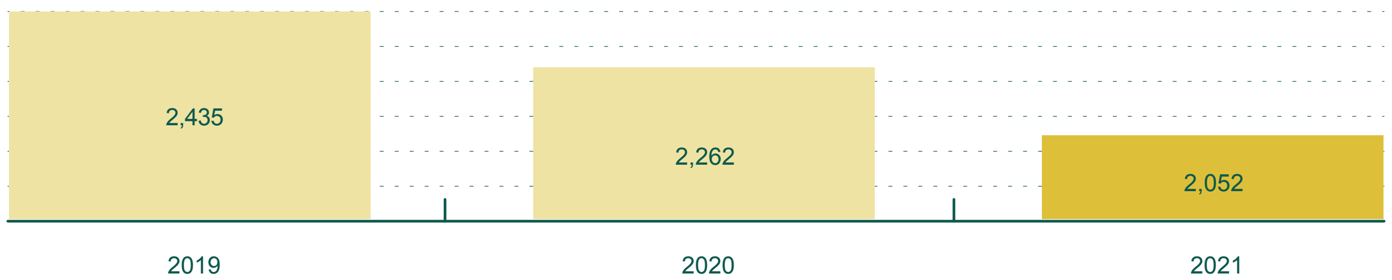
II. Group Balance Sheet

AED in Mn

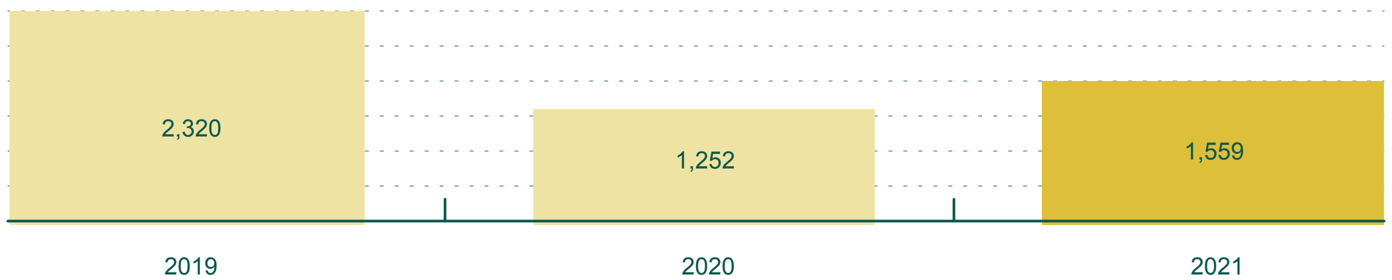
Cash and Balances with banks



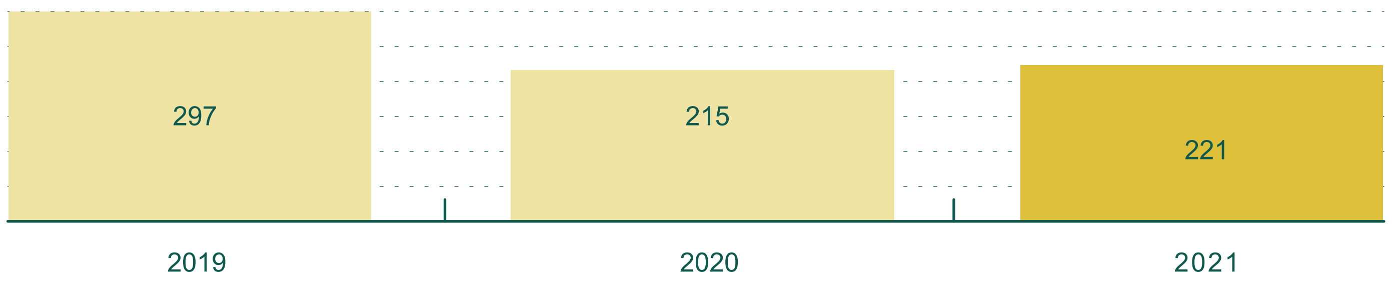
Islamic financing and investing assets



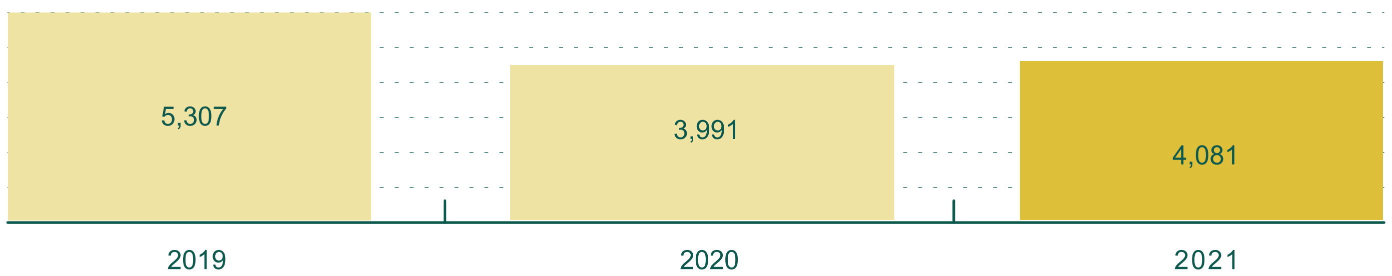
Real Estate Investments



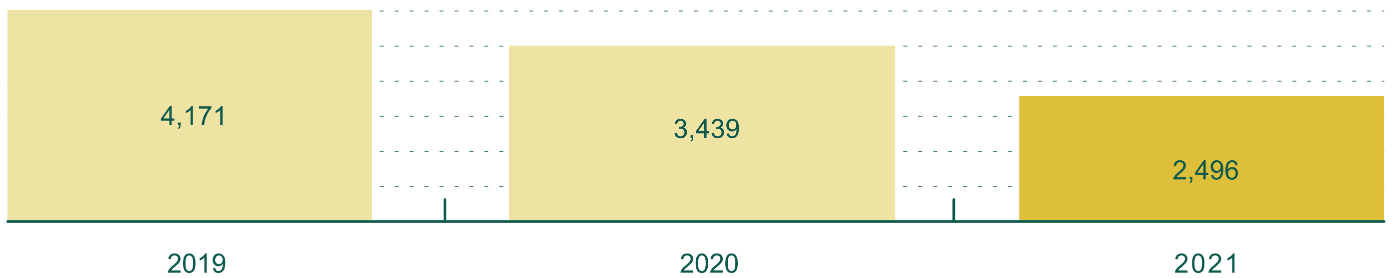
Corporate Investments



Total Assets

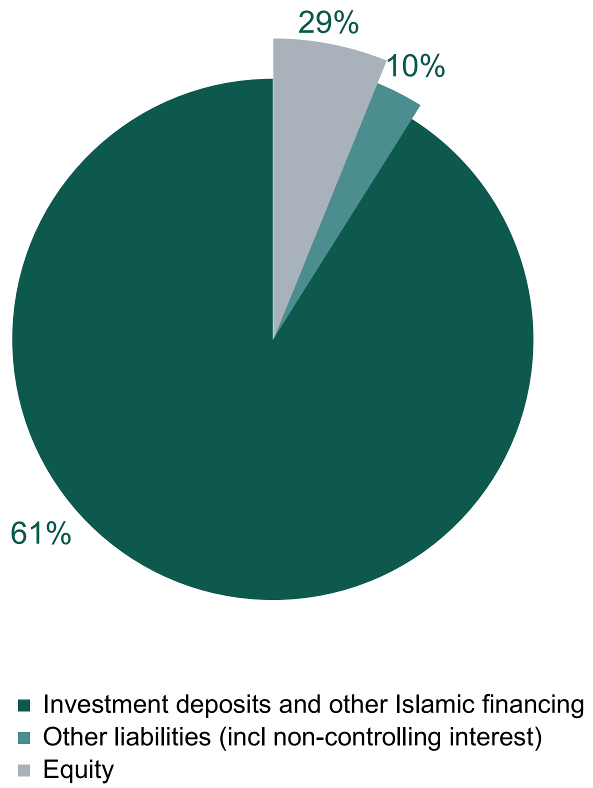


Investment Deposits and Other Islamic Financing

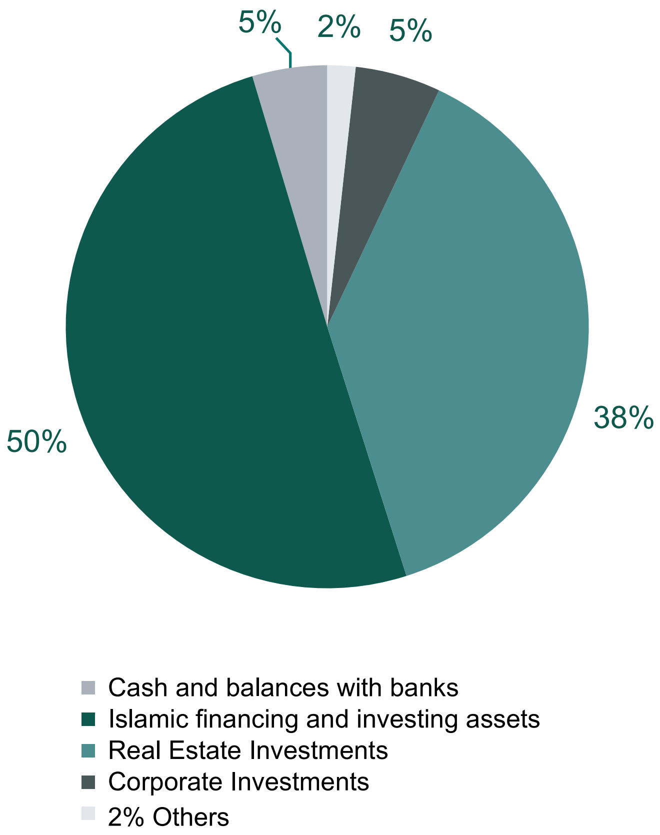


Group Balance Sheet (continued)

Liability and Equity Mix – Dec 2021

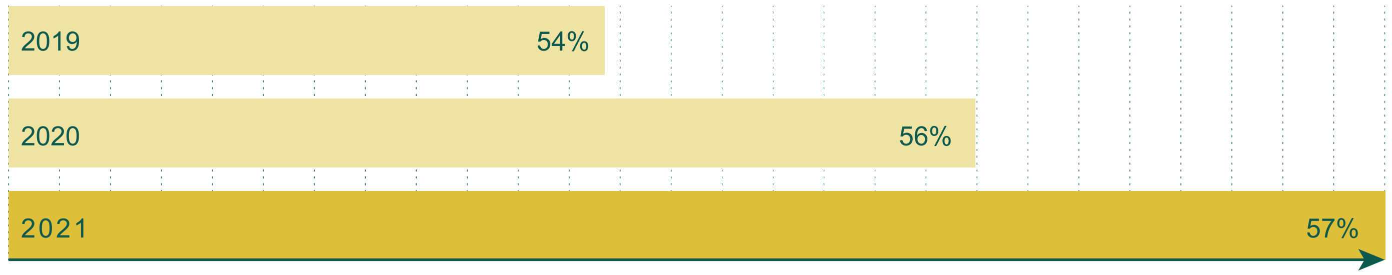


Assets Mix – Dec 2021

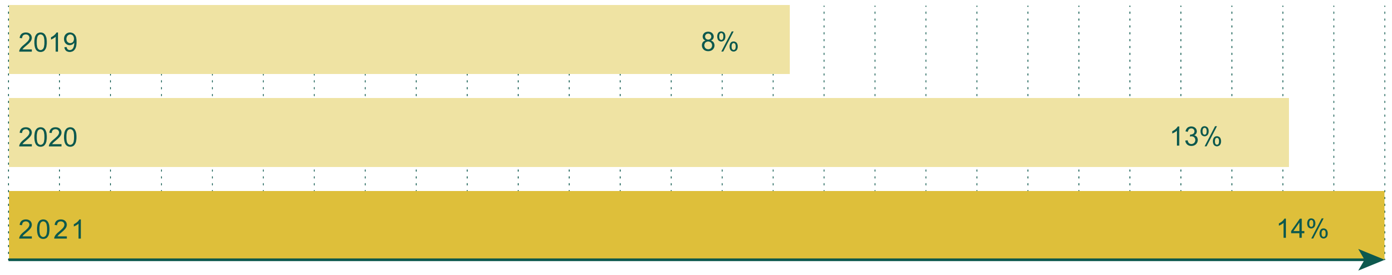


III. Financial Ratios

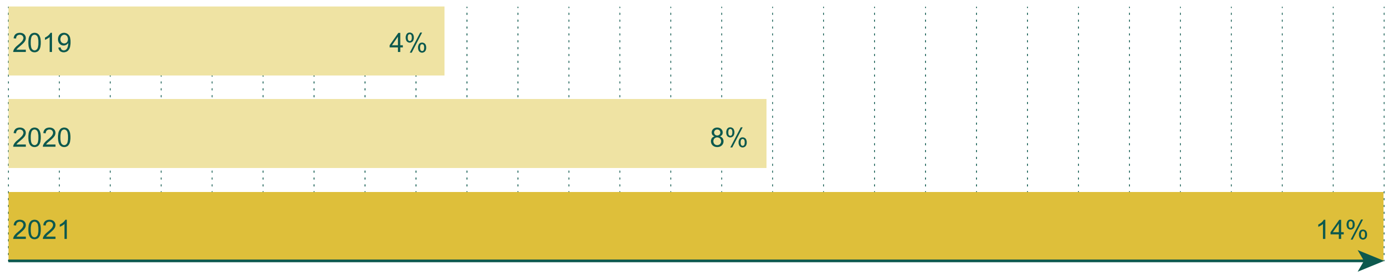
Net Financing to Deposit Ratio



Non-performing financing to total asset ratio



Liquid Assets to Total Assets Ratio

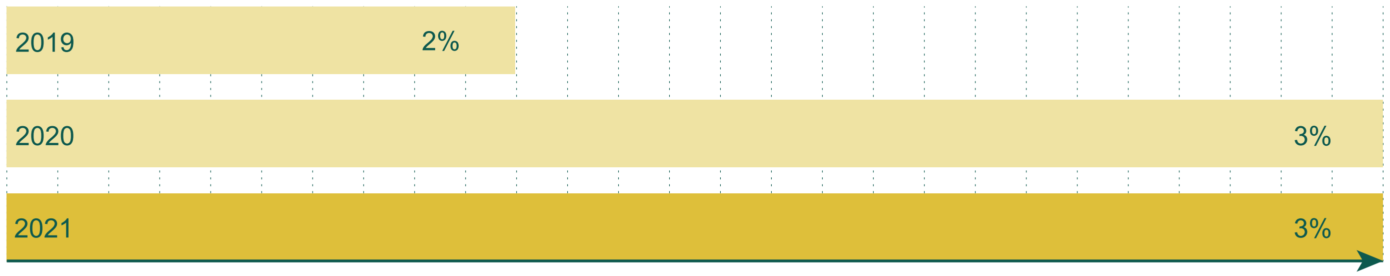


Financial Ratios (continued)

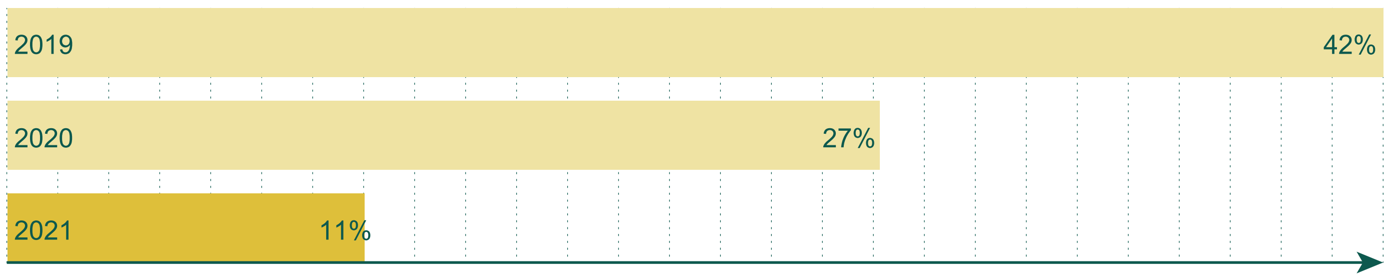
Return on Equity (ROE)

Return on Assets (ROA)

Net profit margin



Cost to Income Ratio



Annual Report of the Internal Shari'ah Supervision Committee of Amlak Finance PJSC

Issued on: 22 February 2022
To: Shareholders of Amlak Finance PJSC ("Amlak")

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the **Regulatory Requirements**"),the Internal Shari'ah Supervisory Committee of Amlak ("**ISSC**") presents to you the ISSC's Annual Report for the financial year ending on 31st December 2021 ("**Financial Year**").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

a. undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of Amlak; and Amlak's policies, accounting standards, operations and activities in general (to the extent of what was presented to the ISSC), memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between financiers and shareholders ("**Amlak's Activities**") and issue Shari'ah resolutions in this regard, and

b. determine Shari'ah parameters necessary for Amlak's Activities, and Amlak's compliance with Islamic Shari'ah within the scope of the rules, principles, and standards set by the Higher Shari'ah Authority ("**HSA**") to ascertain compliance of Amlak with Islamic Shari'ah.

The senior management is responsible for Amlak's compliance with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'ah") in all Amlak's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), the ISSC has, to the best of its judgment, abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to Amlak's Activities.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of Amlak's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah Control Department and Shari'ah Audit, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening (4) meetings during the year.

b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to Amlak's Activities.

c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by Amlak to the ISSC for approval / ratification.

d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.

e. Supervision through the Internal Shari'ah Control function and the Shari'ah Audit function of Amlak's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.

f. Providing guidance to relevant parties in Amlak – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah Control Department and Shari'ah Audit – and where applicable issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.

g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.

h. Where required, communicating with the Board and its subcommittees, and the senior management of Amlak (as needed) concerning Amlak's compliance with Islamic Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that Amlak is compliant with Islamic Shari'ah.

4. Independence of the ISSC

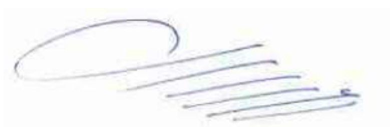
The ISSC acknowledges that it has carried out all of its duties with utmost independence. The ISSC received the required support and cooperation of the senior management and the Board of Amlak to have access to all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of Amlak

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that Amlak's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year, to the extent of matters presented before the ISSC, obtained data, audited matters, observations made and response of Amlak to implementation of these observations.

Signatures of members of the Internal Shari'ah Supervision Committee of Amlak



Dr. Mohammad Abdul Rahim Sultan Al Olama
Chairman

Mr. Moosa Tariq Khoory
Executive Member

Dr. Azzedine Ben Zughaiba
Member

Zakat on Amlak Shares for 2021

Praise be to Allah – lord of the worlds, and peace and blessings be upon the best of messengers our Prophet Muhammad, His family and companions.

Zakat on each Share is calculated as follows:

1- Zakat applicable on the Shares purchased for trading therein (i.e. to sell them at a higher price) is calculated as follows:

Zakat Pool (on each the Share) = The market value of Share at the end of the year1 plus the distributed profit for the year if any.

Zakat per Share = Zakat Pool of the Share X 2.5775%[2]

The due Zakat per Shareholder = Number of Shares X Zakat per Share

1. At the end of the financial year
2. Zakat for the Hijri year is 2.50% and for the calendar year 2,5775%

2- Based on the financial results for 2021, the shareholders who bought the stock for its profits and no intention to trade in the money market does not have Zakat due.

And Allah knows best

Report of Directors

Report of the directors

The Directors present their report and consolidated financial statements for the year ended 31 December 2021.

Principal activities

Amlak Finance PJSC is primarily engaged in Islamic financing and investing activities based on structures such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. These activities are conducted in accordance with Islamic Sharia'a which prohibits usury, and within the provisions of its Articles and Memorandum of Association.

Results

The results of the Group for the year ended 31 December 2021 are set out in the attached consolidated financial statements.

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented in the periodic report.

Signed on behalf of the Board of Directors

23 February 2022
Dubai, United Arab Emirates

Independent Auditor's Report
The Shareholders of Amlak Finance PJSC

Dubai, United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Amlak Finance PJSC (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Impairment of Islamic financing and investing assets	
As at 31 December 2021, the Group's gross Islamic financing and investing assets amounted to AED 2.6 billion and the related expected credit loss (ECL) allowances amounted to AED 573 million, comprising of AED 71 million against Stage 1 and 2 exposures and AED 502 million against exposures classified under Stage 3. The audit of the impairment of Islamic financing and investing assets is a key area of focus because of its size (representing 50 % of total assets) and due to the significance of the estimates and judgments used in classifying Islamic financing and investing assets into various stages, determining related allowance requirements, and the complexity of the judgements, assumptions and estimates used in the Expected Credit Loss models. Refer to Note 3 to the consolidated financial statements for the accounting policy, Note 2.4 for critical judgements and estimation used by management and Note 31 for the credit risk disclosure. The Group recognizes allowances for expected credit losses (ECLs) at an amount equal to 12-month ECL (Stage 1) or full lifetime ECL (Stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective profit rate. The Group employs statistical models for ECL calculations and the key variables used in these calculations are probability of default (PD), loss given default (LGD); and exposure at default (EAD), which are defined in Note 3 to the consolidated financial statements.	We obtained a detailed understanding of the Group's Islamic financing and investing assets business processes and the accounting policies of IFRS 9 Financial Instruments including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the IFRS 9 ECL models as at 31 December 2021. We tested the design, implementation and operating effectiveness of the relevant controls which included testing: ▪ System-based and manual controls over the timely recognition of impaired Islamic financing and investing assets and advances; ▪ Controls over the ECL calculation models; ▪ Controls over collateral valuation estimates; and ▪ Controls over governance and approval process related to impairment provisions and ECL Models including continuous reassessment by the management. We understood and evaluated the theoretical soundness of the ECL model by involving our internal experts to ensure its compliance with the minimum requirements of the standard. We tested the mathematical integrity of the ECL model by performing recalculations. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment.

Independent Auditor's Report

To The Shareholders of Amlak Finance PJSC, Dubai (Continued)

Key audit matter	How the matter was addressed in our audit
Impairment of Islamic financing and investing assets (continued)	
The measurement of ECL amounts for exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention, however, it is important that models (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period. Exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms. Stage 3 in default Islamic financing and investing assets are measured on the basis of the present value of expected future cash flows including observable market price or fair value of the collateral. The impairment loss is calculated based on the shortfall in the Islamic financing and investing assets carrying value compared to the net present value of future cash flows using original effective profit rate. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts	For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology, assessed the underlying assumptions and the sufficiency of the data used by the management. We assessed the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For samples of exposures, we evaluated the appropriateness of the Group's staging. For forward looking assumptions used by the Group's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. We selected samples of Islamic financing and investing assets and checked the accuracy of the Exposure at Default (EAD), appropriateness of the Probability of Default (PD) and calculations of the Loss Given Default (LGD) used by the management in their ECL calculations. For exposures determined to be individually impaired, we tested samples of Islamic financing and investing assets and examined and assessed management's estimate of future cash flows, and reperformed the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the LGD calculation for individually impaired exposures by testing the enforceability and adequacy of valuation of underlying collaterals and estimated recovery on default. In addition to the above, for Forward Ijarah customers we reviewed project progress reports for the under-construction portfolio provided by management's real estate team and validated the management position on each project's status on a sample basis against the latest report from the Dubai Land Department.

Key audit matter	How the matter was addressed in our audit
Impairment of Islamic financing and investing assets (continued)	
	We reviewed the allowance against on-hold and active projects in the Forward Ijarah portfolio based on the following main criteria established by management based on their experience and market knowledge: - Percentage of completion; - Developer history; and - Project negative equity. We assessed the disclosure in the consolidated financial statements relating to this area against the requirements of IFRSs.
Fair valuation of investment properties	
Investment properties comprise 38% of the total assets of the Group. Investment properties are carried at AED 1.56 billion in the consolidated statement of financial position. The Group's investment properties are measured under the fair value model, with changes in fair value presented in the consolidated statement of profit or loss. Management determines the fair values of the investment properties on a quarterly basis and has used external third party specialists in accordance with the RICS Valuation - Professional Standards and the requirements of IFRS 13 Fair Value Measurement and take into account, where available, discounted cash flows and evidence of market transactions for properties and locations comparable to those of the Group's properties. The Group's portfolio comprises retail, offices and residential property. The valuation of an investment property at fair value is highly dependent on estimates and assumptions, such as realisable sales values, rental value, occupancy rate, discount rate, maintenance status, financial stability of tenants, market knowledge and historical transactions. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we assessed this as a key audit matter.	We obtained an understanding of the Group's investment properties and the relevant controls over inputs and assumptions used by the Group in the valuation of the investment properties. In addition, our work performed included the below procedures, amongst others on the Group's valuations: We assessed the design and implementation and tested the operating effectiveness of the key controls over the estimation of the fair value of the investment properties; We assessed the valuer's skills, competence, objectivity and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes; We agreed the total valuation in the valuer's report to the amount reported in the consolidated statement of financial position; We tested, on a sample basis, the accuracy of the standing data provided by the Group to the Valuers;

Independent Auditor's Report

To The Shareholders of Amlak Finance PJSC, Dubai (Continued)

Key audit matter	How the matter was addressed in our audit
Fair valuation of investment properties (continued)	
Refer to the following notes in the financial statements for further detail: ▪ Note 3 – Significant accounting policies on investment properties; ▪ Note 2.4 – Critical accounting judgement and key sources of estimation uncertainty of valuation of investment properties; and ▪ Note 13 – Investment properties.	We utilised our internal real estate valuation specialists to review selected properties valued by the external valuers and internally by management and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 Fair Value Measurement. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reperformed the arithmetical accuracy of the valuations on a sample basis. We assessed the disclosures in the consolidated financial statements against the requirements of IFRSs.

Other information

The Board of Directors and management are responsible for the other information. The other information comprises the Board of Directors' report. We obtained the Board of Directors' report prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to

Independent Auditor's Report

To The Shareholders of Amlak Finance PJSC, Dubai (Continued)

outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- the Group has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Group's books of account;
- note 11 to the consolidated financial statements of the Group discloses its investments in equity instruments during the financial year ended 31 December 2021;
- note 29 to the consolidated financial statements of the Group discloses material related party transactions, the terms under which they were conducted and principles of managing conflict of interests as at 31 December 2021;
- based on the information that has been made available to us, the accumulated losses of the Group exceeded 50% of its share capital. Article 302 of the UAE Federal Law No. (2) of 2015 (as amended) requires that, under such circumstances, the Board of Directors of the Group should convene a General Assembly to take a special Decision to resolve the Group or to continue in the activity of the Group. This meeting will be held in April 2022. Other than this matter, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021, with any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021; and
- note 32 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2021.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)
Musa Ramahi
Registration No. 872
3 March 2022
Dubai
United Arab Emirates

Consolidated Financial Statements

Consolidated Statement of Income

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Income from Islamic financing and investing assets	4	**156,865**	164,710
Fee income		**8,534**	4,630
Income on deposits		**1,218**	2,558
Fair value loss on investment properties	13	**(12,620)**	(462,964)
Rental income	13	**22,676**	42,115
Gain / (loss) on sale of investment properties		**890**	(84,242)
Gain on debt settlement	17	**464,852**	129,005
Income on settlement against advance for investment properties	12	**613,059**	-
Income on settlement with customers	12	**-**	87,383
Other income	5	**11,342**	46,017
		1,266,816	(70,788)
(Impairment) / reversal of impairment on:			
Islamic financing and investing assets	10	**(26,463)**	(204,257)
Investment properties	13	**30,375**	(60,165)
Other assets		**(530)**	(1,579)
Advances for investment properties	12	**142,781**	-
Amortisation of initial fair value gain on investment deposits	17	**(141,312)**	(123,331)
Fair value adjustment on investment deposits	17	**-**	213,125
Operating expenses	6	**(143,788)**	(112,008)
Share of results of an associate	14	**19,043**	19,579

The attached notes 1 to 33 form part of these consolidated financial statements.

	Notes	2021 AED'000	2020 AED'000
PROFIT / (LOSS) BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS		**1,146,922**	(339,424)
Distribution to financiers / investors	7	**(87,286)**	(98,556)
PROFIT / (LOSS) FOR THE YEAR		**1,059,636**	(437,980)
Attributable to:			
Equity holders of the parent		**1,059,636**	(451,103)
Non-controlling interests	27	**-**	13,123
		1,059,636	(437,980)
Profit / (loss) per share attributable to equity holders of the parent			
Basic profit / (loss) per share (AED)	8	**0.71**	(0.30)
Diluted profit / (loss) per share (AED)	8	**0.38**	(0.30)
Profit / (loss) for the year		**1,059,636**	(437,980)
Other comprehensive income			
Item that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(2,479)**	1,991
Items that will not be reclassified subsequently to profit or loss: Losses on remeasuring of investment securities		**(597)**	-
Other comprehensive (loss) / income for the year		**(3,076)**	1,991
Total comprehensive income / (loss) for the year		**1,056,560**	(435,989)
Attributable to:			
Equity holders of the parent		**1,056,560**	(449,112)
Non-controlling interests		**-**	13,123
		1,056,560	(435,989)

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	31 December 2021 AED'000	31 December 2020 AED'000
ASSETS			
Cash and balances with banks	9	**189,056**	189,090
Islamic financing and investing assets	10	**2,052,252**	2,262,043
Investment securities	11	**7,824**	8,420
Investment properties	13	**1,558,830**	1,251,854
Investment in an associate	14	**212,799**	206,123
Other assets	15	**47,363**	58,438
Furniture, fixtures and office equipment	16	**12,435**	15,299
TOTAL ASSETS		**4,080,559**	3,991,267
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits and other Islamic financing	17	**2,496,034**	3,439,358
Term Islamic financing	18	**273,089**	194,354
Employees' end of service benefits	19	**3,309**	3,406
Other liabilities	20	**125,432**	109,618
Total liabilities		**2,897,864**	3,746,736
Equity			
Equity attributable to equity holders of the parent			
Share capital	21	**1,500,000**	1,500,000
Statutory reserve	23	**228,614**	122,650
General reserve	24	**228,614**	122,650
Special reserve	25	**99,265**	99,265
Mudaraba Instrument	26	**155,567**	204,896
Mudaraba Instrument reserve	26	**584,867**	770,324
Cumulative changes in fair value		**862**	1,459
Foreign currency translation reserve		**(301,587)**	(299,108)
Accumulated losses		**(1,313,507)**	(2,277,605)
Total equity		**1,182,695**	244,531
TOTAL LIABILITIES AND EQUITY		**4,080,559**	3,991,267

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, results of operation and cash flows of the Group as of, and for the years presented therein.

Approved by the Board of Directors on 23 February 2022 and signed on its behalf by:

Chairman

Chief Executive Officer

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
OPERATING ACTIVITIES			
Profit / (loss) for the year		**1,059,636**	(437,980)
Adjustments for:			
Depreciation	16	**3,704**	5,826
Share of results of an associate	14	**(19,043)**	(19,579)
Impairment on:			
- Islamic financing and investing assets	10	**26,463**	204,257
- Investment properties	13	**(30,375)**	60,165
- Advance for investment property	12	**(142,781)**	-
- Other assets		**530**	1,579
Fair value loss on investment properties	13	**12,620**	462,964
Amortisation of fair value adjustment on investment deposits	17	**141,312**	123,331
Fair value adjustment on investment deposits	17	-	(213,125)
Distribution to financiers/investors	7	87,286	98,556
Income on deposits		(1,218)	(2,558)
(Gain)/ loss on sale of investment properties		(890)	84,242
Gain on debt settlement		(464,852)	(129,005)
Gain on settlement of advance for investment properties		(613,059)	-
Gain on disposal of share in associate	14	-	(7,517)
Gain on settlement of receivable/liability	-	-	(87,383)
Provision for employees' end of service benefits	19	689	619
Operating profit before changes in operating assets and liabilities:		**60,022**	144,392
Islamic financing and investing assets		**286,240**	4,057
Other assets		**10,549**	1,946
Other liabilities		**16,208**	(70,725)
Cash from operations		473,019	79,670
Employees' end of service benefits paid	19	(786)	(1,321)
Net cash generated from operating activities		472,233	78,349

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
INVESTING ACTIVITIES			
Dividend from an associate	14	**12,367**	11,592
Proceeds from sale of share in associate		**-**	98,327
Sale of investment properties		**159,550**	307,153
Movement in restricted cash flow	9	**(4,590)**	19,558
Addition to investment properties		**-**	(5,392)
Proceeds on settlement of advance for investment property		**50,000**	-
Settlement of receivable from customers		**-**	14,684
Proceeds from Wakala deposits		**1,323,000**	2,125,000
Placement of Wakala deposits		**(1,558,500)**	(2,194,000)
Purchase of furniture, fixtures and office equipment	16	**(813)**	(1,994)
Income on deposits		**1,218**	2,558
Net cash (used in) / generated from investing activities		**(17,768)**	377,486

FINANCING ACTIVITIES			
Receipt of Term Islamic financing		**122,053**	109,803
Repayment of Term Islamic financing		**(62,282)**	(32,715)
Investment deposits and other Islamic financing		**(459,375)**	(485,235)
Redemption of Mudaraba instrument		**(56,363)**	(19,291)
Payment to non-controlling interests		**-**	(5,404)
Proceeds from sale of treasury shares		**-**	5,935
Net cash used in financing activities		**(455,967)**	(426,907)

	Notes	2021 AED'000	2020 AED'000
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(1,502)**	28,928
Foreign currency translation reserve		**(3,122)**	(3,395)
Cash and cash equivalents at the beginning of the year		**83,644**	58,111
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**79,020**	83,644
Non-cash transactions:			
Transfer of investment property to Minority interest		**-**	111,577
Transfer of investment property in settlement of liability		**290,728**	86,204
Transfer of investment property in settlement of advance for investment property		**705,840**	-

Consolidated Statement in Changes of Equity

For the year ended 31 December 2021

	Attributable to the equity holders of the parent					*Attributable to the equity holders of the parent*				
	Share Capital AED '000	**Statutory Reserve AED '000**	**General Reserve AED '000**	**Special Reserve AED '000**	**Mudaraba Instrument AED '000**	**Mudaraba Instrument Reserve AED '000**	**Cumulative Changes in Fair Value AED '000**	**Foreign Currency Translation Reserve AED '000**	**Accumulated Losses AED '000**	**Total Equity AED '000**
at 31 December 2020	1,500,000	122,650	122,650	99,265	204,896	770,324	1,459	(299,108)	(2,277,605)	244,531
Profit for the year	-	-	-	-	-	-	-	-	1,059,636	1,059,636
Other comprehensive loss for the year*	-	-	-	-	-	-	(597)	(2,479)	-	(3,076)
Total comprehensive income/ (loss) for the year	-	-	-	-	-	-	(597)	(2,479)	1,059,636	1,056,560
Transfer to general reserve	-	-	105,964	-	-	-	-	-	(105,964)	-
Transfer to statutory reserve	-	105,964	-	-	-	-	-	-	(105,964)	-
Debt settlement adjustment (note 17.2)	-	-	-	-	(49,329)	(185,457)	-	-	-	(234,786)
Gain on debt settlement through equity (note 17.2)	-	-	-	-	-	-	-	-	116,390	116,390
At 31 December 2021	**1,500,000**	**228,614**	**228,614**	**99,265**	**155,567**	**584,867**	**862**	**(301,587)**	**(1,313,507)**	**1,182,695**

The attached notes 1 to 33 form part of these consolidated financial statements.

Consolidated Statement in Changes of Equity (Continued)

For the year ended 31 December 2021

Attributable to the equity holders of the parent

	Attributable to the equity holders of the parent					
	Share Capital AED '000	**Treasury Shares AED '000**	**Statutory Reserve AED '000**	**General Reserve AED '000**	**Special Reserve AED '000**	**Mudaraba Instrument AED '000**
At 1 January 2020	1,500,000	(88,848)	122,650	122,650	99,265	215,472
Loss for the year	-	-	-	-	-	-
Other comprehensive income for the year*	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	-
Funds paid to project owner **	-	-	-	-	-	-
Regulatory credit risk reserve	-	-	-	-	-	-
Debt settlement	-	-	-	-	-	(10,576)
Adjustment (note 17.2)	-	-	-	-	-	-
Gain on debt settlement through equity (note 17.2)	-	-	-	-	-	-
Sale of treasury shares	-	88,848	-	-	-	-
Loss on sale of treasury shares	-	-	-	-	-	-
Non-controlling interest paid off	-	-	-	-	-	-
At 31 December 2019	1,500,000	-	122,650	122,650	99,265	204,896

	Attributable to the equity holders of the parent							
	Mudaraba Instrument Reserve AED '000	**General Impairment Reserve AED '000**	**Cumulative Changes in Fair Value AED '000**	**Foreign Currency Translation Reserve AED '000**	**Accumulat-ed Losses AED '000**	**Total AED '000**	**Non controlling interest AED '000**	**Total Equity AED '000**
At 1 January 2020	810,088	4,316	1,459	(301,099)	(1,778,975)	706,978	101,739	808,717
Loss for the year	-	-	-	-	(451,103)	(451,103)	13,123	(437,980)
Other comprehensive income for the year*	-	-	-	1,991	-	1,991	-	1,991
Total comprehensive income/(loss) for the year	-	-	-	1,991	(451,103)	(449,112)	13,123	(435,989)
Funds paid to project owner **	-	-	-	-	-	-	(5,405)	(5,405)
Regulatory credit risk reserve	-	(4,316)	-	-	4,316	-	-	-
Debt settlement	(39,764)	-	-	-	-	(50,340)	-	(50,340)
Adjustment (note 17.2)	-	-	-	-	-	-	-	-
Gain on debt settlement through equity (note 17.2)	-	-	-	-	31,050	31,050	-	31,050
Sale of treasury shares	-	-	-	-	-	88,848	-	88,848
Loss on sale of treasury shares	-	-	-	-	(82,893)	(82,893)	-	(82,893)
Non-controlling interest paid off	-	-	-	-	-	-	(109,457)	(109,457)
At 31 December 2019	770,624	-	1,459	(299,108)	(2,277,605)	244,531	-	244,531

* This relates to foreign exchange differences on translation of the Group's subsidiaries in Egypt.

** Funds paid to project owner represent capital redemption to non -controlling interests in the Sky Gardens project.

The attached notes 1 to 33 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

At 31 December 2020

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 and was amended by the Federal Decretal Law No. 26 of 2020 issued on 27 September 2020 and the Decretal Federal Law No. (14) of 2018.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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.

2. Accounting Policies

2.1. Assessment Of Going Concern Assumption

Due to shrinking of financing assets portfolio, the Group has reported decline in financing income and investing income from Wakala placements due to lower profit rates and utlisation of cash towards debt settlement. The Group has a significant inventory of investment properties and other investments outside the UAE which are required to be disposed off by June 2023 to become compliant with Finance Companies Regulations. Continued delinquencies in financing assets portfolio also pose future risk to generate sufficient cashflow to meet the repayment obligation of financiers.

2.2. Basis Of Preparation

Novel Coronavirus (COVID-19) continued to disrupt businesses and economic activity in 2021. Measures taken by various governments to contain the virus have affected all economic activities in general and the Group's business linked to its real estate portfolio in specific. During the year ended 31 December 2020, the Group incurred a loss of AED 438 million (2019: loss of AED 320 million) and witnessed a decrease in equity by AED 462 million. However during the year ended 31 December 2021, the Group has posted a profit of AED 1.045 billion, reflecting management's steps to cope with the situation

The Group's management has taken several steps to address the situation including the following:

- Debt settlement auctions undertaken throughout the year generated a net profit of AED 389 million during year ended 31 December 2021;
- It has considered the impact of COVID-19 on the cashflow position and believe that the Group has sufficient resources to withstand the impact and support its operating activities for the foreseeable futureposition and believe that the Group has sufficient resources to withstand the impact and support its operating activities for the foreseeable future.
- Planned offloading of assets within the real estate portfolio.

Management has witnessed increased demand for certain properties within the Group's investment property portfolio and expects this to continue throughout 2022 given the various government initiatives being implemented and positive impact of Expo 2020. These realisations will ultimately contribute to profitability of the Group.

Central Bank (CB) in its examination report pointed out that, growing the financing assets is critical, without which Amlak may not generate sufficient cash flows in future to meet financiers obligations. Further, the company is not competitive with other banks in terms of pricing the financing portfolio and has a huge inventory of real estate assets which may pose a risk on the company to become non-compliant with Finance Companies Regulations by June 2023.

Management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared these consolidated financial statements on a going concern basis.

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

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), the Shariah rules and principles as determined by the Fatwa and Sharia'a Supervisory Board of the Company and applicable requirements of United Arab Emirates laws

Basis of consolidation

The consolidated financial statements comprise the financial statements of Amlak Finance PJSC and its subsidiaries (the Group) as at 31 December 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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 or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

2. Accounting Policies

Basis of consolidation

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 Shareholding 2021	Percentage Shareholding 2020
Amlak Finance Egypt Company (S.A.E.)	Subsidiary	Egypt	**100%**	100%
Amlak Sky Gardens LLC (note 27.1)	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%

2.3. Changes In Accounting Policies, Estimates And Judgements

Issued and effective for accounting periods beginning on 1 January 2021

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these consolidated financial statements. In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021w. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS	Summary
Amendments to IFRS 9 *Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments Disclosures* relating to interest rate benchmark reform.	The changes ▪ modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform; ▪ are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform; ▪ are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and ▪ require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases)	▪ The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

New and revised IFRS	Summary
Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions	■ The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2021.

2.4. Definitions

The following terms are used in the consolidated financial statements with the meaning specified:

Istisna'a

Istisna'a is a sale contract between two parties whereby one party (seller) undertakes to construct, for the other party (buyer), an asset or property according to certain pre-agreed specifications in consideration of a pre-determined price to be delivered during a pre-agreed period of time. The work undertaken is not restricted to be accomplished by the Seller alone, whole or part of the construction can be undertaken by third parties under the seller's control and responsibility. Under an Istisna'a contract the Group may act as the seller or the buyer, as the case may be.

Ijarah (Ijarah Muntahia Bittamleek)

A lease agreement whereby one party (lessor) leases an asset to the other party (lessee), after purchasing/acquiring the asset according to the other party's request against certain rental payments for specified lease term/periods. The duration of the lease, as well as the basis for rental payments, are set and agreed in advance. The lessor retains ownership of the asset throughout the lease term. Ijarah ends by transfer of ownership in the asset to the lessee pursuant to a sale and purchase agreement. Under an Ijarah contract the Group may act as a lessor or a lessee as the case may be.

Forward Ijarah (Ijara Mausoofa Fiz Zimma)

Forward Ijarah is an arrangement whereby the parties' (i.e. lessor and lessee) agree that the lessor shall on a specified future date provide certain described property on lease to the lessee upon its completion and delivery by the developer, from whom the lessor has purchased the property. The lease rental under Forward Ijara commences only upon the lessee having received possession of the property from the Group. Forward Ijarah ends by transfer of ownership in the asset to the lessee. Under a Forward Ijara Group may act as a lessor or a lessee, as the case may be.

Sharikatul Milk

Sharikatul Milk is a joint ownership of two or more entities / persons is created in a particular asset or property without common intention to engage in business with respect to such asset or property. The parties share income / revenues from such joint ownership when the asset or property is either leased or sold.

Murabaha to the purchase orderer

Murabaha to the purchase orderer is an agreement whereby one party sells (seller) an asset to the other party (purchaser) after purchasing the assets which the seller has purchased based on a promise received from the purchaser to buy the asset to be purchased according to specific terms and conditions. The seller should disclose cost of the asset and an agreed profit to the purchaser. Under the Murabaha contract the Group may act either as a seller or a purchaser, as the case may be.

Mudaraba

An agreement between two parties whereby one party as a fund provider (Rab Al Mal) would provide funds (Mudaraba Capital), to the other party (Mudarib). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity against an agreed share in the profit. Mudaraba is an investment contract, however the Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba by the Mudarib. Under the Mudaraba contract the Group may act either as Mudarib or as Rab Al Mal, as the case may be.

Sharia'a

Sharia'a is the body of Islamic law and is essentially derived from the Quran and the Sunna'h, Ijma and Qiyas. The Group, being an Islamic Financial Institution, incorporates the Principles of Sharia'a in its activities, as interpreted by its Fatwa and Sharia'a Supervisory Board.

Wakala Investments

An agency agreement whereby the principal (Muwakkil) provides a certain sum of money (Wakala Capital) to an agent (Wakeel) to invest it in a Sharia'a compliant manner and in accordance with the feasibility study/investment plan submitted to the Muwakkil by the Wakeel. Wakeel for the services is entitled to a fixed fee (Wakala fee) and if the Wakeel achieves a return over and above the amount of expected profit (as stated in the feasibility study/investment plan) Muwakkil may grant such excess to the Wakeel as an incentive for its excellent performance.

However, the Wakeel is obliged to return the invested amount in case of its default, negligence or violation of any of the terms and conditions of the Wakala. The Group may either receive the funds from the investors as their investment agent (Wakeel) or provide the funds for management/investment as Muwakkil.

Mudaraba Instrument

An instrument issued in favour of a facility agent, acting for and on behalf of the financiers (as Agent) in respect of their

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

share in the finance portfolio pursuant to which the Agent transferred rights, interests, benefits and entitlements in the finance portfolio to Amlak Shaheen Limited (as Issuer). The Company and the Issuer (as Rab Al Maal) entered into Mudaraba whereby the finance portfolio as Mudaraba Capital will be invested by the Company. Any redemption of the Mudaraba Instrument will be through the Group making a payment under a Mudaraba contract to the Issuer. Any redemption of the Mudaraba Instrument will be through the Group making a payment under a Mudaraba contract to the Issuer.

2.5. Significant Management Estimates And Judgments

Use of estimates

The preparation of the consolidated financial statements requires management to use its judgment and make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions for impairment and fair values. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant items where the use of estimates and judgments are required are outlined below:

(i) Financial instruments

Judgments made in applying accounting policies that have most significant effects on the amounts recognized in the consolidated financial statements of the year ended 31 December 2019 pertain:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.
- Calculation of expected credit loss (ECL): Assumptions and estimation uncertainties that have a significant impact on ECL for the year ended 31 December 2020. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

Inputs, assumptions and techniques used for ECL calculation

Key concepts that have the most significant impact and require a high level of judgment, as considered by the Group while determining the ECL, are:

Assessment of Significant Increase in Credit Risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

The Group's assessment of significant increases in credit risk is being performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. The Group has established thresholds for significant increase in credit risk based on movement in Probability of Default relative to initial recognition.

2. Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.

3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment is based on individual assessment of financial assets for objective evidence of impairment.

The Group reviews its loans & receivables portfolio and Islamic financing receivables to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a loan or homogenous group of loans and receivables or Islamic financing receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

In order to assist customers in coping up with economic impact of COVID-19, AMLAK Finance offered payment deferrals to the impacted customers in line with CBUAE recommendations. Customers were grouped based on the severity of the impact of the crisis those customers who have not faced substantial impact in their credit worthiness were assigned same stage under IFRS9 as they were before the pandemic.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) such as occupancy rates, oil prices, housing price index and GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the Group's ECL calculation will have forecasts of the relevant macroeconomic variables.

The Group estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.

The Group base case scenario is based on macroeconomic forecasts published by the external experts and other publicly available data. Upside and downside scenarios are set relative to the Group base case scenario based on reasonably possible alternative macroeconomic conditions. Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant.

Scenarios are probability-weighted according to the Group best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis (if required). All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. Sensitivity assessment due to movement in each macroeconomic variable and the respective weights under the three scenarios is periodically assessed by the Group.

In some instances the inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Group's Governance process for oversight.

Definition of default

The definition of default used in the measurement of ECL and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life

When measuring ECL, the Group must consider the maximum contractual period over which the Bank is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Governance

In addition to the existing risk management framework, the Group has established an internal Committee to provide oversight to the IFRS 9 impairment process. The Committee is comprised of senior representatives from Finance, Risk Management and Economist team and will be responsible for reviewing and approving key inputs and assumptions used in the Group ECL estimates. It also assesses the appropriateness of the overall allowance results to be included in the Group financial statements.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

(ii) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from quoted prices, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where this is not possible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Fair values are subject to a control framework designed to ensure that they are either determined or validated, by a function independent of the risk taker.

(iii) Impairment loss on investment in associates and jointly controlled entities

Management reviews its share of investments in associates and jointly controlled entities to assess impairment on a regular basis. In determining the assessment, management compares the recoverable amount with the carrying value of the investment. Estimating recoverable amount using value in use requires the Group to make an estimate of the expected future cash flows from the associates and jointly controlled entities and choosing a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Contingent liability arising from litigations

Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for contingent liabilities arising from litigations is based on the probability of outflow of economic resources and reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are applied prospectively.

(v) Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

(vi) Impairment of associate

When indications exist that the carrying amount of the investment in associates would not be recoverable, an impairment is recognised. The recoverable amount is the higher of value in use and fair value less cost to sell. The fair value less cost to sell is based on the Group's best estimate of the price the Group would achieve in a sale transaction of the investment.

(vii) Provisions, contingent liabilities and commitments

Provision are recognised when the Group has a present constructive or legal obligation as a result of past events and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects the market assessments of the time value of money and the increase specific to the liability.

(viii) Revaluation of investment properties and advances for investment properties

The Group carries its investment properties and advances for investment properties at fair value, with changes in fair value being recognised in the consolidated statement of income. The Group engaged independent valuation specialists to assess fair value during the year. These are valued using appropriate valuation technique by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

(ix) Allocation of transaction price to performance obligations in contracts with customers

The Group has elected to apply the input method in allocating the transaction price between respective performance obligations in a contract. In applying the input method the Group uses the fair values of the respective obligations to apportion the transaction value.

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Judgements

In addition to specific allowance against individually significant loans and receivables and Islamic financing receivables, the Group also makes a collective impairment allowance to recognise that at any reporting date, there will be an amount of loans and receivables and Islamic financing receivables which are impaired even though a specific trigger point for recognition of the loss has not yet been evidenced (known as the "emergence period').

Impairment of non-financial assets

The Group reviews its non-financial assets to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of non-financial assets.

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgments the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when control of the unit has been handed over to the customer.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

2.6. Standard Issues

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020, with the Group not opting for early adoption. These have, therefore, not been applied in preparing these consolidated financial statements.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 16 Property, Plant and Equipment relating to Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: ▪ IFRS 1 First-Time Adoption of International Financial Reporting Standards – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. ▪ IFRS 9 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. ▪ IFRS 16 Leases – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. ▪ IAS 41 Agriculture – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	1 January 2022
Amendments to IFRS 3 Business Combinations relating to Reference to the Conceptual Framework The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	1 January 2022

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to Onerous Contracts - Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	1 January 2022
Amendments to IFRS 17 Insurance Contracts Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: ▪ Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. ▪ Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. ▪ Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. ▪ Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. ▪ Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. ▪ Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. ▪ Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. ▪ Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. ▪ Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.	1 January 2023

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	1 January 2023
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9 The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current - Deferral of Effective Date The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023
Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error	1 January 2023
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of Group in the period of initial application.

3. Summary Of Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these Group consolidated financial statements, except for the changes explained in note 2.3.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to credit risks. Revenue is recognised in the income statement as follows:

Ijarah

Ijarah income is recognised on a time-proportion basis over the lease term.

Sharikatul Milk

Sharikatul Milk income is recognised on a time-proportion basis over the lease term or on transferring to the buyer the significant risks and rewards of ownership of the property.

Murabaha

Murabaha deferred profit is accounted for on a time-proportion basis over the period of the contract based on the net Murabaha amounts outstanding.

Mudaraba

Income or losses on Mudaraba financing are accounted for on a time-proportion basis if they can be reliably estimated. Otherwise, income is recognised on distribution by the Mudarib, whereas losses are charged to income on their declaration by the Mudarib.

Musharaka

Income is accounted for on the basis of the net invested Musharaka capital on a time- apportioned basis that reflects the effective yield on the asset.

Documentation fees

Documentation fees estimated to cover processing costs are recognised when related facilities are approved.

Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obli-

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

gations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Rental income

Rental income on investment properties is recognised in the profit and loss component of the statement of income on a straight line basis over the term of the lease where the lease is an operating lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease on a straight line basis.

Dividend

Dividend revenue is recognised when the right to receive the dividend is established.

Income on deposits

Income on deposits is accounted for on a time-apportioned basis based on the estimates of management and past history of income on similar deposits.

Allocation of profit

Allocation of profit between the financiers and the shareholders is calculated according to the Group's standard procedures and is approved by the Group's Fatwa and Sharia'a Supervisory Board.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank dues, if any.

Islamic financing and investing assets

Islamic financing and investing assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Islamic financing and investing assets are initially recognised at fair value, which is the cash consideration to originate the Islamic financing and investing assets including any transaction costs, and measured subsequently at amortised cost using the effective profit rate method. Income on Islamic financing and investing assets is included in the statement of income and is reported as income from Islamic financing and investing assets. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the Islamic financing and investing assets, and recognised in the statement of income as an impairment charge.

The Group assesses at the end of each reporting period whether there is objective evidence that Islamic financing and investing assets are impaired. Islamic financing assets are considered impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or profit;
- National or local economic conditions that correlate with defaults on the assets in the portfolio; and
- Demise of the debtor
- Skip customers

The Group first assesses whether objective evidence of impairment exists individually for Islamic financing and investing assets that are individually significant and collectively for Islamic financing and investing assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed Islamic investing and financing asset, it includes it in a group of Islamic financing and investing assets with similar credit risk characteristics and collectively assesses them for impairment. Islamic financing and investing assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment, Islamic financing and investing assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's evaluation process that considers category type, past-due status and other relevant factors).

The impairment charge on a group of Islamic financing and investing assets is collectively evaluated for impairment and estimated on the basis of historical trends of the probability of default, timing of recoveries and amount of loss incurred. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure they remain appropriate. Where historical data is not sufficient to assess trends, market loss experience is substituted using a lagged approach whereby loss rates are based on movement of accounts from one stage of delinquency to another.

The amount of the loss is measured as the difference between the carrying amount of the Islamic financing and investing assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective profit rate of the Islamic financing and investing assets. The carrying amount of the Islamic financing and investing asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a Islamic financing and investing asset has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

When an Islamic financing and investing asset is uncollectible, it is written off against the related impairment allowance. If no related impairment allowance exists, it is written off to the statement of comprehensive income. Subsequent recoveries, if any, are credited to the statement of income. If the amount of impairment subsequently decreases due to an event occurring after the write down, the release of the allowance is credited to the statement of income.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the statement of financial position. Fair values in the consolidated financial statements are determined based on valuations performed by an accredited external, independent valuer. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the statement of income in the period of derecognition.

Fair value is determined by reference to open market values based on valuations performed by independent surveyors and consultants. For advances for investment

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

properties, valuations are adjusted for amounts to be paid in accordance with property purchase agreements.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or property under development, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property or property under development becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment or property under development up to the date of change in use.

Properties under development

Properties in the course of construction for sale are classified as properties under development. Sold and unsold properties under development are stated at cost less any impairment. Cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the property, which are capitalised as and when activities that are necessary to get the property ready for the intended use are in progress.

Where revenue is recognised over the duration of a contract, the associated share of costs within properties under development are released to cost of sales in the income statement.

Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project to be completed. Upon completion, cost in respect of properties with the intention to sell or capital appreciation / rentals are eliminated from properties under construction and transferred to properties held for sale at cost.

Investment securities

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition costs.

At fair value through profit or loss

These are initially recognised at fair value. Gains and losses arising from changes in fair values are included in the statement of income for the year. Dividends received are included in other income according to the terms of the contract or when the right to the payment has been established.

At fair value through other comprehensive income

After initial recognition, investments classified as "fair value through OCI," are remeasured at fair value. Unrealised gains and losses are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. Cumulative gains and losses on equity instruments recognized in OCI are transferred to retained earnings on disposal of an investment.

Investment in associates and joint operations

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group has an interest in a joint operation and recognises in relation to its interest in the joint operation its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Furniture, fixtures and office equipment

Furniture, fixtures and office equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Offices	25 years
Furniture and fixtures	4 - 7 years
Computer and office equipment	3 - 5 years

Capital work in progress is stated at cost and is transferred to the appropriate asset category when it is brought into use and is depreciated in accordance with Group's accounting policies.

The carrying values of furniture, fixtures and office equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace furniture, fixtures and office equipment is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

Employees' end of service benefits

With respect to its national employees in the UAE, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are recognised in the statement of income when due.

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

Trade and settlement date accounting

All "regular way" purchases and sale of financial assets are recognised on the "trade date", i.e. the date that the Group purchases or sells the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

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At 31 December 2021 (continued)

Financial Instruments

(i) Initial recognition and measurement

a) Financial assets

Initial recognition

On initial recognition, a financial asset is classified as measured: at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Group's financial assets at amortized cost include Islamic financing and investing assets, cash and bank balances with banks and other assets except for prepayments.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in two categories:

- At amortised cost
- Financial assets at fair value (FVTPL or FVOCI)

Debt instrument

A financial asset (debt instrument) is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Group's financing assets and receivables including advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective profit rate (EPR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included in finance income in the consolidated statement of income. The losses arising from impairment are recognised in the statement of income.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Equity instrument

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI, with only dividend income recognized in profit or loss. This election is made on an investment-by-investment basis.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of profit rate.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a. the Group has transferred substantially all the risks and rewards of the asset, or

b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in profit or loss account on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

Write-off

Assets carried at amortised cost and equity securities at FVOCI are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due

Finances and advances

'Islamic financing and investing assets' caption in the statement of financial position include:

Finances and advances measured at amortised cost: they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective profit method.

Investment securities

The 'investment securities' caption in the statement of financial position includes equity investment securities designated as FVOCI.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses on equity instruments recognised in OCI are transferred to retained earnings on disposal of an investment.

b) Financial Liabilities

Criteria for classification of financial liabilities under IFRS 9 is similar to IAS 39; financial liabilities are classified as financial liabilities at fair value through profit or loss, amortised cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Initial recognition

Financial liabilities are initially recognized at fair value and, in case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, financing including bank overdrafts, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are recorded at amortized cost.

The Group classifies financial liabilities as held for trading when they have issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. Gains and losses arising from changes in fair values are included in the consolidated income statement in the year in which they arise.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group's finan-

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At 31 December 2021 (continued)

cial liabilities at fair value through profit or loss are comprised of its finance rate derivative bifurcated from its term finance agreement.

Financing

After initial recognition, any financing obtained is subsequently measured at amortised cost using the EPR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EPR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included as finance costs in the consolidated statement of income.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

(ii) Impairment

The Group recognises allowance for impairment for expected credit losses (ECL) on financial assets measured at amortised cost and commitments issued.

The Group measures allowance for impairment at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL is measured.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn finance commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract such as a default or past due event;
- the restructuring of a finance or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a collateral because of financial difficulties.

Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective profit rate.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each reporting date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or

2. In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted investment securities.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

All the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

4. Income From Islamic Financing And Investing Assets

	2021 AED'000	2020 AED'000
Financing assets:		
Ijarah	**138,511**	145,938
Forward Ijarah	**7,003**	6,637
Shirkatul Milk	**9,267**	9,850
Others	**250**	227
	155,031	162,652
Investing assets:		
Wakala	**1,834**	2,058
	156,865	164,710

5. Other income

	2021 AED'000	2020 AED'000
Reversal of liabilities no longer payable	**5,316**	25,190
Gain on sale of share of an associate (note 14)	**-**	7,517
Recovery of legal claim	**427**	4,415
Others	**5,599**	8,895
	11,342	46,017

6. Operating Expenses

	2021 AED'000	2020 AED'000
Personnel expenses	**40,218**	28,609
Registration charges	**31,845**	10,053
Legal, consultancy and professional	**29,024**	15,860
Property management (note 13)	**13,692**	20,397
Business process	**4,685**	9,045
IT related expense	**4,373**	3,556
Sales commission	**4,017**	4,466
Depreciation	**3,704**	5,826
Rent	**1,191**	3,810
Others	**11,039**	10,386
	143,788	112,008

7. Distribution To Financiers / Investors

The distribution of profit between the financiers and shareholders has been made in accordance with a basis ratified by the Fatwa and Sharia'a Supervisory Board and in accordance with the agreements with the respective financiers.

8. BASIC AND DILUTED PROFIT / (LOSS) PER SHARE

Profit / (loss) per share is calculated by dividing profit / (loss) attributable to the equity holders of the parent for the year net of directors' fees, by weighted average number of shares outstanding during the year.

Diluted profit / (loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares:

	2021 AED'000	2020 AED'000
Loss for the year attributable to equity holders of the parent net of Directors' fee (AED'000)	**1,059,636**	(451,103)
Weighted average number of shares for basic EPS (in thousands)	**1,500,000**	1,483,949
Effect of dilution:		
Mudaraba Instrument (in thousands)	**1,278,494**	1,499,550
Weighted average number of ordinary shares adjusted for the effect of dilution	**2,778,494**	2,983,499
Attributable to equity holders of the parent:		
Basic profit / (loss) per share (AED)	**0.81**	(0.30)
Diluted profit / (loss) per share (AED)	**0.38**	(0.30)

The weighted average numbers of shares for basic EPS were reduced by the purchase of 25 million own shares during the year 2008 (note 22). The Company sold 4.2 million treasury shares by 31 December 2019 and all remaining 20.8 million treasury shares were sold during the year ended 31 December 2020.

Diluted loss per share for the year ended 31 December 2020 has been reported same as basic loss per share in these consolidated financial statements, as the impact of potential ordinary shares is anti-dilutive.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

9. Cash And Balances With Banks

		2021 AED'000	2020 AED'000
Cash on hand		**58**	58
Balances with banks		**78,962**	83,587
Deposits with banks		**110,036**	105,445
Cash and balances with banks		**189,056**	189,090
Less: Restricted cash and deposits			
Regulatory deposit with no maturity	(note 9.1)	**(35,000)**	(35,000)
Restricted cash	(note 9.2)	**(75,036)**	(70,446)
Cash and cash equivalents		**79,020**	83,644

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

9.2 At year end, the Group reported AED 75 million (31 December 2020: AED 70 million) of restricted cash. This represents the Group's share of the cash held and controlled by a joint venture (note 13).

10. Islamic Financing And Investing Assets

	2021 AED'000	2020 AED'000
Financing assets:		
Ijarah	**1,786,362**	2,191,063
Forward Ijarah	**135,741**	212,284
Shirkatul Milk	**128,774**	166,372
Real estate Murabaha	**278**	503
Others	**94,356**	75,791
	2,145,511	2,646,013
Allowance for impairment	**(572,759)**	(627,970)
Total financing assets	**1,572,752**	2,018,043
Investing assets:		
Wakala	**479,500**	244,000
Total investing assets	**479,500**	244,000
	2,052,252	2,262,043

10. Islamic Financing And Investing Assets (Continued)

Net Islamic financing and investing assets by geographical area are as follows:

	2021 AED'000	2020 AED'000
Within U.A.E.	**1,749,140**	2,042,462
Outside U.A.E.	**303,112**	219,581
	2,052,252	2,262,043

The movement in the allowance for impairment is as follows:

Islamic Financing and investing assets and undrawn irrevocable commitments

	2021 AED'000 ECL	2020 AED'000 ECL
Balance at 1 January	**627,970**	490,751
Allowances for impairment made during the year	**29,504**	208,063
Write back / recoveries made during the year	**(3,041)**	(3,806)
	26,463	204,257
Amounts written off during the year	**(79,277)**	(65,687)
Exchange and other adjustments	**(2,397)**	(1,351)
Closing balance	**572,759**	627,970

10.1 Allowance for impairment includes AED 81 million (2020: AED 102 million) in respect of profit in suspense for impaired financing and investing assets.

10.2 The allowance for impairment is management's best estimate and is based on assumptions considering several factors as per IFRS 9.

10.3 Carrying value of exposure by stage

31 December 2021

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross Exposure	797,373	544,232	803,906	2,145,511
Expected Credit Losses	(16,692)	(53,953)	(502,114)	(572,759)
	780,681	**490,279**	**301,792**	**1,572,752**

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

31 December 2020

	Stage 1 *AED'000*	*Stage 2* *AED'000*	*Stage 3* *AED'000*	*Total* *AED'000*
Gross Exposure	340,902	1,250,513	1,054,598	2,646,013
Expected Credit Losses	(5,837)	(111,440)	(510,693)	(627,970)
	335,065	**1,139,073**	**543,905**	**2,018,043**

11. Investment Securities

	2021 ***AED'000***	*2020* *AED'000*
Equities (FVOCI)	**7,824**	8,420

31 December 2021

	Investments carried at fair value			
	Total ***AED'000***	***Level 1*** ***AED'000***	***Level 2*** ***AED'000***	***Level 3*** ***AED'000***
Equities (FVOCI)	**7,824**	-	-	**7,824**

31 December 2020	*Investments carried at fair value*			
	Total *AED'000*	*Level 1* *AED'000*	*Level 2* *AED'000*	*Level 3* *AED'000*
Equities (FVOCI)	8,420	-	-	8,420

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

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

	2021 ***AED'000***	*2020* *AED'000*
Balance at 1 January	**8,420**	7,769
Addition during the year	**-**	641
Impairment	**(597)**	-
Balance at 31 December	**7,824**	8,420

12. Advances For Investment Properties

	2021 ***AED'000***	*2020* *AED'000*
At 1 January*	**292,781**	292,781
Settled during the year / provision	**(292,781)**	(292,781)
At 31 December	**-**	-
At 1 January	**(292,781)**	(292,781)
Reversal of provision for the year	**292,781**	-
Closing	**-**	(292,781)

*This represents the advances paid by the Group towards the acquisition of units in under-development real estate project in Dubai. The project has been 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 2020: 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. Post arbitration ruling in Amlak's favor, negotiation for a settlement was initiated with the developer which was concluded in Q3 2021, with a settlement for undeveloped plots approximately valued at AED 706 million and four cash installments of AED 50 million each, over 2 years.

During the year 2021, as a result of agreed settlement, plots valuing AED 706 million and cash of AED 50 million was received. Remaining cash installments of AED 150 million was recorded as receivable with full provision and existing advances along with provision of AED 293 million was reversed and new provision of AED 150 million was recorded. This settlement resulted in net gain of AED 613 million.

13. Investment Properties

	2021 ***AED'000***	*2020* *AED'000*
At 1 January	**1,251,854**	2,319,794
Additions during the year	**32,588**	38,893
Additions on settlement of advance for investment properties (note 12)	**705,840**	-
Disposals during the year	**(158,660)**	(467,533)
Fair value loss on investment properties	**(12,620)**	(462,964)
Transfer to minority interest	**-**	(111,577)
Investment properties exchanged in debt settlement (note 17.2)	**(290,728)**	-
Transfer to furniture, fixtures and office equipment	**-**	(8,338)
Foreign exchange fluctuation	**181**	3,744
Reversal / (provision) during the year	**30,375**	(60,165)
At 31 December	**1,558,830**	1,251,854

Investment properties consist of land, villas and units in buildings held for lease or sale. In accordance with its accounting policy, the Group carries investment properties at fair value.

The fair values of the properties are based on valuations performed at year end by independent professionally qualified valuer who hold a recognised relevant professional qualification and has 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.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

13. Investment Properties (continued)

Provision of AED 60 million on foreclosed properties was recorded during the year 2020, as recommended by the Central Bank. Due to sale of property during the year provision of 30.4 million released on foreclosed properties.

Investment properties as at 31 December 2021 include a plot of land and two units (31 December 2020: two units)

in Egypt owned by the Group's subsidiaries amounting to AED 202 million (2020: AED 198 million). All other investment properties are located within the UAE. The carrying values of AED 202 million (2020: AED 198 million) also includes foreign exchange gains and losses on currency translation of investment properties in Egypt which is included in equity.

Except for investment properties in a joint venture, investment properties are categorised as 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 year.

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 120 to AED 329 per sqft with absorption period of 4 years at 12% fair value rate.

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

As at 31 December 2021, investment properties having fair value of AED 574 million (31 December 2020: AED 892 million) are mortgaged / assigned in favor of the security agent as part of the restructuring (note 17).

	2021 **AED'000**	2020 AED'000
Rental income derived from investment properties	**22,676**	42,115
Direct operating expenses (including repairs and maintenance)		
generating rental income	**(13,692)**	(20,397)
Profit arising from rental on investment properties carried at fair value	**8,984**	21,718

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 to 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 31 December 2021 is AED 75 million (31 December 2020: AED 70 million).

13. Investment Properties (continued)

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

	2021 **AED'000**	2020 AED'000
Investment properties	**240,980**	240,965
Cash and balances with banks (Note 9)	**75,036**	70,446
Other assets – receivables (note 15.2)	**6,871**	11,137
Deferred income and other liabilities	**(15,300)**	(15,898)
Net Assets	**307,587**	306,650
Revenue*	**-**	9,353
Income on deposits	**573**	1,300
Other income	**384**	3,772
Cost of sales	**-**	(6,463)
Operating expenses	**(34)**	(1,142)
Profit for the year	**923**	6,820

It pertains to portion of land sold related to old sale agreement.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

13.1 COVID 19 Impact on Investment Properties

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.

In determining the investment property valuations as of 31 December 2021, 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.

14. Investment In An Associate

	Percentage holding		*2021*	*2020*
	2021	*2020*	***AED '000***	*AED'000*
Amlak International for Real Estate Finance Company, Saudi Arabia (AIRE)	**18.35%**	18.35%	**212,799**	206,123

The following table illustrates the summarised financial information of the Group's investment in AIRE:

	2021	*2020*
	AED'000	*AED'000*
Assets	**3,460,956**	3,865,742
Liabilities	**(2,300,185)**	(2,667,653)
Equity	**1,160,771**	1,198,089
Group's carrying amount of the investment	**212,799**	206,123
Revenue	**282,295**	284,002
Profit for the year	**104,661**	97,619
Group's share of profit for the year	**19,043**	19,579

During the year, the Group received a dividend of AED 12.37 million (2020: AED 11.6 million) from AIRE. Financial information and results of AIRE are based on the latest available management accounts as at 30 November 2021 (2020: as at 30 November 2020) and extrapolated for the remaining 1 month (2020: 1 month) to 31 December 2021.

During the year ended 31 December 2020, the Group divested 30% of its share in associate through IPO launched by AIRE Finance Company and recorded a gain of AED 7.5 million on this transaction in other income.

15. Other Assets

	2021	*2020*
	AED'000	*AED'000*
Foreclosed accounts receivables (note 15.1)	**24,327**	23,591
Land registration and service fees	**8,842**	9,696
Advances	**1,887**	2,509
Prepayments	**1,397**	1,686
Profit receivable	**859**	166
Others (note 15.2)	**10,051**	20,790
	47,363	58,438

15.1 This represents the fair values of the foreclosed units in relation to settlement of financing assets wherein units will be transferred to investment properties in subsequent period post completion of ownership transfer formalities with the Dubai Land Department.

15.2 Balance includes AED 6.87 million (31 December 2020: AED 11.14 million) pertaining to receivables of Al Warqa Gardens LLC (Note 13).

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

16. Furniture, Fixtures And Office Equipment

	2021 AED'000	2020 AED'000
Furniture, fixtures and office equipment (note 16.1)	**12,326**	13,706
Capital work in progress (note 16.2)	**109**	1,593
	12,435	15,299

16.1. Furniture, fixtures and office equipment are as follows:

2021:	Head Office AED'000	Furniture and fixtures AED'000	Computers and office equipment AED'000	Total AED'000
Cost:				
At 1 January 2021	**8,338**	**15,702**	**66,402**	**90,442**
Additions during the year	**-**	**1,008**	**1,290**	**2,298**
Exchange adjustments	**-**	**-**	**7**	**7**
At 31 December 2021	**8,338**	**16,710**	**67,699**	**92,747**
Accumulated depreciation:				
At 1 January 2021	**167**	**14,851**	**61,718**	**76,736**
Depreciation charge for the year	**334**	**469**	**2,901**	**3,704**
Exchange adjustments	**-**	**(4)**	**(15)**	**(19)**
At 31 December 2021	**501**	**15,316**	**64,604**	**80,421**
Net book value:				
At 31 December 2021	**7,837**	**1,394**	**3,095**	**12,326**

16. Furniture, Fixtures And Office Equipment (Continued)

2020:	Head Office AED'000	Furniture and fixtures AED'000	Computers and office equipment AED'000	Total AED'000
Cost:				
At 1 January 2021	-	15,961	67,384	83,345
Additions during the year	-	133	692	825
Transfer from investment property	8,338	-	-	8,338
Disposals during the year	-	(400)	(1,251)	(1,651)
Exchange (loss)/gain & adjustments	-	8	(423)	(415)
At 31 December 2020	8,338	15,702	66,402	90,442
Accumulated depreciation:				
At 1 January 2020	-	14,916	58,005	72,921
Depreciation charge for the year	167	329	5,330	5,826
Disposals during the year	-	(400)	(1,251)	(1,651)
Exchange gain /(loss) & adjustments	-	6	(366)	(360)
At 31 December 2020	167	14,851	61,718	76,736
Net book value:				
At 31 December 2020	8,171	851	4,684	13,706

16.2 The amount relates to ongoing IT projects.

17. Investment Deposits And Other Islamic Financing

	Frequency of instalments	Final instalment date	Profit rate	2021 AED'000	2020 AED'000
Purchase price payable	Monthly	25 October 2026	2%	**2,771,763**	3,856,399
				2,771,763	3,856,399
Unamortised fair value adjustment (note 17.1)				**(275,729)**	(417,041)
				2,496,034	3,439,358

17.1 Unamortised fair value adjustment

	2021 AED'000	2020 AED'000
At 1 January	**417,041**	327,247
Amortisation charged for the year	**(141,312)**	(123,331)
Reversal of unamortized FV adjustment due to restructuring	**-**	(284,052)
FV Gain on restructuring	**-**	497,177
	275,729	417,041

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

17. Investment Deposits And Other Islamic Financing (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 profit or loss.

In June 2020, the Company again undertook restructuring of deposits of Commercial financiers; the face value of the restructured fixed obligations at 30 June 2020 is AED 4,219 million. Upon revised restructuring, repayment behaviour was significantly changed resulting into scheduled and non scheduled instalment payments wherein:

- AED 1.36 billion is payable in 74 monthly installments which commenced 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 prepayments of the outstanding in inverse order of maturity.

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 2020: AED 584 million) giving a residual fair value gain of AED 284 million as at 30 June 2020 (31 December 2020: AED 328 million). However, upon restructuring in 2020, this residual fair value gain as at 30 June 2020 was 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.

Restructured investment deposits and other Islamic financing are secured against assignment and mortgage over the Group's investment properties located in UAE (note 13), assignment of insurances, pledge over bank accounts (note 9), 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

17.2 Debt Settlement

Based on revised CTA, the Group concluded debt settlement auctions through cash payment and asset swap during the year ended 31 December 2021. In debt settlement through cash, cash consideration of AED 267 million (31 December 2020: AED 96 million) was offered to financiers against settlement of their exposures and certain financiers settled their exposure of AED 566 million (31 December 2020: AED 257 million) which include investment deposits of AED 447 million (December 2020, AED 205 million), Mudaraba Instrument of AED 115 million (31 December 2020: AED 50 million) and profit in kind of AED 4 million.(31 December 2020: AED 1.5 million) Due to debt settlement through cash, the Group has recorded a gain of AED 190 million (31 December 2020: AED 105 million) in statement of profit or loss after netting of amortization of fair value adjustment on restructuring amounting to AED 46 million (31 December 2020: AED 24 million) and recorded a gain of AED 59 million (31 December 2020: AED 31 million) related to Mudaraba instrument, in statement of changes in equity.

In debt settlement through asset swap, consideration in form of investment properties valuing AED 291 million was offered to financiers against settlement of their exposures and certain financiers settled their exposure of AED 581 million which include investment deposits of AED 457 million , Mudaraba Instrument of AED 119 million and profit in kind of AED 4.6 million. Due to this settlement, The Group has recorded a gain of AED 199 million in statement of profit or loss after netting of amortization of fair value adjustment on restructuring amounting to AED 30 million and recorded a gain of AED 57 million related to Mudaraba instrument, in statement of changes in equity.

18. Term Islamic Financing

	2021 AED'000	2020 AED'000
Egyptian Mortgage Refinance Company (note A)	**133,855**	113,922
Egyptian Arab Land Bank (note B)	**30,496**	43,228
Suez Canal - Egypt	**10,642**	27,460
National Bank of Egypt (NBE)	**63,746**	9,744
Ahli United	**34,350**	-
	273,089	194,354

A) Egyptian Mortgage Refinance Company (EMRC)

As at the year end, EMRC long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 134 million (31 December 2020: Egyptian Pounds 375 million) to finance the subsidiary's activities. These facilities carry a profit rate range from 1% per annum to 19% per annum (2020: 1% per annum to 21% per annum) payable on a monthly basis over a maximum period of 20 years

B) Egyptian Arab Land Bank (EALB)

As at the year end, EALB long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 30.4 million (31 December 2020: Egyptian Pounds 186 million) to finance the subsidiary's activities. These facilities carry a maximum profit rate range of 1.5% per annum to average corridor rate from Central Bank of Egypt (2020: 1.5%) payable on a monthly basis over a maximum period of 7 years.

19. Employees' End Of Service Benefits

	2021 AED'000	2020 AED'000
At 1 January	**3,406**	4,108
Provided during the year	**689**	619
Paid during the year	**(786)**	(1,321)
At 31 December	**3,309**	3,406

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

20. Other Liabilities

	2021 AED'000	2020 AED'000
Provisions and accruals	**60,042**	41,853
Provision for litigation claims (note 20.1)	**13,853**	11,553
Dividend payable	**6,464**	6,515
Anticipated profits payable on investment deposits and other Islamic financing	**1,078**	1,500
Unearned rental income	**-**	255
Zakat payable	**56**	56
Other payables (note 20.2)	**43,939**	47,886
	125,432	109,618

20.1 This represents provision against certain litigation proceedings in the United Arab Emirates, involving claims by and against it, mainly in respect of certain sale and financing transactions.

20.2 This includes AED 15.9 million (31 December 2020: AED 16 million) pertaining to deferred income and other liabilities of Al Warqa Gardens LLC (note 13).

21. Share Capital

	2021 AED'000	2020 AED'000
Authorised, Issued and fully paid		
1,500,000,000 shares of AED 1 each		
(31 December 2018: 1,500,000,000 ordinary shares of AED 1 each)	**1,500,000**	1,500,000

Mudaraba Instrument

The Group has issued a Mudaraba Instrument which is convertible to ordinary shares (note 26) on completion of certain conditions. At the time of issuance of the Mudaraba Instrument, the shareholders passed resolutions in the extraordinary general assembly meeting held on 28 September 2014 to increase the share capital of the Company by upto AED 2.1 billion from time to time in such amount or amounts as may be required.

22. Treasury Shares

During 2008, the Group purchased 25 million of its shares, equivalent to 1.67% of the issued shares. These shares were recorded in the statement of financial position as treasury shares. During the year ended 31 December 2020, all remaining 20.8 million treasury shares were sold.

23. Statutory Reserve

As required by the UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, 10% of the Company's profit for the year is to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital. During the year, the Company transferred AED 106 million (31 December 2020: AED Nil) to statutory reserve.

24. General Reserve

As required by the Company's Articles of Association, 10% of the profit for the year is to be transferred to general reserve. As per the Articles of Association, deductions for the general reserve shall stop by resolution of an Ordinary General Assembly upon the recommendation of the Board of Directors or when this reserve reaches 50% of the paid up capital of the Company. This reserve shall be utilised for the purpose determined by the General Assembly at an ordinary meeting upon the recommendation of the Board of Directors. During the year, the Company transferred AED 106 million (31 December 2020: AED Nil) to general reserves.

25. Special Reserve

The special reserve, which has been created in accordance with the recommendations of the UAE Central Bank and is not available for distribution.

Notes to the Consolidated Financial Statements

At 31 December 2020 (continued)

26. Mudaraba Instrument

	2021 AED'000	2020 AED'000
Mudaraba Instrument (nominal value)	**740,434**	975,220
Mudaraba Instrument Reserve	**(584,867)**	(770,324)
Mudaraba Instrument (carrying value)	**155,567**	204,896

On 25 November 2014, a Mudaraba Instrument of AED 1,300 million with a maturity in November 2026 was issued through a special purpose vehicle owned by the Group. On maturity, the Mudaraba Instrument to the extent it is not redeemed, will mandatorily convert into ordinary shares of the Company with the face value of AED 1 each.

The Mudaraba Instrument at the time of issue comprised:

1. Face Value of AED 1,300 million.

2. An expected profit rate of 1% per annum on the outstanding balance each year, payable as profit in kind ("PIK") which the Company can elect to make distributions in cash or in the form of shares.

3. A contingent issuance of upto 500 million shares applicable only to the extent the Mudaraba Instrument remains outstanding at maturity. The number of contingent shares to be issued is prorated with the amount of Mudaraba Instrument remaining outstanding.

As the Mudaraba Instrument is redeemed, there will be a proportionate reduction in the contingent share issuance due.

The Mudaraba Instrument was recorded at fair value at the time of issuance. The difference between the fair value of the Mudaraba Instrument and the carrying value of the deposits it replaced of AED 1,027 million was recorded as a gain in the 2014 income statement as required by IFRS. Subsequent to initial recognition, the carrying value of the Mudaraba Instrument will not be re-measured. The fair value gain of AED 1,027 million on initial recognition of the Mudaraba Instrument was transferred from accumulated losses to the Mudaraba Instrument reserve. This reserve will be utilized in the event of any repayment of the Mudaraba Instrument or on issue of shares in the Company on maturity of the Mudaraba Instrument. Any difference between the par value of shares issued on conversion and the carrying value of the Mudaraba Instrument and Mudaraba Instrument reserve will be posted to retained earnings / accumulated losses.

26. Mudaraba Instrument (Continued)

The fair value of the Mudaraba Instrument was determined based on management's best estimate of the expected cash flows that will arise, discounted at the Company's cost of equity. For this purpose, management assumed that the Mudaraba Instrument will be redeemed, in full, in year 12 and the PIK charge for the 12 year period will be settled on the same date.

The fair value of the Mudaraba Instrument was calculated using a cost of equity of 14.96% calculated under the Capital Assets Pricing Model wherein the risk free return was based on UAE Government's long term bond; levered beta was based on comparable company's beta within similar businesses and a market risk premium was based on current market conditions which reflects the additional expected return over a risk free investment

On 12 August 2015, the Board of Directors of the Company voluntarily opted to redeem AED 200 million against the Mudaraba Instrument which has reduced the Mudaraba Instrument and Mudaraba Instrument reserve by AED 42 million and 158 million respectively. The face value of Mudaraba instrument outstanding at 31 December 2020 is AED 1,026 million (31 December 2019: AED 1,100 million). The Company also paid AED 9 million in respect of PIK charge falling due as a consequence of the repayment of the Mudaraba Instrument with the amount being 1% of the outstanding Mudaraba Instrument from the date of restructuring to the date of redemption. This charge was recorded in accumulated losses in equity.

On 23 November 2017, the Board of Directors of the Company voluntarily opted to redeem AED 75 million against the Mudaraba Instrument which has reduced the Mudaraba Instrument and Mudaraba Instrument reserve by AED 16 million and 59 million respectively. The face value of Mudaraba instrument outstanding at 31 December 2020 is AED 1,026 million (31 December 2019: AED 1,026 million). The Company also paid AED 25 million in respect of PIK (profit) as a consequence of the redemption of the capital under the Mudaraba Instrument with the amount being 1% of the outstanding Mudaraba Instrument from the 1st redemption date to the 2nd redemption date. This charge was recorded in accumulated losses in equity.

During the year ended 31 December 2021 the Group redeemed Mudaraba instrument in the value of AED 50 million through debt settlement mechanism (note 17).

At 31 December 2021, the maximum number of shares which may convert under the instrument are 1,438 million (31 December 2020: 1,512 million

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

27. Material Partly-Owned Subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Profit / (loss) allocated to material non-controlling interest:

	Note	2021 AED'000	2020 AED'000
Amlak Sky Gardens LLC	27.1	-	1,413
EFS Financial Services LLC	27.2	-	11,710
		-	13,123

27.1 The Group holds 100% share capital of Amlak Sky Gardens LLC. The Group uses Amlak Sky Gardens LLC as a special purpose entity, to hold in association with another party certain units in a building known as the Sky Gardens Project ("the Project"). The Group's share is 67% under the terms of the Project agreement with the counterparty and the Project earnings are to be split in the ratio of the 67% to the Group and 33% to the other party. The funding has been classified as equity within Amlak Sky Gardens LLC and hence gives rise to a non-controlling interest at Group level. During the year 2020, the Project distributed the assets and 33% of units in the building pertaining to non-controlling interest were transferred to them. Units in the building were segregated and non-controlling interest was eliminated after transfer of title of properties on 29 February 2020.

27.2 The shareholders approved the wind down of activities and liquidation of the Company and during the year 2020 Company was dissolved and liquidated according to a decision certified by a notary public in Dubai. All the assets and liabilities of the company were settled as at 31 December 2020

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of income

2021:	Amlak Sky Gardens LLC AED'000	EFS Financial Services LLC AED'000
Revenue	**4,896**	-
General and administrative expenses	**(2,758)**	-
Fair value gain on investment property	2,940	-
Total comprehensive income for the year	**5,078**	-

Summarized statement of income

2020:	Amlak Sky Gardens LLC AED'000	EFS Financial Services LLC AED'000
Revenue	12,967	27,950
General and administrative expenses	(3,596)	(62)
Distribution to financiers / investors	-	(334)
Fair value loss on investment property	(89,820)	-
Total comprehensive (loss) / income for the year	(80,449)	27,554
Attributable to non-controlling interests	1,413	11,710

Summarized statement of financial position

2021:	Amlak Sky Gardens LLC AED'000	EFS Financial Services LLC AED'000
Cash and bank balances	**7,385**	-
Investment properties	**4,717**	-
Other assets	**1,333**	-
Due to related party	**(344,066)**	-
Other liabilities	**506**	-
Total equity	**(331,137)**	-

2020:	Amlak Sky Gardens LLC AED'000	EFS Financial Services LLC AED'000
Cash and bank balances	10,054	-
Investment properties	139,343	-
Investment Assets – Wakala	10,000	-
Other assets	566	-
Due to related party	(495,420)	-
Other liabilities	(706)	-
Total equity	(336,163)	-

Notes to the Consolidated Financial Statements

At 31 December 2020 (continued)

27. Material Partly-Owned Subsidiaries (Continued)

Summarized statement of cash flows

2021:

	Amlak Sky Gardens LLC AED'000	EFS Financial Services LLC AED'000
Operating	1,119	-
Investing	7,126	-
Financing	(20,914)	-
Net decrease in cash and cash equivalents	(12,669)	-

2020:

	Amlak Sky Gardens LLC AED'000	EFS Financial Services LLC AED'000
Operating	3,663	-
Investing	(10,000)	-
Financing	7,885	-
Net decrease in cash and cash equivalents	1,548	-

28. 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) and corporate finance investments.

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 year ended 31 December are as follows:

2021:

	Real Estate Finance AED'000	Real Estate Investment AED'000	Corporate Finance Investments AED'000	Total AED'000
Operating income	613,806	614,848	38,162	1,266,816
Distribution to financiers / investors	(41,804)	(33,897)	(11,585)	(87,286)
Allowances for impairment	10,694	136,417	(948)	146,163
Amortization of initial fair value gain on investment deposits	(81,853)	(54,618)	(4,841)	(141,312)
Expenses (including allocated expenses)	(69,011)	(60,238)	(14,539)	(143,788)
Share of results of an associate	-	-	19,043	19,043
Segment results	431,832	602,512	25,292	1,059,636

2020:

	Real Estate Finance AED'000	Real Estate Investment AED'000	Corporate Finance Investments AED'000	Total AED'000
Operating income	211,219	(345,459)	63,452	(70,788)
Distribution to financiers / investors	(56,950)	(30,476)	(11,130)	(98,556)
Allowances for impairment	(264,901)	(376)	(724)	(266,001)
Fair value adjustment on investment deposits	213,125	-	-	213,125
Amortisation of fair value gain	(68,767)	(47,866)	(6,698)	(123,331)
Expenses (including allocated expenses)	(67,479)	(33,588)	(10,941)	(112,008)
Share of results of an associate	-	-	19,579	19,579
Segment results	(33,753)	(457,765)	53,538	(437,980)
Non-controlling interests				(13,123)
				(451,103)

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

28. Segmental Information (continue)

Segment assets and liabilities:

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

2021:

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investments AED'000*	*Total AED'000*
Segment assets	**1,954,307**	**1,584,665**	**541,587**	**4,080,559**
Segment liabilities	**2,584,438**	**32,686**	**280,740**	**2,897,864**
Depreciation	**3,482**	**-**	**222**	**3,704**
Capital expenditure	**109**	**-**	**-**	**109**

2020:

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investments AED'000*	*Total AED'000*
Segment assets	2,306,320	1,234,185	450,762	3,991,267
Segment liabilities	239,236	3,076,710	430,790	3,746,736
Depreciation	5,563	-	263	5,826
Capital expenditure	1,438	-	556	1,994

29. 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. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

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

31 December 2021:

	Major shareholders AED'000	*Directors and senior management AED'000*	*Other related parties AED'000*	*Total AED'000*
Cash and balances with banks	**-**	**-**	**-**	**-**
Islamic financing and investing assets	**-**	**2,788**	**-**	**2,788**
Investment deposits	**107,093**	**-**	**60,979**	**168,072**
Other liabilities	**42**	**-**	**24**	**66**

31 December 2020:

	Major shareholders AED'000	*Directors and senior management AED'000*	*Other related parties AED'000*	*Total AED'000*
Cash and balances with banks	-	-	10,609	10,609
Islamic financing and investing assets	-	10,101	3,617	13,718
Investment deposits	113,130	-	905,313	1,018,443
Other liabilities	44	-	352	396

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

29. Related Party Transactions (continue)

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

31 December 2021:

	Major shareholders AED'000	Directors and senior management AED'000	Other related parties AED'000	Total AED'000
Income from Islamic financing and investing assets	**-**	**243**	**75**	**318**
Distributions to financiers / investors	**2,229**	**-**	**1,269**	**3,498**

31 December 2020:

	Major shareholders AED'000	Directors and senior management AED'000	Other related parties AED'000	Total AED'000
Income from Islamic financing and investing assets	-	245	175	420
Distributions to financiers / investors	2,384	-	19,077	21,461

Compensation of key management personnel

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

	2021 AED'000	2020 AED'000
Salaries and other benefits	**8,913**	9,484
Employee terminal benefits	**425**	218
	9,338	9,702

Directors' remuneration during the year ended 31 December 2021 has been disclosed in note 30(b).

30. Commitments And Contingencies

Commitments

	Notes	2020 AED'000	2019 AED'000
Irrevocable commitments to advance financing	30.1	**96,038**	134,490
		96,038	134,490

30.1 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.

Notes to the Consolidated Financial Statements

At 31 December 2020 (continued)

30. Commitments And Contingencies (continued)

Contingencies

a 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 1 million (2020: AED 1 million) has been made.

b) As at 31 December 2021, the Group had a contingent liability for proposed Directors' remuneration of AED 3 million (2020: AED 1.05 million). Directors' remuneration is governed by UAE Federal Law No (2) of 2015.

31. Risk Management

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement, mitigation and monitoring subject to risk limits and other controls. This process of risk management is critical to the Group's sustainability. The Group is exposed to credit risk, liquidity risk, market risk and operational risks.

The major risks to which the Group is exposed in conducting its business and operations, and the means and organizational structure it employs in seeking to manage them strategically in its attempt to build stakeholder's value are outlined below.

The Board of Directors ("Board") is responsible for the continuous review and approval of the Group's Enterprise Risk Management Policies. The Board reviews the Group's Risk Profile to ensure that it is within the Group's Risk Policies and appetite parameters. It delegates authority to senior management to conduct day-to-day business within the prescribed policy and strategy parameters, whilst ensuring that processes and controls are adequate to manage the Group's Risk Policies and Strategy.

Executive Management is responsible for implementing the Group's Risk Strategy and Policy guidelines as set by the Board including the identification and evaluation on a continuous basis of all significant risks to the business and the design and implementation of appropriate internal controls to minimise them. This is done through the following senior management committees:

The Board Audit Committee is responsible to the Board for ensuring that the Group maintains an effective system of financial, accounting and risk management controls and for monitoring compliance with the requirements of the regulatory authorities.

The Group's Fatwa and Sharia Supervisory Board is responsible to review the operational, financing and investing activities of the Group ensuring their alignment and compliance with the principles of Sharia. Being a supervisory board they are also required to audit the business activities undertaken and present an independent report to the shareholders. Fatwas and ongoing pronouncements issued by Fatwa and Sharia Supervisory Board are coordinated and implemented by the management of the Group. The management of the Group seeks guidance from the Fatwa and Sharia Supervisory Board for the implementation of its Fatwas and pronouncements.

Credit department is responsible for portfolio management and evaluation, credit policy and procedure formulation, counterparty analysis, approval/review and exposure reporting, control and risk-related regulatory compliance, dealing with impaired assets and portfolio management.

The Asset and Liability Committee (ALCO) is chiefly responsible for defining long-term strategic plans and short-term tactical initiatives for directing asset and liability allocation prudently for the achievement of the Group's strategic goals. ALCO monitors the Group's liquidity and market risks and the Group's risk profile in the context of economic developments and market fluctuations, to ensure that the Group's ongoing activities are compatible with the risk/reward guidelines approved by the Board.

Enterprise Risk Management (ERM) is responsible for managing risks within the Group. The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The Group also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur. It is also responsible for identifying market and operational risks arising from the Group's activities, recommending to the relevant committees appropriate policies and procedures for managing exposure to such risks and establishing the systems necessary to implement effective controls.

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular nationality, industry or geographical location. The Group's risk is mainly related to the property market in the UAE, in particular in Dubai.

In order to avoid further excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on counter party limits and maintaining a diversified portfolio. Identified concentration of credit risks are controlled and managed accordingly. ERM monitors the concentration risk on monthly basis and reports to Board Risk Committee (BRC).

Credit risk

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk stems mainly from day to day Islamic financing activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated financing authorities, policies and procedures. For details of composition of Islamic financing assets refer note 10.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties. The Group has built and maintains a sound receivable portfolio in terms of a well-defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its financing activities and ensuring quality of asset portfolio. Special attention is paid to the management of non-performing financing assets.

The Group constantly monitors overall credit exposure and takes analytical and systematic approaches to its credit structure categorized by individuals, group and industry and consequently, the credit portfolio is well diversified sectorally and by nationalities, with no significant concentration.

The Group provides Ijara financing, as evident from the portfolio composition, which entails the ownership of the property with the Group till clearance of all rental payments due. This results in collateralisation of the finance amount (fixed rentals). The Group's customers are mainly based in the United Arab Emirates

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

31. Risk Management (continued)

Credit risk measurement

The estimation of credit risk for risk management purpose is complex and requires use of models, as the exposure varies with changes in market condition, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk using PD, EAD and LGD. This is similar to the approach used for the purpose of measuring ECL under IFRS 9.

ECL measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit-quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition date is classified in stage 1 and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired. If the financial instrument is credit-impaired, the financial instrument is then moved to stage 3.
- Financial instrument in stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months.
- Instruments in stages 2 or 3 have their ECL measured based on a lifetime basis. ECL is measured after factoring forward-looking information.
- ECL on purchase or originated credit-impaired financial assets is measured on a lifetime basis.

Significant increase in credit risk

The Company uses the many indicators to identify any significant increases in credit risk (SICR). The occurrence of any one of those indicators should be considered as an indicator of SICR and consequently the related financial instrument will be classified as Stage 2 and attract a lifetime ECL. Following are key indicators

- Internally set scorecard
- Customer delinquency status
- Watch list status
- Probability of default
- Restructured status of the customers
- Regulatory guidance

Backward transition

Back ward transition from stage 2 to stage 1

The Group continues to monitor such financial instruments for a minimum cooling period of 12 months to confirm if the risk of default has decreased on the basis of meeting certain criteria, sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1)

The Group is observing a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading from Stage 3 to 2.

Back ward transition from stage 3 to stage 2

The Group monitors that underlying facility have become regular, is current and no longer meets the definition of credit impaired or is in default before it is reclassified back from stage 3. Any upgrading of non-performing exposure to a performing status is subject to a cooling off period of 12 months from the date of becoming regular in repayment. Any facility classified in Stage 3 cannot be directly classified in Stage 1 and should meet the backward transition criteria for Stage 2 to Stage 1 as documented above.

Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecast of these economic variables (the "base economic scenario") are provided by the Group's Risk team on a quarterly basis.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Quantitative Information

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross.

	Gross maximum exposure 2021 AED'000	*Gross maximum exposure 2020 AED'000*
Balances with banks (note 9)	**188,998**	189,032
Islamic financing and investing assets (note 10)	**2,052,252**	2,262,043
Other assets (excluding prepayments) (note 15)	**45,966**	56,752
Total credit risk exposure	**2,287,216**	2,507,827

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. For more details on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown below.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

31. Risk Management (Continued)

Credit risk (continued)

31 December 2021

	Neither impaired nor past due on reporting date				*Past due but not impaired on reporting date*				*Individually impaired on reporting date*		
	Carrying amount AED'000	***Low/fair risk AED'000***	***Watch list AED'000***	***Re-negotiated terms AED'000***	***<30 AED'000***	***30-60 AED'000***	***61-90 days AED'000***	***>90 days AED'000***	***Carrying amount AED'000***	***Allowance for impairment AED'000***	***Gross amount AED'000***
Balances with banks	**188,998**	**188,998**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Islamic financing and Investing assets	**2,052,252**	**538,874**	**241,058**	**289,655**	**216,071**	**91,742**	**107,028**	**102,701**	**465,123**	**(478,080)**	**943,203**
Advances for investment											
Other assets (excluding prepayments)	**45,966**	**37,124**	**8,842**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2,287,216	**764,996**	**249,900**	**289,655**	**216,071**	**91,742**	**107,028**	**102,701**	**465,123**	**(478,080)**	**943,203**

31 December 2020

	Neither impaired nor past due on reporting date				*Past due but not impaired on reporting date*				*Individually impaired on reporting date*		
	Carrying amount AED'000	***Low/fair risk AED'000***	***Watch list AED'000***	***Re-negotiated terms AED'000***	***<30 AED'000***	***30-60 AED'000***	***61-90 days AED'000***	***>90 days AED'000***	***Carrying amount AED'000***	***Allowance for impairment AED'000***	***Gross amount AED'000***
Balances with banks	**189,032**	**189,032**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Islamic financing and Investing assets	**2,262,043**	**609,294**	**241,058**	**310,838**	**280,902**	**170,071**	**67,372**	**114,912**	**467,595**	**(481,110)**	**948,705**
Advances for investment properties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(292,782)**	**292,782**
Other assets (excluding prepayments)	**56,752**	**52,224**	**4,528**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2,507,827	**850,550**	**245,586**	**310,838**	**280,902**	**170,071**	**67,372**	**114,912**	**467,595**	**(773,892)**	**1,241,487**

** In addition to the stage 3 / specific provision as above, the Group has also made provisions on other portfolio falling under stage 1, stage 2 and individually assessed projects amounting to AED 103 million (31 December 2020: AED 146.86 million).*

Notes to the Consolidated Financial Statements

At 31 December 20020 (continued)

31. Risk Management (Continued)

Collateral and other credit enhancements

The finance provided by the Group is completely asset backed in accordance with the principles of Shariah. Properties are funded based on the "Group's Appraised Value". In the case of new properties, the appraised value is similar to the developers' per square footage rate further assessed by independent valuation and internal assessment. In the case of older properties the appraised value is based on the valuation report from independent third party valuers obtained on regular basis.

Property insurance is mandatory and the property is insured against all normal risks for the value stated in the sale agreement, or the valuation amount given by the surveyor, as the case maybe. The insured value is maintained at the original property value through the life of the finance.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group has established risk management policies and limits within which exposure to market risk is monitored, measured and controlled with strategic oversight exercised by the Board and ALCO. These units are responsible for developing and implementing market risk policies and risk measuring/monitoring methodologies and for reviewing all new trading products and product limits.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the UAE Dirham and Saudi Riyal are pegged to the US Dollar, these balances are not considered to represent significant currency risk.

	2021			*2020*		
	% Change in currency rate in AED	***Effect on profit AED '000***	***Effect on Equity AED'000***	*% Change in currency rate in AED*	*Effect on profit AED '000*	*Effect on Equity AED'000*
Currency						
Egyptian Pound (LEY)	**± 5%**	**316**	**11,761**	± 5%	290	11,559

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. In the Group's financial statements, mainly two line items can lead to such exposure i.e. Islamic financing assets and financing obligations, as shown on the assets and liabilities sides respectively. The profit rate risk for the Group is minimal in the short term period. The profit rate for investing assets is a composition of EIBOR and internal spread which can be expected to fluctuate frequently based on EIBOR movement. The Group reviews the profit rate on a regular basis during its ALCO meeting and, if required, recommends a rate change based on market conditions and competitiveness.

31. Risk Management (Continued)

Profit rate risk (continued)

The financing obligations, are contractually fixed/capped rate contracts as determined on contract initiation. Any rate change has no impact for already entered arrangements.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, on the Group's statement of income.

The sensitivity of the statement of income is the effect of the assumed changes in profit rates on the results for one year, based on profit bearing financial assets and financial liabilities held at 31 December 2021.

	2021 AED '000	*2020 AED '000*
Effect of a ∓ 50 bps change in EIBOR	∓ **9,384**	∓ 10,770
Effect of a ∓ 100 bps change in EIBOR	∓ **18,768**	∓ 21,541

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure that arises from the Group's investment portfolio includes insignificant unquoted equities.

Early settlement risk

Early settlement risk is the risk that the Group will incur a financial loss because its counterparties settle earlier than expected.

The Group does not have any significant early settlement risk as the amount recovered in case of early settlement is more than the carrying value of the asset on early settlement date, by retaining an amount of deferred profit or adding a margin to the sale price of the Ijarah asset as an early settlement gain. The collection team monitors the customer receivable position on a daily basis.

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities and off balance sheet commitments based on contractual undiscounted payment obligations. Payments, which are subjected to notice, are treated as if notice were to be given immediately.

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

31. Risk Management (Continued)

Liquidity risk (continued)

At 31 December 2021

	Expected Profit rate %	Up to 1 year Less than 3 months AED'000	Up to 1 year 3 months to 6 months AED'000	Up to 1 year 6 months to 1 year AED'000	Total up to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Investment deposits and other Islamic financing		46,128	46,176	109,707	202,011	2,799,258	-	-	3,001,269
Term Islamic financing		16,208	15,184	29,624	61,016	136,141	134,180	-	331,336
		62,336	61,360	139,331	263,027	2,935,399	134,180	-	3,332,605
OFF BALANCE SHEET ITEMS									
Commitments		4,038	-	7,000	11,038	85,000	-	-	96,038

At 31 December 2020

	Expected Profit rate %	Up to 1 year Less than 3 months AED'000	Up to 1 year 3 months to 6 months AED'000	Up to 1 year 6 months to 1 year AED'000	Total up to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Investment deposits and other Islamic financing	2% - 4%	62,003	62,209	123,554	247,765	1,101,663	2,853,698	-	4,203,126
Term Islamic financing	1% - 21%	11,496	10,770	21,012	43,279	96,602	95,494	-	235,375
		73,499	72,978	144,566	291,044	1,198,265	2,949,192	-	4,438,501
OFF BALANCE SHEET ITEMS									
Commitments		9,402	24,236	46,769	80,407	54,083	-	-	134,490

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

31. Risk Management (Continued)

Liquidity risk (continued)

Maturity analysis of assets and liabilities

The maturity analysis of assets, liabilities and off balance sheet items 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 year end.

31 December 2021

	Up to 1 year							
	Less than 3 months AED'000	*3 months to 6 months AED'000*	*6 months to 1 year AED'000*	*Total up to 1 year AED'000*	*1 year to 5 years AED'000*	*Over 5 years AED'000*	*Items with no maturity AED'000*	*Total AED'000*
Assets								
Cash and balances with banks	79,020	-	-	79,020	75,036	-	35,000	189,056
Islamic financing and investing assets	443,485	89,824	92,965	626,274	467,505	958,473	-	2,052,252
Investment securities	-	7,824	-	7,824	-	-	-	7,824
Investment properties	24,028	254,982	89,590	368,600	1,190,230	-	-	1,558,830
Investment in an associate	-	-	-	-	212,799	-	-	212,799
Other assets	9,774	952	32,296	43,022	4,341	-	-	47,363
Furniture, fixture and office equipment	-	-	-	-	-	-	12,435	12,435
Total assets	566,307	353,582	214,851	1,124,740	1,949,911	958,473	47,435	4,080,559
Liabilities								
Investment deposits and other Islamic financing	29,257	29,257	74,767	133,281	2,362,753	-	-	2,496,034
Term Islamic financing	11,062	10,247	20,135	41,444	97,525	134,120	-	273,089
Employees' end of service benefits	-	-	-	-	-	-	3,309	3,309
Other liabilities	48,475	7,626	43,972	100,073	25,359	-	-	125,432
Total liabilities	88,794	47,130	138,874	274,798	2,485,637	134,120	3,309	2,897,864
Commitments	4,038	-	7,000	11,038	85,000	-	-	96,038
Net liquidity gap	463,475	306,452	68,977	838,904	(620,726)	824,353	44,126	1,086,657
Cumulative net liquidity gap	463,475	769,927	838,904	838,904	218,178	1,042,531	1,086,657	1,086,657

Notes to the Consolidated Financial Statements

At 31 December 2021 (continued)

31. Risk Management (Continued)

Liquidity risk (continued)

The liquidity risk table above

Maturity analysis of assets and liabilities (continued)

31 December 2020

	Up to 1 year							
	Less than 3 months AED'000	*3 months to 6 months AED'000*	*6 months to 1 year AED'000*	*Total up to 1 year AED'000*	*1 year to 5 years AED'000*	*Over 5 years AED'000*	*Items with no maturity AED'000*	*Total AED'000*
Assets								
Cash and balances with banks	83,644		-	83,644	70,446	-	35,000	189,090
Islamic financing and investing assets	311,962	38,796	79,671	430,429	1,437,989	393,625	-	2,262,043
Investment securities	-	8,420	-	8,420	-	-	-	8,420
Investment properties	46,908	52,873	61,365	161,146	903,255	187,453	-	1,251,854
Investment in an associate	-	-	-	-	206,123	-	-	206,123
Other assets	22,600	520	14,256	37,376	21,062	-	-	58,438
Furniture, fixture and office equipment	-	-	-	-	-	-	15,299	15,299
Total assets	465,114	100,609	155,292	721,015	2,638,875	581,078	50,299	3,991,267
Liabilities								
Investment deposits and other Islamic financing	38,162	38,162	76,325	152,649	767,487	2,519,222	-	3,439,358
Term Islamic financing	7,869	7,289	14,323	29,481	69,378	95,495	-	194,354
Employees' end of service benefits	-	-	-	-	-	-	3,406	3,406
Other liabilities	45,536	2,028	2,892	50,456	59,162	-	-	109,618
Total liabilities	91,567	47,479	93,540	232,586	896,027	2,614,717	3,406	3,746,736
Commitments	9,402	24,236	46,769	80,407	54,083	-	-	134,490
Net liquidity gap	364,145	28,894	14,983	408,022	1,688,765	(2,033,639)	46,893	110,041
Cumulative net liquidity gap	364,145	393,039	408,022	408,022	2,096,787	63,148	110,041	110,041

Notes to the Consolidated Financial Statements

At 31 December 2020 (continued)

31. Risk Management (Continued)

Liquidity risk (continued)

As discussed in note 2 to the consolidated financial statements management has proposed a revised business plan and Group will seek all formal and necessary approvals to execute the plan. Post execution of the plan the Group will be able to continue to meet its commitments for the foreseeable future without any significant liquidity mismatch.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

Capital Management

The primary objective of the Group's capital management is to support its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. The restructuring effected at 21 June 2020 represented a significant change in the capital structure of the Group. Capital comprises share capital, treasury shares, statutory reserve, general reserve, special reserve, cumulative changes in fair value, foreign currency translation reserve, Mudaraba Instrument, Mudaraba Instrument reserve and accumulated losses and is measured at AED 0.2 million as at 31 December 2021 (31 December 2020: AED 0.7million).

Fair value of financial assets and liabilities

The fair values of the Group's financial assets and liabilities at the reporting date approximate their carrying values as reflected in these financial statements.

32. Social Contributions

The Company pursues a Corporate Social Responsibility strategy and is formally registered with the Dubai Chamber of Commerce and Industry (DCCI) for Dubai Chamber CSR Label program. The Company has not made any social contributions during the year.

33. 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.

The COVID relief that was extended to eligible customers during 2020 ended in August 2021.

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 unlikeliness 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.

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.

33. Covid-19 And Expected Credit Loss (Ecl)

The total changes in Exposure at Default (EAD) since December 2020

Below is an analysis of total changes in EAD since 31 December 2020 on UAE clients benefitting from payment deferrals:

	Total AED'000
EAD as at 1 January 2021	58,243
Repayments/de-recognition during the period	(58,243)
EAD as at 31 December 2021	**-**

Governance Report for 2021

1- Statement of procedures taken to complete the corporate governance system, during 2021, and method of implementing thereof.

Amlak Finance upholds high standards of corporate governance practices in accordance with the provisions of Federal Law No. (32) of 2021 on commercial companies and the regulatory decisions of finance companies issued by the Securities and Commodities Authority ("SCA") and the Central Bank. The adoption and application of corporate governance is a key objective for both the Board of Directors and executive management, which helps to ensure compliance with applicable regulations and laws, transparency, disclosure, increasing shareholder value and protecting the interests of stakeholders.

Amlak is fully committed to apply the governance standards and any other best practices collected and documented in the "**Corporate Governance Manual**" adopted by the Board of Directors, which has been amended to comply with the Governance Manual of Public Joint Stock companies issued by SCA's of Resolution No. 3/ 2020.

Below some of the corporate governance practices in 2021 :

- The Board of Director and its committees are committed to the number of meetings required and to the tasks and responsibilities assigned.
- The Nominations and Remunerations Committee has reviewed the applications for nomination to the Company's Board of Directors to ensure that it meets the nomination controls and conditions contained in Articles 9 and No. (10) of the Decision of the Chairman of the Board of Directors of the Securities and Commodities Authority No. 3/2020. Furthermore, the applications for qualified candidates have also been submitted to the Central Bank for approval.
- The Company's Board of Directors was elected for 2021-2024 cycle in April 2021 and a female member was appointed in compliance with the SCA's Resolution No. 3/2020.
- The Company adhered to the SCA's instructions to cancel the board remuneration decision approved by shareholders at the General Assembly on April 29, 2021.
- The Board of Directors's Charter and the Charters of its committees have been reviewed ensuring compliance with the relevant regulations.
- The required policies have been reviewed in accordance with SCA Resolution No 3 for 2020 ensuring compliance with the relevant regulations.
- The company's was committed to disclose material information, particularly with regards to the settlement of the arbitration judgment issued in the Company's interest.
- Each board member declares his independence and the positions he holds within the boards of directors of other companies on an annual basis.
- The company has a website, which includes a section dedicated to "investor relations" where all financials and press releases are available to stakeholders.

2- Statement of ownership and transactions of Board of Directors (Board) members and their spouses, their children in the securities market during 2021, according to the following schedule:

Ser.	Name	Position / Kinship	Owned shares as on 31/12/2021	Total sale	Total purchase
1	Mr. Ali Ibrahim Mohamed Ismail	Chairman	Nil	Nil	Nil
2	Mr. Khalid Salim Alhalyan	Vice Chairman	2,388	Nil	Nil
3	Ms Fatima Ahmed Qasimi	Board Member	44,570	Nil	Nil
4	Mr. Mastafa Ismail Karam	Board Member	Nil	Nil	Nil
5	Mr. Rashed Mohammad Ali Abdulrahman aAaAbdulrahman	Board Member	Nil	Nil	Nil
6	Mr. Ayad Hammad Alharazeen	Board Member	Nil	Nil	Nil
7	Ms. Fatma Hussain Ali	Board Member	Nil	Nil	Nil

3- Board Formation:

Ser.	Name	Category (executive, non-executive, and independent)	Date of Appointment	Their membership and positions at any other joint-stock companies	Their positions in any other important regulatory, government or commercial positions.
1	Mr. Ali Ibrahim Mohamed Ismail	Non-executive	March 2004	■ Chairman of the Board of Directors of EII Capital	■ Deputy Director General at the Dubai Economic & Tourism Department
2	Mr. Khalid Salim Alhalyan	Independent	April 2008	■ Board member in Emaar Development ■ Member of the Board of Directors of Bank Al Salam – Al Bahrain	■ CEO, Internal Audit and Risk Assessment Group, Dubai Aviation City Corporation ■ Vice President, UAE Audit Association
3	Ms Fatima Ahmed Qasimi	Independent	December 2021	Nil	Nil
4	Mr Mastafa Ismail Karam	Independent	January 2021	- Board member in EII Capital	Board member of: ■ Emaar Hospitality Group ■ Dubai Charitable Association
5	Mr. Rashed Mohammad Ali Abdulrahman	Independent	April 2021	Nil	■ General Manager of Real Estate Development at Wasl Board member of: ■ Dubai Commerce City ■ Jumeirah Golf Estates ■ Dubai Sports Corporation
6	Mr. Ayad Hammad Al Harazeen	Independent	April 2021	Nil	Nil
7	Mrs. Fatma Hussain Ali	Independent	April 2021 Mrs Fatma resigned from her position on 22 Feb 2022	Board Member of Aramex	■ Chief Human Resources Officer, Dubai Holding Asset Management ■ Member of the Nominations and Remuneration Committee of EII Capital ■ Board Member at Al Khor Dubai Harbor

Qualifications and experience of board members:

Mr Ali Ibrahim Mohamed Ismail
Chairman

As Deputy Director General at the Department of Economic Development in Dubai (DED), Ali Ibrahim is entrusted with enhancing DED's role in the emirate's strategy to remain in the forefront of countries applying the highest standards in doing business across the economic, social and cultural domains.

Mr Ibrahim is also responsible for evaluating regional and global economic developments as well as their impact on Dubai and its competitiveness. In addition, he supervises surveys and the collection and publication of economic indicators in Dubai and business-related statistics.

Mr Ibrahim participated in the working groups, which prepared Dubai Strategic Plan 2007-2015, and also supervised DED's working team, which updated the economic plan 2013 -2015.

Mr Ibrahim started his career with the UAE Central Bank in 1983 in Abu Dhabi where he rose through the ranks to become Assistant Manager for Research and Statistics. Since joining DED in 1993 he has held several positions including Head of Studies and Planning Department, Head of Commercial Registration Department and Deputy Director General for Executive Affairs.

He was also the General Co-ordinator of the Economic Development Committee of the Executive Council of Dubai, and Technical Co-ordinator of the Dubai Islamic Economy Development Centre.

Mr. Ibrahim holds a Bachelor Degree in Business Administration and English Language from the UAE University. He has also participated in several courses and conferences and attended working groups in global bodies such as the International Monetary Fund. He was one of the first graduates of the Government Leadership Programme of the Mohammed Bin Rashid Centre for Leadership Development.

Mr Khlaid Salim Alhalyan
Vice Chairman

Mr. Khalid has more than 30 years senior level experience in several industries, and he is currently the group Chief Audit Executive at Dubai Aviation City Corporation (DACC).

Mr. Khalid started his career at the UAE Central Bank, then moved to the Department of Economic Development (DED) in Dubai before joining the aviation industry in 1996; initially to establish the new Dubai Airport Free Zone (DAFZA) and to head the Finance Department, before moving on to establish the Group Internal Audit & Risk Assessment (GIARA) function at DACC.

Mr. Khalid has been involved in establishing DED, Emaar Properties, the UAE Internal Audit Association, the UAE Golf Association, and he worked on restructuring projects for DUBAL, Dubai World Trade Centre, Dubai Civil Aviation, UAE Central Bank Banking Supervision, and realized the construction of a new facility for Al Noor Special Needs Centre in Dubai.

Mr. Alhalyan currently serves as Vice President of the UAE Internal Audit Association (affiliated to the Institute of Internal Auditors (IIA), USA), Chairman of Al Noor Special Needs Centre in Dubai and Chairman of Emaar South, Dubai.
He holds an MBA degree from Bradford University in the UK, and BBA from UAE University, Al Ain.

Mr. Ayad Hammad Al Harazeen
Member of the Board of Directors

Mr. Ayad Hammad Al Harazeen is a member of Amlak Finance PJSC's Board of Directors. He is also a Board member of Emaar Misr for Development S.A.E (a wholly owned subsidiary of Emaar Properties PJSC).

Mr. Ayad is currently partner of MAFCO Management & Business Consultancy LLC, Abu Dhabi and Partner & Manging Director of Advanced Solutions Investments & Companies Representation LLC (ASIR), Abu Dhabi. Under these organizations, Mr. Ayad has built several successful partnerships with multinational companies that have added value to the development of UAE economy.

Prior to his current positions, Mr. Ayad has served Abu Dhabi National Oil Company in various technical and lead management responsibilities.

Mr. Ayad is a postgraduate in Mechanical Engineering from Massachusetts Institute of Technology (MIT-USA) and Graduate (BE-Honours) from Imperial College of Science & Technology, London.

Mr. Mastafa Ismail Karam
Member of the Board of Directors

Mr. Mustafa Karam is one of the most prominent specialists in the field of customer service, business management and service control in the Middle East, and has extensive experience in these areas over more than 28 years in Emirates Airlines through many positions he held.

Mr. Mustafa Karam is the Senior Vice President of Customer Affairs and Service Control at Emirates Airlines

Mr Karam had completed his Bachelor of Arts at the UAE University in 1984, IATA Diploma in Airline Marketing in 1997 and IATA Diploma in Airline Management in 1994 both held in Geneva, a Diploma in Global Business Consortium in 2004 at the London Business School in the United Kingdom, and a Certificate in International Executive Program (INSEAD) held in France in 2006.

Mr. Rashed Mohammad Ali Abdulrahman
Member of the Board of Directors

Mr. Rashed is a Member of the Board of Directors at Amlak Finance PJSC. He is currently the General Manager of Real Estate Development at WASL (the Real Estate Development and Asset Management arm of the Dubai Government). Under his guidance, he has led 79 active projects with a 25 billion AED CAPEX development and construction pipeline in the past 4 years.

With over 15 years of experience, Rashed Al Awadhi is a highly experienced professional leading several high profile and prestigious large-scale real estate master developments across Dubai. In addition to his current roles, he sits on the board of Dubai Sports Corporation and JAG Development.

Mr. Rashed holds a Bachelor's degree in Architecture and Design from the American University of Sharjah.

Ms. Fatima Ahmed Rashid Qasimi
Member of the Board of Directors

Fatima was the Head of Elite UAE in First Abu Dhabi Bank; She was in charge of Elite Segment in UAE, Singapore and Switzerland.

Fatima was the Chief Executive Officer of Aseel Islamic Finance (a wholly owned subsidiary of First Gulf Bank) since 2015 where she is responsible for growing shareholder value through the effective management and execution of the business's long-term strategy. During 2 years leadership, Aseel generated with portfolio growth of 21% in 2016. She brought new vision & mission, enhanced website corporate, and significantly launched 6 products and several promotions & campaigns that successfully established the new Aseel, brought major clients and inspired its employees. Moreover, Fatima made a big impact at Aseel by achieving the 7 prestigious awards in UAE and Middle East.

Prior to that, she was Head of Corporate Banking in Dubai & Northern Emirates at First Gulf Bank for more than 6 years where she played a big role on bringing and expanding the company's revenue growth and marked her legacy by generating AED 230 Million revenue in 2014. Also, she was the Head of Large Corporate at National Bank of Dubai for more than 11 years.

With over of 23 years of experience in the UAE banking and financial services, Fatima is versatile and results-driven Executive-Level professional with a proven track record in driving marketing and increasing revenue, ultimately benefiting the organization's bottom line. She possesses skills across a broad range of areas including Islamic & conventional banking and financial, corporate & commercial, retail, investment, treasury, strategic planning, business development, and product development.

Mrs. Fatma Hussain Ali
Member of the Board of Directors

Mrs Fatma Hussain is one of the uae's leading executive in the field of human resources and corporate culture, with more than 20 years of human resources expertise and achievements during her busy career in several sectors of major government and private companies and institutions in the UAE.

As Chief Human Resources Officer at Dubai Asset Management, Fatma has transformed human resources management from a business support unit into a trusted partner focused on attracting, developing and rewarding the company's most important resources, its "employees", in order to enable continuous institutional growth while maintaining a reserve of qualified cadres to support the group at all levels and give it significant competitive advantages.

Prior to joining the group, Fatima worked with many prestigious government and private institutions in various strategic human resources disciplines such as performance management, comprehensive Remunerations, talent recruitment and development, localization, competency redistribution, restructuring and operation system, as well as integration and change management.

A. Statement of the percentage of female representation in the Board for 2021 (In case of non-representation, please state that there is no representation).
The Board of Directors elected on April 29, 2021 includes a female member, Ms. Fatma Hussain. Also, Ms Fatima Qasimi was appointed as board member on 30 December 2021.

B. Statement of the following

1. **The total remunerations paid to the Board members for 2020:**
The board remuneration Resolution approved by shareholders at the General Assembly on April 29, 2021 was canceled in adherence with the instructions of the SCA.

2. **The total remunerations of the Board members, which are proposed for 2021 that will be presented in the annual general assembly meeting for approval.**
The Company reported a profit for the fiscal year ended December 31, 2021 of AED 1.06 billion and it will be recommended to pay a remuneration of AED 3 million to board members for 2021 for consideration by the Company's shareholders.

3. **Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for 2021 fiscal year, according to the following schedule:**

Allowances for attending sessions of the committees emanating from the Board			
Name	The name of the committee.	The value of the allowance for the meeting	Number of meetings
Mr. Farooq Mahmoud Arjomand	Internal Audit Committee	10,000	2
Mr. Khalid Salim Alhalyan	Internal Audit Committee	10,000	4
Mr. Ahmed Hamdan Bin Dalmook	Internal Audit Committee	10,000	2
Mr. Ayad Hammad Alharazeen	Internal Audit Committee	10,000	2
Mr. Rashed Mohammad Ali Abdulrahman	Internal Audit Committee	10,000	2
Mr. Hesham Abdullah Al Qasim	Risk Committee	10,000	1
Mr. Khalid Salim Alhalyan	Risk Committee	10,000	1
Mr. Essamueddin Galadari	Risk Committee	10,000	1
Mr. Mastafa Karam	Risk Committee	10,000	3
Mr. Rashed Mohammad Ali Abdulrahman	Risk Committee	10,000	3
Mr. Ibrahim Al Jalaf	Risk Committee	10,000	2
Ms. Fatma Hussain	Risk Committee	10,000	1
Mr. Ahmed Hamdan Bin Dalmook	Nominations and Remuneration Committee	10,000	2
Mr. Essamueddin Galadari	Nominations and Remuneration Committee	10,000	2
Mr. Hesham Abdullah Al Qasim	Nominations and Remuneration Committee	10,000	2
Ms. Fatma Hussain	Nominations and Remuneration Committee	10,000	3
Mr. Mastafa Karam	Nominations and Remuneration Committee	10,000	3
Mr. Ibrahim Al Jalaf	Nominations and Remuneration Committee	10,000	3

4. **Details of the additional allowances, salaries or fees received by a Board member other than the allowances for attending the committees and their reasons**.
   No allowances, salaries or fees other than the allowances for attending the committees meetings were paid.

5. **Number of the Board meetings held during 2021 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy**

Date of the meeting	Number of attendees	Number of acting attendees	Names of absent members
January 31, 2021	6 members	Nil	Nil
March 30, 2021	7 members	Nil	Nil
April 27, 2021	7 members	Nil	Nil
May 10, 2021	7 members	Nil	Nil
June 14, 2021	7 members	Nil	Nil
July 26, 2021	7 members	Nil	Nil
October 4, 2021	7 members	Nil	Nil
October 26, 2021	7 members	Nil	Nil
November 28, 2021	6 members	Nil	Nil
December 19, 2021	6 members	Nil	Nil

6. **Number of the Board resolutions passed during the 2021 fiscal year, along with its meeting convention dates.**
   The Board of Directors issued three resolutions by circulation during fiscal year 2021:
   - The first resolution was issued on March 15, 2021 on the adoption of financial statements for the period ended December 31, 2020 and matters relating to the Company's business.
   - The second resolution was issued on August 11, 2021 on the adoption of financial statements for the period ended June 30, 2021 and matters relating to the Company's business.
   - The third resolution was issued on November 14, 2021 on the adoption of financial statements for the period ended September 30, 2021 and matters related to the Company's business.

7. **Statement of Board duties and powers exercised by Board members or the executive management members during 2021 based on the an authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:**
   The Board authorized Amlak's CEO Mr. Arif Alharmi Albastaki to manage the Company's day-to-day business under a general power of attorney, and authorized the executive management within certain limits by approving the Authority Matrices of each department of the Company. The Board reviews the authorities granted periodically on an annual basis.

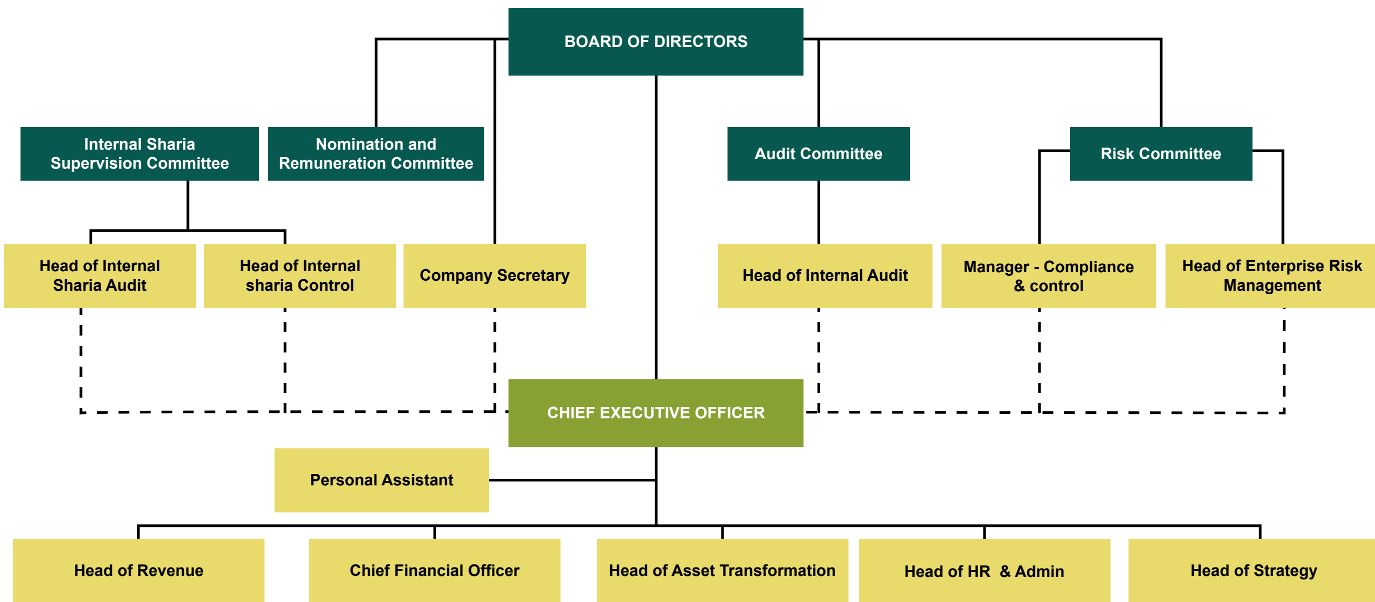
8. **Statement of the details of transactions made with the related parties (Stakeholders) during 2021, provided that it shall include the following**:

	Associated companies AED 000	Major Shareholders AED 000	Directors and senior management AED 000	Other related parties AED 000	Total AED 000
Financing and investing assets	-	-	2,788	-	2,788
Investment deposits		107,093	-	60,979	168,072
Other liabilities	-	42	-	24	66

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

	Associated companies AED 000	Major Shareholders AED 000	Directors and senior management AED 000	Other related parties AED 000	Total AED 000
Income from financing and investing assets	-	-	243	75	318
Distribution to depositors	-	2,229	-	1,269	3,498

9. **The organizational structure of the company**



10. A detailed statement of the senior executives in the first and second grade according to the company organizational structure (according to 3-I), their jobs and dates of their appointment, along with a statement of the total salaries and bonuses paid to them, according to the following schedule:

Sr.	Post	Appointment date	Total salaries and allowances paid for 2021 (AED)	Total bonuses paid for 2021 (AED)	Any other cash/in-kind Remunerations for 2021 or due in the future*
1	Chief Executive Officer	May 23, 2007	2,690,000	2,000,000	
2	Chief Financial Officer	November 18, 2020	820,000	120,000	
3	Head of Revenue	January 18, 2021	620,000	90,000	
4	Head of Strategy	January 18, 2021	400,000	80,000	
5	Head of Human Resources and Management	July 11, 2021	220,000	-	

*Executive Management is in the process of submitting a Remunerations proposal to the Board of Directors.

4- External Auditor:

a. **Submit an overview of the company auditor to shareholders.**

Deloitte is the world's largest professional services firm with more than 335,000 employees. They have served as trusted advisors for clients in the Middle East for the past 96 years. Deloitte in the United Arab Emirates has five practice offices in Dubai, Abu Dhabi, Fujairah, Ras Al Khaimah, and Sharjah with 51 Partners, Directors and Principals and over 600 audit professionals. We are a full service firm in the UAE, and have well developed practices serving leading enterprises and institutions in banking and financial services, healthcare and education, real estate, leisure and hospitality, construction, public sector activities, trading, manufacturing, telecom, aviation, retail and energy resources.

b. Statement of fees and costs for the audit or services provided by the external auditor, according to the following schedule:

Name of the audit office and partner auditor	Deloitte & Touche (M.E.), Dubai. Yahia Shatila
Number of years he served as the company external auditor	3
Total audit fees for 2021 in (AED)	555,000
Fees and costs of other private services other than auditing the financial statements for 2021 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	334,000
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	▪ Audit fee for subsidiaries ▪ IFRS 9 Model Validation ▪ AUP in relation to Meydan Settlement options ▪ AUP for unclaimed dividend
Statement of other services that **an external auditor** other than the company accounts auditor provided during 2021 (if any). In the absence of another external auditor, this matter is explicitly stated.	Nil

c. Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2021 and in case of the absence of any reservations, this matter must be mentioned explicitly.

- In March 2021 financial statements auditor included following other matter paragraph in their audit report:
  The comparative information presented in the condensed consolidated interim statements of income and cash flows and the related notes has not been audited or reviewed.
- In June 2021 financial statements auditor included following other matter paragraph in their audit report:
  The comparative information for the three month period ended 30 June 2020 presented in the condensed consolidated interim statements of income and cash flows and the related notes has not been audited or reviewed.
- There is no reservation in Audit opinion on annual financial statements for year ended 31 December 2021 and quarterly financial statement for period ended 30 September 2021

5- Audit Committee:

a. **Mr. Khalid Salim Alhalyan, Chairman of the Audit Committee, acknowledges of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

b. **Members of the Audit Committee from January 1, 2021 to April 29, 2021**

Mr. Farooq Mahmoud Arjomand	Chairman of the Committee
Mr. Ahmed Hamdan Bin Dalmook	Member of the Committee
Mr. Khalid Salim Alhalyan	Member of the Committee

Members of the Audit Committee from April 30, 2021 to December 31, 2021

Mr. Khalid Salim Alhalyan	Chairman of the Committee
Mr. Ayad Hammad Alharazeen	member of the Committee
Mr. RashEd Mohammad Abdulrahman,	member of the Committee

Audit Committee members' responsibilities:

- Review the integrity of financial statements and annual and interim reports and recommend approval by the Board of Directors
- Review management analysis showing the importance of financial reporting issues and provisions in relation to the preparation of financial statements, including financial statement analyses
- Consider important and unusual issues received or to be included in financial reports
- Assess the overall effectiveness of internal control and risk management frameworks, including fraud risk assessment, fraud risk controls and fraud risk processes, and consider whether management has implemented recommendations made by internal and external auditors.
- Review the security monitoring mechanism for computer systems and applications, contingency plans to process financial and other important information in the event of system failure or to protect against computer fraud or abuse.
- Make a recommendation to the Board of Directors on the appointment of the Company's statutory auditor.
- Review and evaluate the Company's internal audit systems.
- Ensure that the resources needed for the internal audit department are available and effective.
- Approve the internal audit plan and follow up implementation.
- Monitor the Company's compliance with professional conduct rules.

Number of meetings held by the Audit Committee during 2021 and their dates to discuss the matters related to financial statements and any other matters, and demonstrating the members' personal attendance times in the held meetings.

Attendance						
Meeting Number	Date of the meeting	Farooq Mahmoud Arjmand	Ahmed Hamdan Bin Dalmook	Khalid Salim Alhalyan	Ayad Hammad Alharazeen	Rashed Mohammad Ali Abdulrahman
1	February 23, 2021	√	√	√	-	-
2	April 28, 2021	√	√	√	-	-
3	August 4, 2021	-	-	√	√	√
4	November 3, 2021	-	-	√	√	√

6- Nominations and Remunerations Committee:

Mrs. Fatima Hussein - Chairman of the Nomination and Remuneration Committee acknowledges of her responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Members of the Nomination and Remuneration Committee from January 1, 2021 to April 29, 2021

Mr. Ahmed Hamdan Bin Dalmook	Chairman of the Committee
Mr. Essamuddein Hussein Galadari	Committee Member
Mr. Hesham Abdullah Al Qassim	Committee Member

Members of the Nomination and Remuneration Committee from April 30, 2021 to December 2021:

Mrs. Fatma Hussain	Chairman of the Committee
Mr Mastafa Ismail Karam	Committee member
Mr.Ibrahim Anis Al Jalaf	Committee member

On November 28, 2021, Mr. Ayad Hammad Alharazeen was appointed as a member of the Nomination and Remuneration Committee, replacing Mr. Ibrahim Al Jalaf, who resigned from the Board in November 2021

Nomination & Remuneration Committee members' responsibilities:

- Review the procedures for nomination to the membership of the Board of Directors
- Identify the company needs of competencies at the level of senior executive management and staff and the basis of selecting them
- Review the policy on granting rewards, benefits, incentives and salaries to the staff therein, on an annual basis
- Recommend the remuneration to the Board of Directors
- Review the required needs of the suitable skills for Board membership and prepare a description of the abilities and qualifications required for Board membership

Statement of number of meetings held by the Committee during 2021 and their dates, and statement of all Committee members' personal attendance of times.

Attendance						
Date of the meeting	Ahmed Bin Dalmook	Essamueddin Galadari	Hesham al, Qassim	Fatma Hussein	Mastafa Karam	Ibrahim Al Jalaf
March 2, 2021	√	√	√	-	-	-
April 18, 2021	√	√	√	-	-	-
July 12, 2021	-	-	-	√	√	√
October 6, 2021	-	-	-	√	√	√
November 2, 2021	-	-	-	√	√	√

7- The Supervision and Follow-up Committee of insiders' transactions.

In accordance with Article 33 of the Board of Directors' Decision of SCA No. 03- 2020, one of the company's departments may be assigned to supervise and follow up the insiders transactions in the company and the Board secretariat unit has been assigned these tasks.

a. The Company Secretary of the Board of Directors, Ms. Lama Takieddin, acknowledges responsibility for the follow-up system and supervision of the insiders transactions and to review the mechanism of the work and ensure its effectiveness.

b. The responsibility of following up and supervising the insiders transactions has been assigned to the Board secretariat unit that shall take over the following tasks:
- Prepare a special and integrated record of all persons who are permanently and temporarily familiar with the company's internal information before publishing it.
- Inform insiders with the trading bans and the required controls in this regard.
- Keep official declarations from insiders.

c. Summary of the work report of the Board secretariat unit during 2021:
The unit has updated the register of insiders' transactions and provided the market with the register periodically, and periods of prohibition of trading in the company's shares have been announced, as well as sign off of insiders declarations confirming their possession of internal information and their obligation to comply with the relevant regulations.

8- Risk Committee:

a. Mr. Mastafa Ismail Karam, Chairman of the Risk Committee, acknowledges his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Members of the Risk Committee from January 1, 2021 to April 29, 2021

Mr. Hesham Abdullah Al Qasim	Chairman of the Committee
Mr. Essamueddin Hussein Galadari	Committee member
Mr. Khaled Salim Alhalyan	Committee member

Members of the Risk Committee from April 30, 2021 to December 2021

Mr. Mastafa Ismail Karam	Chairman of the Committee
Mr. Rashed Mohammed AbdulRahman	Member of the Committee
Mr. Ibrahim Anis Al-Jalaf	Member of the committee

On December 19, 2021, Fatma Hussain was appointed as a member of the Risk Committee as a replacement for Mr. Ibrahim Al-Jalaf, who resigned from the Board in November 2021.

The Committee's responsibilities and functions:
- Develop a comprehensive risk management strategy and policy consistent with the nature and size of the company's activities, monitor its implementation, review and update it based on the company's internal and external changing factors.
- Identify and maintain an acceptable level of risk that the company can face, and ensure that the company does not exceed this level ensuring that there are sufficient resources and systems to manage risks.
- Overseeing the company's risk management framework and assessing the effectiveness of the framework and mechanisms for identifying and controlling risks to the company to identify areas of inappropriateness and adequacy.

Number of meetings held by the Risk Committee during 2021 and their dates to discuss issues relating to financial statements and any other matters, and to indicate the number of personal attendances of members at meetings held.

Attendance								
Meeting Number	Date of the meeting	Hesham Al Qasim	Essamueddin Galadari	Khaled Alhalyan	Mastafa Karam	Rahsed Mohammad	Ibrahim Al Jalaf	Fatma Hussain
1	February 15, 2021	√	√	√	-	-	-	-
2	June 22, 2021	-	-	-	√	√	√	-
3	August 31, 2021	-	-	-	√	√	√	-
4	December 21, 2021	-	-	-	√	√	-	√

9- Internal control system:

a. The Board of Directors acknowledges its responsibility for the company's internal control system, its review of its mechanism and its effectiveness.

b. The name of the director of management, his qualifications and the date of appointment:
Mr. Osama Sadek was appointed Head of Internal Audit on January 4, 2022, holds an MBA and is also a certified public accountant and certified internal auditor.

c. Compliance officer's name, qualifications and appointment date:
Ms. Amira Adi was appointed Manager of Compliance and Control in October 2021

d. How the Internal Control Department dealt with any major problems at the Company or those that were disclosed in the annual reports and accounts

The responsibility of the Internal Audit Department is to review internal policies and procedures, ensure that they comply with relevant laws and regulations, ensure that governance rules are applied, and the department reviews risk management procedures.

The Department adopts the annual audit plan and issues periodic reports to the Audit Committee on the results of its activities on a quarterly basis. The department is committed to notifying the Audit Committee of key events in the company to ensure that important information and risks are delivered in a timely manner, as well as issues which may significantly affect the financial situation, business affairs, accounting, internal control and others. The department also adopts a whistle-blowing policy that allows any employee or customer to report violations and the same is verified with absolute confidentiality.

The company did not face any major problems in 2021.

e. Number of reports issued by the Internal Audit Department of the Company's to the Board of Directors.
Audit Committee meetings are held quarterly, where internal audit department activities, internal audit notes and reports and performance reports are presented for discussion during meetings. The Internal Audit Department has issued four reports to the Board's Audit Committee in accordance with the approved audit plan. An annual report on the work of the unit has been issued to the Board of Directors.

10- Details of violations committed during 2021 and their causes, how to address them and avoid future recurrence:
No fines or restrictions were imposed on the company by the Securities and Commodities Authority or any other legal authority during 2021.

11- Statement of the cash and in-kind contributions made by the Company during 2021 in developing the local community and preserving the environment.

Please note that Amlak did not make any financial contributions to the community in 2021, as the Company was not entitled to condcut CSR actibities as per the appliacble regulations.

12- General information:

a. Statement of the company's share price on the market (closing price, highest price, lowest price) at the end of each month during fiscal year 2021:

Month	Month – High AED	Month – Low AED	Closing Price AED
January	0.255	0.244	0.248
February	0.220	0.210	0.22
March	0.293	0.238	0.271
April	0.220	0.215	0.215
May	0.265	0.259	0.26
June	0.249	0.240	0.249
July	0.294	0.271	0.272
August	0.281	0.272	0.278
September	0.270	0.262	0.267
October	0.299	0.267	0.294
November	0.713	0.680	0.68
December	0.731	0.722	0.723

b. Statement of the comparative performance of the company's shares with the General Market Index and the sector index to which the company belongs during 2021:

Month	Amlak Finance PJSC - AED	DFMGI	Banks Index	Real Estate & Const. Index
January	0.248	2654.06	2485.76	3512.67
February	0.220	2551.54	2402.45	3341.80
March	0.271	2550.23	2386.86	3292.18
April	0.215	2605.38	2452.05	3463.86
May	0.260	2797.52	2651.75	3764.37
June	0.249	2810.56	2621.18	3886.93
July	0.272	2765.71	2628.51	3728.53
August	0.278	2902.97	2732.87	3967.90
September	0.267	2845.49	2745.79	3863.36
October	0.294	2864.21	2749.14	3872.46
November	0.680	3072.91	2765.10	4499.86
December	0.723	3195.91	2861.21	4651.15

c. Statement of the shareholders ownership distribution as on 31/12/2021 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign.

		Percentage of shares owned			
Sr.	Shareholder rating	Individuals	Companies	government	Total
1	Local	526,650,283	756,943,827	-	1,283,594,110
2	Arabic	120,681,120	30,760,210	-	151,441,330
3	Foreign	49,920,103	15,044,457	-	64,964,560
4	Total	697,251,506	802,748,494	-	1,500,000,000

e. Statement of shareholders owning 5% or more of the Company's capital as on 31/12/2021 according to the following schedule:

Sr	Name	Number of shares owned	Percentage of shares owned by the company's capital
1	Emaar Properties PJSC	674,999,982	45%

f. Statement of how shareholders are distributed according to the volume of property as on 31/12/2021 according to the following schedule:

Sr	Equity ownership (shares)	Number of shareholders	Number of shares owned	Percentage of shares owned by capital
1	Less than 50, 000	21,408	133,545,271	8.903%
2	From 50,000 to less than 500,000	1,621	207,477,140	13.832%
3	From 500,000 to less than 5,000,000	201	223,923,752	14.928%
4	More than 5,000,000	22	935,053,837	62.337%

g. Statement of measures taken regarding the controls of investor relationships and an indication of the following:-

The company has updated the investor relations page on its website in order to enable shareholders and investors to access information about the Company, particularly annual reports, financial statements, disclosures to the financial market, share prices and others in order to ensure transparency.

The name of the investor relations officer, Mr. Adam Al-Affes.

h. Investor Relations Communication Data:

Name: Adam Al-Affes
Email: Investorrelations@amlakfinance.com
Phone: +97144274613
Mobile: +971507040326

i. The electronic link to the Investor Relations page on the company's website:

https://www.amlakfinance.com/investor-relations

j. **Statement of special resolutions presented at the 2021 General Assembly and actions taken:**

The General Assembly meeting was held on April 29, 2021, and the following special resolutions were issued:

- It was decided that the company would continue its activities despite its losses exceeding the Company's capital.
- It was decided to amend the Company's articles of association to comply with the provisions of Federal Law No. 26 of 2020 regarding the amendment of some provisions of Federal Law No. 2 of 2015 regarding Commercial Companies, and the amendment was publised in the Official Gazette.

k. Company Secretary of the Board meetings.

Ms. Lama Takieddin was appointed as the company's secretary on February 2, 2020, and she holds a bachelor's degree in economics and a bachelor's degree in law, and she is a certified board secretary by the Hawkamah Institute.

l. Detailed statement of major events and important disclosures that the Company encountered during 2021.

- The Company successfully concluded the settlement of the arbitration ruling in Amlak's favour with a net value of approximately AED 875 million including both plots and partial cash instalments to be paid over 24 months.
- The company's debt settlement arrangements, through cash and real estate assets swap, remained successful during the year, and enabled four financiers to fully settle and two financiers to partly settle their exposure during the year ended 31 December 2021. The company recorded a gain of AED 465 million on debt settlement arrangements and was able to reduce its debt burden by AED 1,139 million (including Mudaraba instrument of AED 235 million)
- As a result of the arbitration ruling settlement and debt settlement gains, the company was able to meet the Central Bank's equity requirements.

m. Statement of the transactions that the Company has carried out with related parties during the year 2021, which are equal to 5% or more of the Company's capital:

Nil

n. Statement of Emiratisation percentage in the Company at the end of 2019, 2020, 2021

2019	2020	2021
16%	10%	4%

o. Statement of innovative projects and initiatives carried out by the company or being developed during 2021.

- Launching new corporate values that reflect the essence of our identity. Our new values of Agility, Trust, Collaboration and Accountability are underpinned by a set of behavioral competencies that will act as catalysts to support our cultural transformation and will become an integral part of our performance metrics.
- The company has adopted the electronic signature of documents, agreements and internal memos, which allows for increased operational efficiency and security thanks to the high standards adopted and the full digital audit trails.
- The tasks of managing real estate and investment assets were outsourced to a specialized company to comply with the Central Bank's regulations regarding finance companies, and as a result the company achieved an increase in the level of customer and tenant satisfaction.

AMLAK FINANCE

Sustainability Report 2021

SUSTAINABILITY REPORT

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About this Report

Our 2021 Environmental, Social, and Governance (ESG) Report outlines Amlak Finance's approach to sustainability and provides an update on our ESG initiatives and performance. This report may be read in conjunction with our 2021 audited financial statements and corporate governance report to obtain a comprehensive overview of Amlak Finance.

Organisational Boundaries and Reporting Scope

Amlak Finance PJSC is a leading specialized real estate financier in the Middle East. Since its establishment in November 2000 as the region's pioneer financial services provider, it has provided its customers with innovative, sharia-compliant property financing products and solutions designed to meet the rapidly evolving market demands. It was first established as a private shareholding in Dubai, United Arab Emirates, in accordance with UAE Federal Law. In 2004, it was converted to a Public Joint Stock Company.

The company operates in the UAE out of its Dubai headquarters in Office No. 1803, Grosvenor Business Tower, Barsha Heights.

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

This report covers the period between January 1 and December 31, 2021, unless stated otherwise. The reporting boundary has been set to include Amlak Finance's UAE operation which formed 95.60% of its 2021 consolidated revenues. In addition, all of the company's subsidiaries (most of which are special purpose vehicles) are included in the reporting scope with the exception of two non-UAE subsidiaries which cover Amlak Finance's business in Egypt. The company also has an associate entity in the Kingdom of Saudi Arabia which is not part of this report's boundary.

Amlak Finance's subsidiaries include:

Company	*Country*	*Percentage Ownership (2021)*
Amlak Sky Gardens LLC	UAE	100%
Amlak Holding Limited	UAE	100%
Warqa Heights LLC	UAE	100%
Amlak Capital LLC	UAE	100%
Amlak Property Investment LLC	UAE	100%
Amlak Limited	UAE	100%
Amlak Finance Egypt Company (S.A.E.)	Egypt	100%
Amlak Nasr City Real Estate Investment LLC	Egypt	100%

Basis of Preparation

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, as well as with Dubai Financial Market's (DFM) ESG metrics. In addition, the report outlines Amlak Finance's alignment with the Sustainable Development Goals (SDGs).

The GRI Content Index at the end of the report also includes our alignment with the DFM ESG disclosures.

Assurance

The content of this report has been rigorously reviewed by relevant internal departments. In addition, our financial statements have been audited by a reputable independent audit firm.

We will look to widen the validation scope of our next report to include our internal audit function

Forward-Looking Statements

Forward-looking statements involve uncertainty given the many external factors that could impact the environment in which Amlak Finance operates.

The Company holds no obligation to publicly update or revise its forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations.

Communication & Feedback

For any queries or feedback about this report please contact us at the following email address:
companysecretary@amlakfinance.com

A Message from our CEO

In 2004 the United Nations Global Compact and 20 of the world's leading financial institutions published a ground-breaking report entitled "Who Cares Wins" which popularised the concept of environmental, social, and governance (ESG) factors. The report stressed that a sustainable planet and healthy civil society provide the foundations for successful investment outcomes and that companies have a clear self interest in managing factors that contribute to the well-being of the world.

Companies that perform better on ESG factors can increase shareholder value in a number of ways, by managing risks, anticipating regulatory action, or accessing new markets while contributing to sustainable development. Sustainability is inherent in the principles of Islamic finance and therefore Sharia is a complementary vehicle for promoting sustainable finance and taking climate action. As the leading specialized Sharia compliant real estate financial services company in the Middle East, Amlak Finance is naturally looking to further embed ESG into its strategy and business model.

Climate change is resulting in an increase in extreme weather events that may, in future, have a negative impact on property values. Related risks and opportunities within the real estate sector are not only of a physical nature, for example, the impact of extreme heat on the energy consumption of buildings, but are also transitional. Countries that have pledged to achieve net-zero emissions by 2050, including the UAE, are widely anticipated to implement stricter regulations aimed at reducing the emissions emanating from buildings. In 2011, Dubai issued a set of 'Green Building Regulations' to reduce the city's energy consumption and we anticipate that further legislation will be enacted as the UAE encourages the private sector to join its quest to achieve net-zero. Building certifications such as ESTIDAMA, LEED (Leadership in Energy and Environmental Design), or BREEM (Building Research Establishment's Environmental Assessment Method) will inevitably become the norm rather than the exception.

An important initiative we intend to implement in the coming months is to conduct a comprehensive stakeholder engagement exercise, both internally and externally, to ensure that we enhance our sustainability framework by factoring in the material needs of our key stakeholders. This exercise will allow us to map out those material ESG factors that Amlak Finance will focus on in future. Our aim is to enhance our performance as a responsible business entity, remain an employer of choice, and create sustainable growth.

As we return to a new normal in a post-pandemic world, we will continue to focus on value creation to all stakeholders, customer service and prudent risk management, whilst making greater efforts in integrating ESG concerns in our strategies, business processes and daily work.

At the heart of these efforts is a clear line of sight towards creating a future where Amlak Finance will strengthen its sustainability commitment in 2022 and in the years to come. We will prepare and align ourselves with the UAE Leadership's vision of our great nation becoming an exemplary model of a more sustainable economy

Arif Alharmi Albastaki
CEO

About Us

Amlak Finance at a Glance

Leading Specialized Real Estate Financier in the MENA

Established in 2000 as a private shareholding company and converted in 2004 as a public joint stock company

Amlak Finance is headquartered in the UAE and is present in Egypt and the Kingdom of Saudi Arabia

66 Total Employees
31.82% Female Presence

2021 Revenues at AED 211,733 million
+1200 Customers being served in 2021

Listed on the Dubai Financial Market in 2004 with an authorized capital at AED 1.5 billion

Our Profile

Amlak Finance PJSC is a leading financial services institution specialized in the real estate asset class. Since its establishment as a private shareholding company in 2000, Amlak Finance has provided its customers with property financing products and solutions that comply with Sharia law and the principles of the Islamic religion. The company is renowned for its customized and innovative offering which has been key in keeping up with its customers' rapidly evolving needs.

Amlak Finance converted its license to a Public Joint Stock Company in 2004. The company is headquartered in Dubai and licensed by the UAE Central Bank as a finance company.

Amlak Finance's geographic footprint includes a presence in Egypt through its 100% owned Cairo-based subsidiary 'Amlak Finance Egypt Company S.A.E.' that it established in 2007, as well as in the Kingdom of Saudi Arabia through its associate 'Amlak International for Real Estate and Finance Co' in which the company holds an 18.35% stake.

Our Vision, Mission, And Values

Vision

To be the specialized and customer centric real estate financing institution in the UAE

Mission

To provide niche financial solutions, customized to fit our customers' needs while maximizing shareholders' value and nurturing our employees

Values

Agility, Trust, Collaboration, Accountability

Our Organizational Values

Agility

We are innovative and imaginative in working with opportunities and challenges. We continuously improve the way we work, making it simpler, better and faster.

Collaboration

We work collaboratively with colleagues and form effective partnerships with internal and external Stakeholders. Promoting cross-disciplinary working as a means of achieving shared goals.

AMLAK

Trust

We do what is best for Amlak and our customers. We deliver on our promises and work to high standards. We are reliable, open and honest.

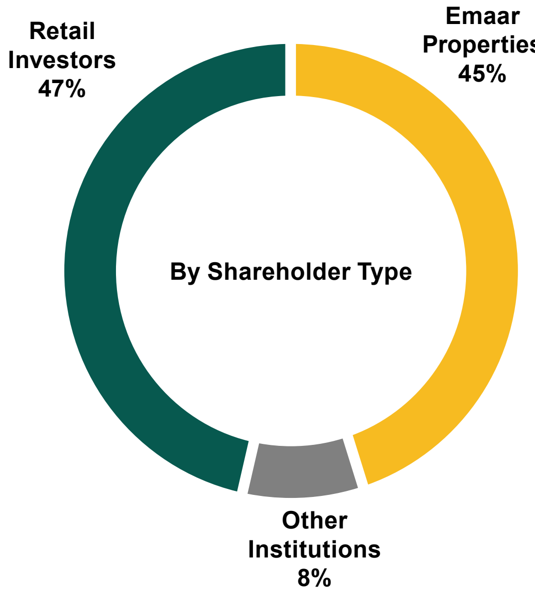
Accountability

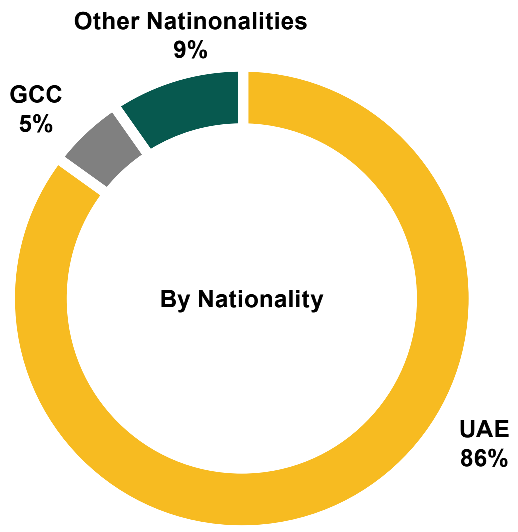
We hold ourselves and others accountable for delivering high quality and end to end service. We are courageous to speak up when the interest of the department and Amlak is at stake.

Our Behavioural Competencies

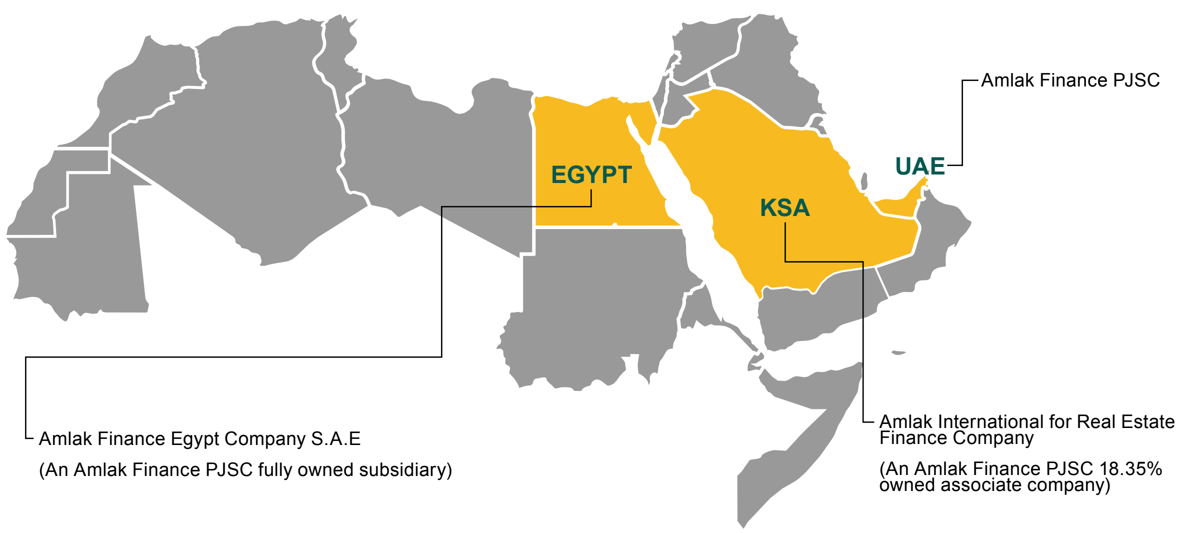
- Attention to Details
- Critical Thinking
- Change Initiation
- Customer Service Orientation
- Collaboration
- Enterpreneurial Thinking
- Influence
- Leadership
- Organising for Results
- Strategic Planning

Our Ownership Structure
(as at December 31 2021)





Our Geographic Footprint



Our Offering

Since its establishment Amlak Finance has been the dedicated Sharia compliant specialized real estate financier in the UAE offering individuals the possibility to purchase their dream homes while allowing investors and developers to benefit from the UAE's dynamic real estate market.

Amlak Finance offers innovative & customized solutions to meet the needs of the rapidly evolving real estate ecosystem. Our current suite of products and services include the following:

IJARAH
Ijarah is the standard home finance solution aimed at end users of ready residential and commercial properties. Under Ijarah, Amlak Finance buys the property from the developer/seller and leases it to the customer with a promise to sell at the end of the lease term. The customer pays monthly rentals that comprise of fixed, variable, and supplementary rentals.

ISTITHMARI
Istithmari is the first-of-its-kind Buy-To-Let property finance (Ijarah) solution in the region, designed for investors looking to invest in completed residential and commercial properties. In addition to providing personalized and professional relationships management, customers are provided with a full suite of Property Management services.

TATWEER (OFF-PLAN)
Tatweer is a solution aimed at financing under-construction properties for investors as well as for end users. Financing is supplemented with a full suite of property management services that come into effect post completion and handover of the property.

PRIVATE CONSTRUCTION FINANCE
Private Construction Finance is offered to individuals or corporates that undertake construction of commercial or residential projects. Amlak Finance is one of the few financiers offering this solution to a target market comprising UAE nationals as well as expatriates.

Additional Solutions Offered:

Double Your Property:
Offers existing property owners the possibility to acquire a second (ready or under-construction) property.

Developer Finance:
This solution is specific to project finance as well as last mile finance for commercial projects.

Others Solutions:
Musaada, Sulh, Takatuf, and Al TTay Construction Finance

OUR APPROACH TO SUSTAINABILITY

The transition to a more sustainable global economy is bringing about rising environmental, social, and governance related risks and opportunities that organizations must be aware of and manage. As a result, integrating sustainability considerations into a company's business model has become a crucial factor for success.

Stakeholders within the financial services and real estate sectors are becoming increasingly concerned with ESG issues and are exerting more pressure on real estate related organizations to embed them into their strategies and offerings.

Key stakeholders include:

Government & Regulators

- UAE Government Pledging Net Zero 2050
- UAE Guiding Principles on Sustainable Finance

Investors

- Asset Owners & Managers are embedding ESG into their investment analysis and decision-making process
- Retail Investors are showing strong and growing interest in ESG

Civil Society

- Community Groups behaviors and preferences are becoming much more environmentally and socially conscious

Customers

- Customers and suppliers are committing to sustainability and looking to work with those that are taking ESG into account

When developing our approach to sustainability, we considered the following three primary responsibilities that every corporation should embrace

03. RESPONSIBLE FINANCE PROVIDER & ASSET OWNER

02. RESPONSIBLE CORPORATE CITIZEN

01. RESPONSIBLE EMPLOYER

1. Responsible Employer

A responsible employer is one that provides gainful employment. In other words, offering employees the opportunity to reach their aspirations and live a decent life. This also means creating a working environment that promotes equal opportunity, as well as one that is inclusive and diverse. Such an environment can only be created by constant employer-employee engagement, including a fair performance review and appraisal process that allows for a healthy dialogue that empowers human capital.

2. Responsible Corporate Citizen

A responsible citizen is one that understands the importance of creating a healthy local community. Having an active Corporate Social Responsibility policy empowers employees to generate value for society. Not only does this support the local community to prosper, it also boosts employee morale and leads to an increase in productivity in the workforce.

In addition, being a responsible corporate citizen means promoting sustainable practices in the workplace.

This means decreasing energy consumption, increasing the reuse of items and recycling of waste, with the ultimate goal of becoming a circular workplace.

3. Responsible Finance Provider & Asset Owner

Amlak Finance's primary business objective is to provide Sharia compliant financing to future homeowners, real estate investors, and developers. Simultaneously, Amlak Finance is also a real estate owner with a significant landbank and a wide range of ready units managed by renowned property management firms.

A. Amlak Finance as a specialized real estate finance provider

Amlak Finance has made it a priority to embed environmental and social considerations into its financing activity. This is especially important given the fact that all UAE and regional corporations will, sooner rather than later, need to align their activities with national level initiatives to reach net-zero emissions.

It is crucial that we anticipate potential regulatory changes that could have a major impact on the real estate sector in future. We maintain high levels of engagement with all key stakeholders to ensure we remain ahead of the curve and are able to manage the rising transitional risks mainly associated with climate-related commitments. Real estate developers need to be more conscious that stricter green regulations are likely to come into force and to adapt their development plans accordingly to ensure their property can be listed under Amlak Finance's financing offering.

For existing customers who already have a long-term financing agreement with Amlak Finance, it is important that we continuously look to increase their awareness about energy savings, waste segregation, and other practices that will not only decrease operational costs but also contribute to the community's wellbeing.

B. Amlak Finance as a real estate owner

Real estate owners must begin the process of improving the energy efficiency of their buildings and support the transition to net-zero. Initiatives they can take include:

- Making use of smart technologies to decrease energy consumption
- Increasing awareness and offering solutions to building users to maximize energy performance
- Managing sustainability across the supply chain to lower the embodied carbon of buildings
- Include green lease clauses in rental contracts
- Improve environmental certification
- Use of 100% renewable energy

Clearly, the final point is contingent on the local electricity provider developing significant renewable energy capacity to meet demand. While this may take some time, renewable energy is rapidly gaining traction in the Arabian Gulf, particularly in the UAE. In the meantime, developers can assess offsetting opportunities.

Our Sustainability Framework

As outlined in our inaugural ESG report, our sustainability framework focuses on five pillars which we aligned with relevant Sustainable Development Goals. These pillars include the following:

ESG MATERIALITY FOR AMLAK FINANCE

Fostering strong and trusted working relationships with our stakeholders is essential to our company's long-term success. It is therefore crucial that Amlak Finance continuously engages with stakeholders to form a clear understanding of the factors that influence their decision-making process. Simultaneously, we must also maintain a dialogue with internal stakeholders and embed their needs into our strategic and operational decisions.

Conducting this stakeholder engagement exercise allowed us to identify a list of material ESG topics to be further analysed and prioritized through a materiality matrix.

Stakeholder Engagement Methodology

Our starting point was to identify existing and potential stakeholders within Amlak Finance's value chain and ecosystem. We then prioritized the stakeholder list based on the recommendations of the AA1000 Stakeholder Engagement Standards which consider the below:

1. Establishing Key Stakeholders

Based on an internal assessment, we identified key stakeholder groups using the following criteria:

- Dependency on each stakeholder to achieve our strategic goals
- Influence that each stakeholder exerts on our operation
- Level of interest that the stakeholder has in our company

2. Assessing Existing Engagement Methods

We analysed existing stakeholder engagement methods and identified key interests, concerns, and expectations.

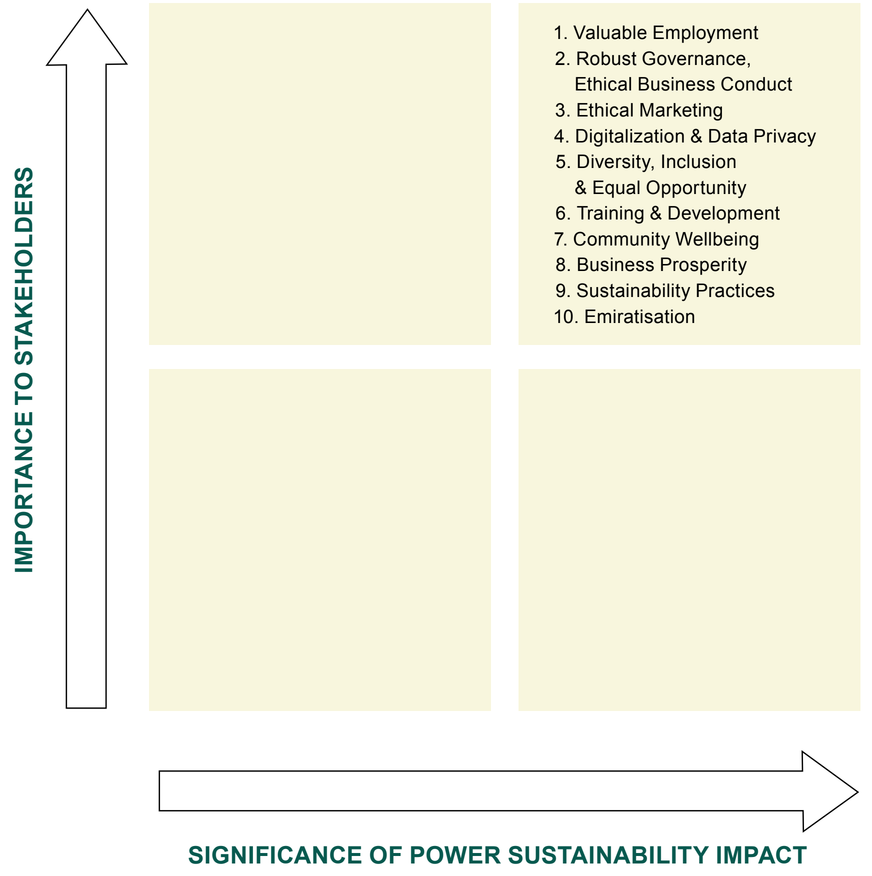
This mapping exercise enabled us to identify the following key stakeholder list:

KEY STAKEHOLDER GROUPS	***EXISTING METHODS OF ENGAGEMENT***
Customers	**Website** **Online Portal** **Marketing Material** **Direct Contact through Sales Team,** **Customer Service, and Collection Department** **Online Customer Reviews** **Social Media**
Employees	**Performance Reviews** **Training & Development** **Internal Announcements** **Company Events & CSR Activities** **Exit Interviews**
Shareholders	**Annual General Meeting** **Regular Corporate Regulatory Disclosures**
Financiers	**Regular Meetings** **Regular Corporate Regulatory Disclosures**
Government & Regulators (Central Bank, Securities & Commodities Exchange, Dubai Financial Market, Department of Land & Properties, Municipalities, Al Etihad Credit Bureau, and other)	**Regular Interactions** **Regulatory Audits** **Regular communication via email** **Webinars** **Decrees and Legislations** **Public Announcements**
Community	**CSR Initiatives & Activities**

Materiality Assessment

Once we identified our key stakeholders, we conducted a materiality assessment to determine and prioritize those economic, environmental, social, and governance factors that are most material to our company. The materiality assessment captures both how various sustainability topics impact our business as well how our business activity impacts those topics. The list of material topics on which we have based this year's report was prepared according to the following methodology:

We will look to evolve our stakeholder engagement and materiality assessment exercise in future by engaging directly with key stakeholders on specific topics and mapping the findings on a materiality matrix, such as the one below. For this report, we show how our list of material topics can be mapped against both stakeholder input and the company's business impact. The topics in the top right quadrant represent those material issues that Amlak Finance must manage and embed in its strategy.



The table below aligns our material topics with the corresponding GRI disclosures as well as with DFM ESG metrics. The GRI/DFM Content Index, located at the end of the report, includes a comprehensive overview of the disclosures and metrics included throughout the report.

Item	Material Topic	GRI Correspondence	DFM Correspondence
1	Valuable Employment	GRI 401 – Employment	S3: Employee Turnover S5: Temporary Worker Ratio
2&3	Robust Governance, Ethical Business Conduct/Marketing	GRI 205 – Anti-Corruption GRI 417 – Marketing & Labelling	G6: Ethics & Anti-Corruption
4	Digitalization & Data Privacy	GRI 418 – Customer Privacy	G7: Data Privacy
5	Diversity, Inclusion & Equal Opportunity	GRI 405 – Diversity and Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity S6: Non-Discrimination
6	Training & Development	GRI 404 – Training and Development	N/A
7	Community Wellbeing	GRI 413 – Local Communities	S12: Community Investment
8	Business Prosperity	GRI 201 – Economic Prosperity	N/A
9	Sustainability Practices	GRI 302 – Energy GRI 305 – Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
10	Emiratisation	N/A	S11: Nationalization

PEOPLE

OUR CUSTOMERS' WELLBEING

Our customers' happiness and wellbeing are our priority and the essence of our business model. We believe that the closer we are to our customers, the better we can serve their needs and help them reach their aspirations. We consistently look to engage with potential homebuyers and the real estate market to maintain an up-to-date understanding of their financing requirements and to continuously evolve our solutions accordingly.

We aim to achieve customer service excellence throughout the entire process, starting from the moment we hold introductory meetings through to the onboarding and customer service phases. In this section, we describe the processes and main steps that customers experience with Amlak Finance and how we ensure their satisfaction along the way.

Step 1: Origination

The journey with our customers starts with origination. This is where our highly trained sales team and real estate brokers that have been vetted to work with us get in touch with potential homeowners or real estate investors to discuss the solutions and opportunities offered by Amlak Finance. Currently, the volume of business that comes from origination is evenly split between our brokers and our sales team.

Code of Conduct

Our quest for excellence starts with recruiting the best talent and training them with the tools and skills they need to deliver first class customer service. In addition, our robust Code of Conduct ensures that we consistently offer the same standard of service to all customers. We follow the same rigour when vetting the mortgage brokers that we deal with to ensure that they meet the same professional standards.

Percentage of employees that have acknowledged having received, read and understood Amlak Finance's Code of Conduct	
YEAR	%
2021	100%

Step 2: Internal compliance/credit verification and validation

Our sales team first confirms that the customer has submitted all necessary documentation required to initiate the contract. The compliance team will then verify that the documents are in good order before passing the file onto the credit department which confirms whether the customer has the means to meet their contractual obligations. Once the credit department approves the contract, the relevant department officially notifies the customer through a formal approval offer letter.

Fair Marketing and Contractual Practices

During this step, we provide our customers with clear guidance to ensure they have fully understood the requirements of the solution they have chosen while confirming their ability to comfortably meet their financial obligations. To this end, we also ensure that all our marketing material and contractual documentation is clear, comprehensive, and easy to understand.

In order to ensure responsible promotion of our solutions, we have issued the Amlak Finance Principles of Fair Marketing, by which all employees must abide:

Principles of Fair Marketing at Amlak Finance

When communicating with consumers, Amlak Finance will do the following:

- Not engage in any practice that is deceptive, misleading, fraudulent, or unfair, unclear, or ambiguous, including omission of critical information.
- Consent to sharing relevant information in a transparent manner which allows for easy access and comparisons as the basis for informed choice by the consumer.
- Clearly identify advertising and marketing.
- Openly disclose prices and taxes, terms and conditions of the products and services.
- Not use text, audio or images that perpetuate stereotyping regarding, for example, gender, religion, race, or disability.
- Provide complete, accurate, and understandable information that can be compared in official or commonly used languages at the point of sale and according to applicable regulations on all important aspects of products and services.
- Provide the organization's location, postal address, telephone number and email address.
- Use contacts that are written in clear, legible, and understandable language.
- Provide clear and sufficient information about prices, features, terms, conditions, costs, the duration of the contract and cancellation periods.

Incidents of non-compliance concerning product & service information and labelling

YEAR	Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty
2021	Nil
2020	Nil
2019	Nil

Incidents of non-compliance concerning marketing communications

YEAR	Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty
2021	Nil
2020	Nil
2019	Nil

Step 3: Transaction finalization and Customer Service

The third phase entails finalizing the transaction by signing all required documentation and contracts and the registration of the transaction at the Land Department.

While this last step marks the culmination of a journey whereby an aspiring homeowner achieves their ambition of owning a property, or an investor is able to grow their real estate portfolio, it also marks the beginning of the next phase of the customer service experience. During this phase, we are determined to exceed expectations, ensure that we meet our customers' evolving needs, and treat all queries with professionalism and care.

Once our customers are handed over to the customer service team, they are made aware of the various channels through which they can communicate with Amlak Finance. These include:

All customers are provided with access to 'Amlak Direct' an online portal which provides a consolidated statement of account along with other details pertaining to transactions conducted as well as other relevant information. In addition, customers are able to send queries to the dedicated customer service email address (customerservice@amlakfinance.com)

All customers are assigned a dedicated relationship manager whose primary function is to service clients and ensure their wellbeing. All our relationship managers adhere to a Customer Service Charter designed to let every customer know what they can expect from Amlak Finance and also demonstrates our company's commitment to service excellence. (customerservice@amlakfinance.com)

All our customers can contact our dedicated Call Center that provides personalized attention to customer requests and matters. The Center is open 5 business days, from 8AM to 5PM. It is always manned by two agents to ensure optimum capacity for an agile call center infrastructure allowing smooth operation but also to provide detailed and exceptional customer care.

In addition to the above, our customers can access our customer service team through our dedicated branch which is open 5 days a week during business hours. By visiting our branch, customers are able to conduct all transactions and to get all their queries handled on the spot.

Digitalization & Innovation

More than ever before, customers expect the companies they deal with to provide accessible, easy-to-use products and services. Digitalization enhances the customer experience by adding a much greater degree of efficiency and convenience to processes by enabling customers to conduct their business in their own time, often via their smart phones. Digitalization also offers a more environmentally friendly way of doing business by reducing paperwork and the need to use transportation to visit a branch, which ultimately reduces energy consumption and greenhouse gas emissions. Offering innovative, digitalized solutions has therefore become crucial for companies to remain competitive.

Accordingly, we have initiated several digitalization projects one of which includes improving our call. We are equipping the system with the necessary application to immediately spot and fix any issues that arise. We are creating a digital service catalogue that maps all services that our customers may request, and this will equip our customer service team with the necessary tools to enhance customer experience.

Digital Signature Solution

Amlak Finance has implemented a solution that allows for most documents to be digitally signed and are aiming to achieve a rate of 85% to 90% in the near future.

The above initiative has enabled us to save around 800 total papers in 2021. This has directly and positively contributed to the following environmental related savings:

159 Pounds of CO2 equivalent

189 Gallons of Water

4.7 kgs of Solid Waste

Complaints Management Unit

As an additional measure to ensure that customer needs are dealt with promptly, the Complaints Management Unit is independent from other business processes and reports directly to the company's Chief Executive Officer. Customers can submit their complaints through a dedicated email or by submitting an online complaint form available on our website. All complaints are independently assessed by the Unit members who have a strict KPI to deal with all complaints to the customers' satisfaction within six working days.

Total Number of Substantiated Complaints Received by Customers

YEAR	Number of direct complaints	Number of complaints submitted through regulatory bodies
2021	81	7
2020	144	15
2019	80	6

Customer Relief

Amlak Finance applies fair and transparent practices when dealing with defaulting customers. We take the time to understand the challenges they are facing and have in place the necessary measures to provide them with various forms of support to ensure their wellbeing and the continuity of the relationship.

Helping Our Customers Through the Pandemic

Amlak Finance initiated a special relief program for customers affected by the COVID-19 pandemic. Accordingly, 156 customers approached us requesting to reschedule payments. We assessed each application on a case-by-case basis and provided COVID related relief, in line with Central Bank regulations, to 78 customers representing 281 accounts of approximate value of AED 319 million.

Customer Satisfaction

Amlak Finance conducts an annual survey to assess the level of customer satisfaction, which is one of our key corporate KPIs. These surveys are conducted by an independent specialized service provider and serve as a primary input for our strategic direction.

Customer Satisfaction Survey

2021	57%
2020	71%
2019	43%

GAINFUL EMPLOYMENT

We are proud of the dedication that our employees show in continuously going the extra mile to support our customers and meet their needs. They are what makes Amlak Finance a dynamic entity that always looks to innovate and create shared prosperity.

Each one of our 66 employees is fundamental to our success and to reaching our business objectives. It is therefore vital that we provide them with an environment that encourages creativity and promotes their wellbeing. Amlak Finance offers a strong, values-based workplace and continuous training and development opportunities paving the way for our employees to advance their careers and reach their aspirations. Moreover, we maintain an open-door policy with no communication barriers between employees and management.

Total Workforce

YEAR	Total Number of Employees	Percentage of Employees on Permanent Contracts	Percentage of Employees on Full-time Basis
2021	66	100%	100%
2020	76	100%	100%
2019	82	100%	100%

Employee Engagement

In addition, we always strive to improve our HR policies and procedures to ensure that we can attract, hire, and retain talent that will help shape the next phase of Amlak Finance's journey. In 2021, we mandated an independent consultant to conduct our employee engagement survey. The survey allowed us to gain a deeper understanding of our employees' needs and motivations which we have incorporated into our 5-year talent strategy as well as implementation plan.

The below table shows the results of our employee satisfaction surveys conducted since 2019 (due to the COVID-19 pandemic we did not conduct a survey in 2020):

Employee Satisfaction Survey Results

YEAR	RATE
2021	79.10%
2020	-
2019	82.30%

In addition to engagement surveys, we have mandated a specialized consultant to develop a report comparing our existing compensation and benefit scheme with those of the market. This will allow us to develop a better understanding of where we stand in the market and to fill any gaps accordingly.

Diversity & Equal Opportunity

Amlak Finance is an equal opportunity employer and one that values diversity in the workforce. Research suggests that a diverse workforce can increase the level of creativity, enhance efficiency, and boost performance in the workplace.

We currently have 16 different nationalities within our talent pool and a female presence representing 32% of total employees. To that end, we currently have two female employees in senior managerial positions including the head of HR as well as our Board Secretary. There are women in other key positions in the internal audit function and across all departments. The female presence also extends to our Board of Directors which includes one female board member.

Amlak Finance is committed to gender equality and have a fair and transparent recruitment process as outlined in the HR Policy. Moreover, our HR policy and practice provide equal pay for all based on job experience and the position.

Finally, in order to promote inclusion, we organize company events that encourage our employees to engage outside of the context of their daily jobs. In 2019 we held a 'diversity day' which gave employees the opportunity to learn about each other's culture and customs.

68% Male & 32% Female

16 Nationalities

Female Representation on the Board

Zero Tolerance of Discrimination

We have a clear Code of Conduct that allows us to create a healthy work environment that has zero tolerance for any discrimination, bullying or harassment. Moreover, the Code, amongst other matters, encourages teamwork and collaboration.

We also have a grievance mechanism that allows employees to report any violation of the Code of Conduct. We handle these matters discreetly and a in a timely fashion.

Total Employees

YEAR	Female	Male
2021	31.82%	68.18%
2020	34.62%	65.38%
2019	40.24%	59.76%

Total Employees by Job Category and By Gender

YEAR	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Female	Male	Female	Male	Female	Male
2021	40%	60%	10%	90%	18%	82%
2020	43%	57%	21%	79%	9%	91%
2019	48%	52%	33%	67%	17%	83%

Governance Body

YEAR	Female	Male
2021	14%	86%
2020	0%	100%
2019	0%	100%

Total Employees by Job Category and by Age Group

YEAR	Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	4%	87%	9%	0%	90%	10%	0%	100%	0%
2020	8%	87%	6%	0%	93%	7%	0%	91%	9%
2019	15%	75%	10%	0%	94%	6%	0%	92%	8%

Total Number of Nationalities

YEAR	Number of Nationalities
2021	16
2020	17
2019	16

Emiratization

As a company founded and based in the UAE, we highly value the strategic efforts of the Ministry of Human Resources & Emiratization (MoHRE) to incentivize the inclusion of Emiratis in the private sector. This ensures that UAE nationals are active participants in, and beneficiaries of, the UAE's continued growth and development while also contributing to the wellbeing of the local community.

We take our Emiratization responsibility very seriously and are committed, as part of our 5-year HR strategy, to increasing the rate of local talents in our workforce. We are focused on reaching a first milestone of having 10% of our workforce being local talents, up from 5% currently.

Total Number of UAE Nationals

YEAR	Female		Male		Total	
	Number	%	Number	%	Number	Emiratization Rate
2021	1	33.00%	2	67.00%	3	4.55%
2020	4	50.00%	4	50.00%	8	10.26%
2019	7	54.00%	6	46.00%	13	15.85%

Rate of UAE Nationals

YEAR	Entry-Level	Mid-Level	Senior-to-Executive Level
2021	33.00%	-	67.00%
2020	25.00%	25.00%	50.00%
2019	54.00%	15.00%	31.00%

Talent Management

Talent management revolves around attracting, retaining, and developing the skilled workforce that a company needs to achieve its business objectives and drive future growth. An effective talent management strategy can help a company stay ahead of the competition and contribute directly to improving overall performance.

Amlak Finance aims to create a challenging and rewarding work environment that encourages employees to innovate. When employees see opportunities to develop and advance their careers they are encouraged to stay, which in turn helps employers to maintain a low turnover and reduce absenteeism.

Our 5-year HR strategy takes into account the above and includes processes to continuously enhance the company's brand and appeal to talented employees that can lead Amlak Finance into the future.

The data below shows our recent hiring trends along with other related KPIs:

Total New Hires, By Gender

YEAR	Female	Male	Female	Male
2021	3	3	50%	50%
2020	1	9	10%	90%
2019	5	6	45%	55%

Total New Hires, by Age Group

YEAR	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	0	6	0	-	100%	-
2020	1	9	0	10%	90%	-
2019	0	11	0	-	100%	-

Total Employees that Left, By Gender

YEAR	Female	Male	Female	Male
2021	7	3	70%	30%
2020	5	4	56%	44%
2019	3	8	73%	27%

Total Employees that Left, by Age Group

YEAR	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	0	11	0	-	100%	-
2020	1	9	0	10%	90%	-
2019	0	11	0	-	100%	-

Turnover Rate	
2021	15.28%
2020	12.50%
2019	12.57%

Absenteeism Rate	
2021	2.92%
2020	1.40%
2019	2.90%

Performance Management & Fair Appraisal

Employee performance appraisal and evaluation is an essential part of a company's human resource as well as performance management. Appraisals allow employees to have a clear understanding of their roles, objectives, and benefits and hence the process is important to maintaining organizational efficiency.

Amlak Finance conducts an annual three-cycle appraisal system whereby objectives are set at the beginning of the first cycle, followed by two reviews after six and 12 months. Department Heads go through two additional quarterly reviews given their key roles.

In 2021 all employees were appraised as per the above process.

Total Number of Employees Receiving Regular Performance and Career Development Review, By Gender

Year	Female	Male	Total	Percentage of Total Workforce
2021	21	45	66	100%
2020	22	49	76	82%
2019	33	49	82	100%

Total Number of Employees Receiving Regular Performance and Career Development Review, By Job Category

Year	Entry-Level	Mid-Level	Senior-To-Executive Level
2021	45	10	11
2020	52	14	10
2019	52	18	12

Training & Development

Training & Development is a key factor in attracting and retaining talent, increasing job satisfaction, and improving productivity. When applied consistently across the workforce it can also serve as an important competitive advantage for a company. Providing employees with opportunities to enhance their skills and capabilities helps to create a sense of loyalty and a more motivated and efficient workforce.

Our yearly schedule is split between regulatory, soft skills and leadership training which is mostly conducted online by external service providers. Our HR action plan has provisioned for a greater emphasis on training and development to meet both the evolving requirements of our industry as well as those specific to our employees.

In 2021, the training plan was developed based on a needs analysis. Leadership training was given to the Department Heads, while job specific training was provided to all other employees to enhance their skills.

Total Training Hours by Gender

YEAR	Female	Male	Total
2021	302	971	1,273
2020	197	335	532
2019	173	258	431

Total Training Hours, by Job Category

YEAR	Entry-Level	Mid-Level	Senior-to-Executive Level
2021	854	114	305
2020	366	106	60
2019	267	98	66

COMMUNITY ENGAGEMENT

We take our responsibility towards the community very seriously and believe it forms a fundamental part of our purpose. We are committed to making an impact on society and to acting in unison with all stakeholders to maximize our contribution to the wellbeing of the local community.

Corporate Social Responsibility activities are not only a way to extend value creation to the greater community, (i.e., creating shared value), but also contributes to employees' wellbeing by strengthening their sense of belonging to the company and the community. Being a good corporate citizen also reflects positively on the company's brand and as a result is a key catalyst to attracting and retaining talent.

Amlak Finance has a dedicated CSR function with a handbook that guides our corresponding strategic and implementation plans. We have set clear CSR objectives and outlined a focused approach through the following four pillars that we also call impact areas:

AMLAK FINANCE'S CSR OBJECTIVES

Our Workplace impact area is dedicated to the wellbeing and happiness of our employees, while the Marketplace pillar focuses on the collaborations with external stakeholders. Our Community involvement is dedicated to giving back by means

- **Alignment to UAE CSR guidelines for long term CSR sustainability**
- **Improving staff awareness/participation levels through trainings/seminars**
- **Supporting engagements/associations with CSR conscientious suppliers and business partners**
- **Measuring performance to demonstrate commitment for continuous improvement**
- **Setting targets for improved results and performance**
- **Pursuing CSR initiatives focusing on the below impacts:**

of charitable activities. Finally, our Environmental impact area focuses both internally on ensuring that we transition to a circular workplace as well as externally on being involved in eco-friendly activities.

Our 2021 CSR activities

Amlak Finance has a community investment plan that contributes to the company's CSR activities and complements our volunteering work. Unfortunately, due to the volatility of the real estate market over the past two years, and regulatory constraints we have not been able to make any community-related disbursements during this period. However, this did not deter us from achieving our non-monetary objectives and regular volunteering activities, some of which are outlined below:

3 GOOD HEALTH AND WELL-BEING

Vaccination Awareness Communication

We provided our employees with educational information about COVID-19 vaccines along with a factual Q&A to clarify all misconceptions about vaccination and encourage employees to get vaccinated in alignment with the UAE's vaccination campaign.

Women's day

We delivered a presentation detailing the historic significance of this day. In addition, we shared the UAE's main gender equality achievements.

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

Amlak Going Green: Paperless Initiative

Digital signature software was installed which saved more than 700 papers from being printed in 2021 and decreased our carbon footprint.

Shukran Recognition

This is a reward and recognition tool enabling employees, through our intranet portal, to send any of their colleagues a thank you note which in turn fosters a positive culture of appreciation.

8 DECENT WORK AND ECONOMIC GROWTH

1 NO POVERTY

Dubai Chamber's Give & Gain 2021 Campaign

We collaborated with other stakeholders including Abu Dhabi University and Emaar Industries & Investments and participated in a number of Dubai Chamber initiatives including donating clothes, supplying meals to low-income workers during Ramadan, among other initiatives. To that end we received a certificate of appreciation from the Dubai Chamber for our efforts in the Give and Gain Campaign 2021.

Dubai Fitness Challenge 30x30

As COVID-19 restrictions were gradually lifted we initiated more volunteering and community related activities, including a daily 30-minute walk or run challenge for 30 straight days.

3 GOOD HEALTH AND WELL-BEING

Amlak Finance will continue to uphold its CSR activities as a core corporate value and engage its employees in the community. Moreover, we will also continuously ensure to align our CSR aspirations with the 17 Sustainable Development Goals and pursue activities that allow us to maximize our positive impact.

Giving Back to The Community Through Our Procurement Practices

Having procurement practices that support local suppliers is also a very effective means of contributing to the local community and creating shared prosperity. Sourcing from local entrepreneurs and suppliers supports local employment and production.

To that end, we are determined to support the UAE economy by sourcing 100% of our needs from local suppliers, as reflected in the below numbers.

YEAR	Total Number of Suppliers	Local Suppliers Percentage
2021	273	100%
2020	259	100%
2019	199	100%

YEAR	Total Procurement Spending (in AED)	Total Procurement Spending on Local Suppliers (in AED)
2021	51.35 million	51.35 million
2020	74.61 million	74.61 million
2019	65.89 million	65.89 million

PLANET

Climate change is the greatest challenge of this or any other age in human history. More frequent and intense droughts, storms, heat waves, rising sea levels, melting glaciers, and warming oceans are beginning to disrupt life on earth, causing severe damage to infrastructure, devastating communities, and destroying delicate ecosystems that have evolved over billions of years. This is a mere taste of what is to come unless immediate and unified action is taken to mitigate and adapt to climate change.

Specifically, we need to limit global warming to 1.5 degrees Celsius above pre-industrial levels, as per the Paris Agreement signed by 197 nations in 2015. This was emphasized, once again, during the 26th Conference of the Parties (COP26) held in Glasgow in November 2021. Among other initiatives, the conference resulted in the Glasgow Climate Pact committing nations to turn the 2020s into a decade of climate action and support. In essence, this means accelerating efforts to decarbonise the global economy and transition towards a cleaner energy system.

Ahead of the conference, in October 2021 the UAE announced its Net Zero by 2050 Strategic Initiative, making the Emirates the first country in the Middle East and North Africa to do so. This transition calls for a drastic shift in the UAE economy to one that is sustainable and aligned with the Paris Climate Agreement.

OUR ENVIRONMENTAL IMPACT

The Net Zero by 2050 Strategic Initiative is likely to be followed by a number of legislative decrees designed to ensure that the UAE's private sector aligns with the new strategy.

To that end, we must remain ahead of the curve and begin the process of putting together a plan that will allow us to align with the UAE's climate change commitment.

An important starting point is to initiate our Greenhouse Gas Emissions computation, which we have done in this report, and to form an understanding of how our business impacts the environment.

Accordingly, we have identified three primary areas that we need to consider in relation to climate change:

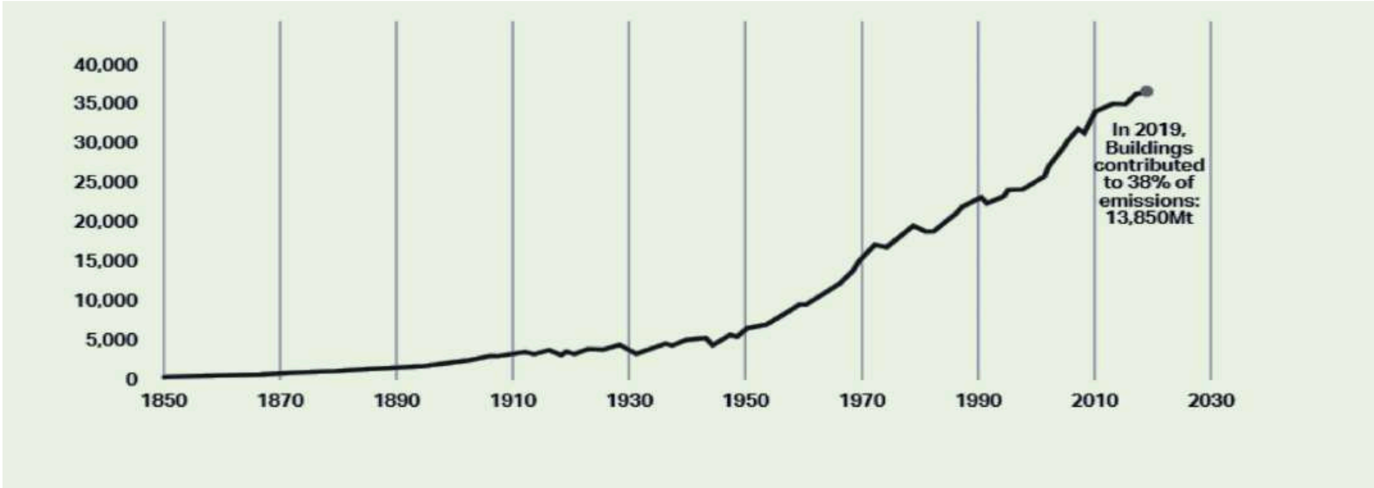
1. Amlak Finance's Workplace:
This relates to the environmental impact of our office. Although emissions caused by our workplace form only a small portion of our total impact, it remains crucial that we transition to a circular workplace. Not only does this decrease our emissions footprint but recycling and reusing takes pressure off of global resources. It also promotes good corporate practice as well as the wellbeing of our employees. This is where our energy, waste, and water consumption must be managed.

2. Our Islamic financing portfolio:
All financial institutions have a responsibility to finance the transition to a net-zero economy by shifting their investment portfolios towards more sustainable solutions. For Amlak Finance, this would mean engaging in sustainable finance practices and specifically incorporating climate-related considerations when financing real estate transactions. To do this we must develop a deeper understanding of the impact real estate has on the environment and what constitutes a green real estate project that fits with a net zero plan.

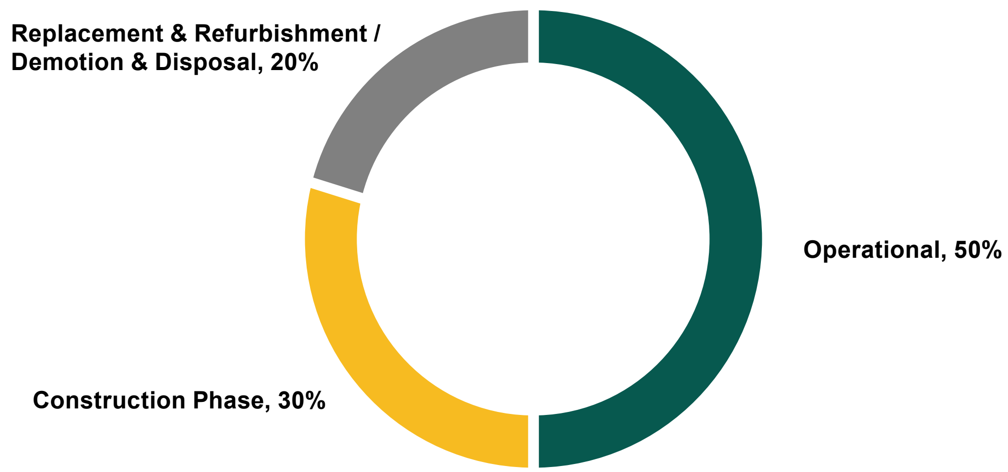
3. Real Estate Investments:
The third important aspect of our environmental impact relates to our real estate investments. As real estate owners we must transition our buildings to align with a net-zero pathway. While carbon reduction efforts may not necessarily directly generate higher investment returns, it will undoubtedly be an important catalyst in preserving asset value as tenants and potential buyers increasingly move away from properties that are not aligned with sustainable practices. This will ultimately lead to sustainable real estate assets being worth more than others.

The graph below shows the growth in global Greenhouse Gas Emissions from the built sector:

In 2019 & 2020 buildings contributed to 38% of global emissions.
It is worth noting that 50% of the total emissions generated by buildings come from operating them:



Estimated distribution of carbon emissions per life cycle stage



MEASURING OUR GREENHOUSE GAS EMISSIONS

We have used the GHG protocol as a guide to compute our GHG emissions and have set our organizational boundary according to the control approach, which entails accounting for 100% of our GHG emissions from the operations over which our company has control.

As for our reporting scope, we have accounted for our Scope 1, Scope 2, and Scope 3 computations as they pertain to our office at Grosvenor Business Tower. More specifically, we have accounted for energy consumption from our owned vehicles (Scope 1), our electricity consumption (Scope 2), as well as the following for our Scope 3 computation:

- Our Water Consumption
- Business Travel
- Paper & Tissue Consumption
- Waste Generated

As reflected in the below tables, we have accounted for our electricity and water consumption for the year 2021 due to the fact that we moved offices in 2021 and are now directly receiving invoices and data which allow us to calculate our consumption.

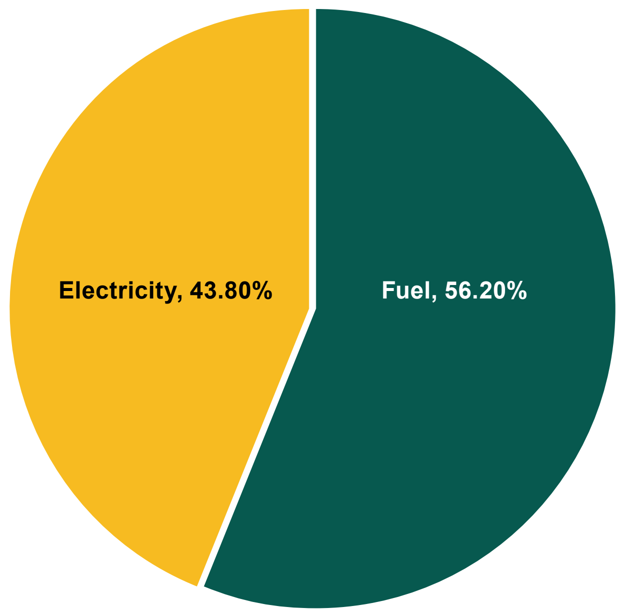
Energy & Water Consumption

Energy & Water Consumption	Scope	Unit	2019	2020	2021
Fuel from Owned Vehicles	Direct (Scope 1)	GJ	725.53	626.43	420.51
Electricity	Indirect (Scope 2)	GJ	NA	NA	327.74
Total Energy Consumption	Direct & Indirect (Scopes 1 & 2)	GJ	NA	NA	748.25
Water Consumption	Scope 3	m3	NA	NA	243.55

Energy & Water Intensity

Energy Intensity (GJ/Employee)	Scope	2019	2020	2021
Fuel from Owned Vehicles	Direct (Scope 1)	8.85	8.03	6.37
Electricity	Indirect (Scope 2)	NA	NA	4.97
Total Energy Intensity	Direct & Indirect (Scopes 1 & 2)	NA	NA	11.34
Water Intensity	Scope 3	NA	NA	3.69

Energy Mix



GHG Emissions

GHG Emissions (MT CO2 e)	2019	2020	2021
Scope 1 (Fuel)	47.81	40.51	27.51
Scope 2 (Electricity)	NA	NA	38.77
Scope 3 (Water, Waste, Business Travel, Paper & Tissue consumption)	52.73*	20.64*	27.76
Total	100.54	61.15	94.04

*Scope 3 GHG emissions numbers for 2019 and 2020 do not include water

PROSPERITY

OUR ECONOMIC IMPACT

In 2020, Amlak Finance renegotiated an agreement with its financiers to allow more flexibility for all parties as well as to adapt to the difficult prevailing market conditions due to the COVID-19 situation. The agreement proved successful in allowing the company to achieve further business growth as well as to settle all due payments to its financiers in 2021.

As a testament to the above, below are the highlights of Amlak Finance's financial results (based on the fiscal year 2021 preliminary unaudited published results) which show significant improvement:

TOTAL ASSETS	**AED 4,080.56 million**	**2.24% increase from 2020**
TOTAL EQUITY	**AED 1,182.70 million**	**3.8-fold Increase from 2020**
NET OPERATING PROFIT	**AED 1,146.92 million**	**An increase from a loss of AED 339.42 million in 2020**
NET PROFIT	**AED 1,059.64 million**	**An increase from a loss of AED 437.98 million in 2020**

Economic Value Distributed

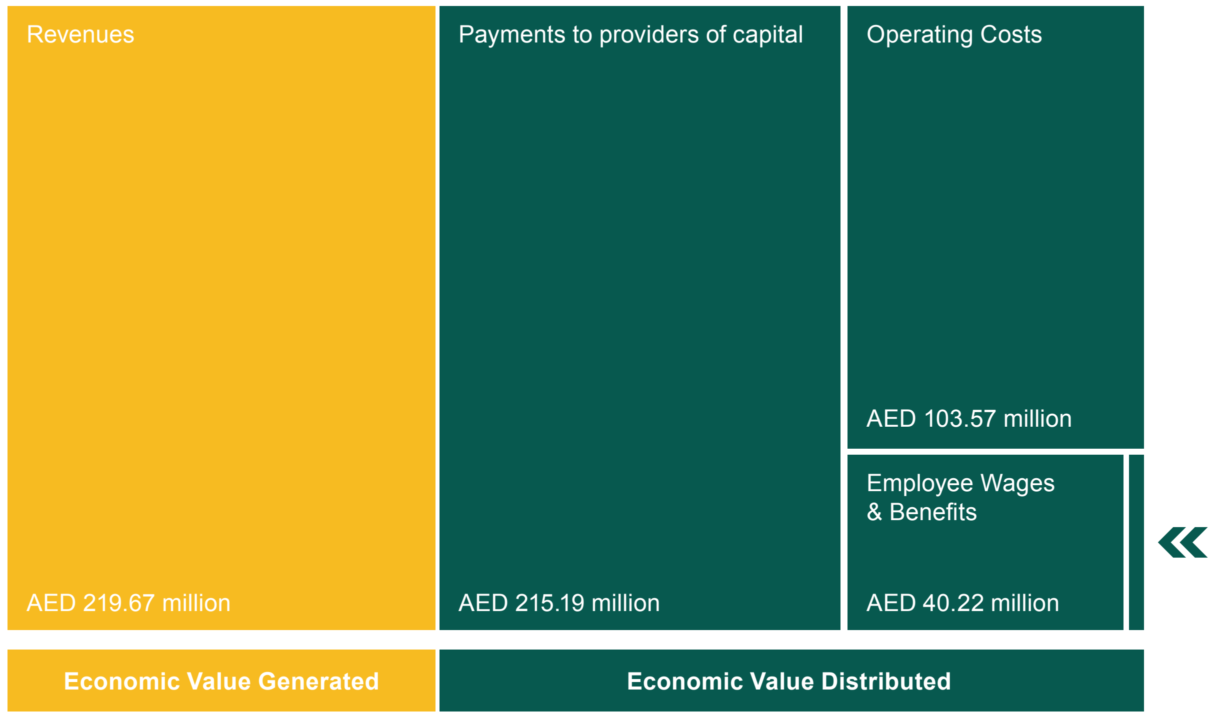
Generating economic prosperity is an important component of a company's sustainability journey. More specifically, the economic considerations of sustainability (as per the context of the GRI Standards) extends to creating prosperity for all stakeholders.

Accordingly, the GRI Standards allow for the reporting and monitoring of the flow of capital among different stakeholders and throughout society.

We have computed Amlak Finance's economic value generated and distributed which covers the following elements of its financials:

1. Revenues: Which represent Amlak Finance's **direct economic value generated**
2. Operating costs, employee wages & benefits, payments to providers of capital, payments to government, and community investments: which represent the company's **economic value distributed**

The graph below shows the company's direct economic value generated and distributed for each of the above:



GOVERNANCE

Good corporate governance is the cornerstone of any successful business. It protects the interests of all stakeholders and supports the creation of sustainable shared value.

A robust governance structure will have strict policies and procedures that determine how a company operates at all levels, embedding a system of responsibility and accountability. It ensures that employees adhere to the highest standards of ethical business conduct and prevents regulatory violations or instances of non-compliance.

Good corporate governance also supports prudent risk management and helps protect a company's brand and reputation. As such, we will continuously review our corporate governance system and ensure that it evolves with best practices.

OUR GOVERNANCE STRUCTURE

Amlak Finance aims to always apply best corporate governance practices in line with the regulations set by the Securities & Commodities Authority as well as the UAE Central Bank.

Our company currently has seven board members all of which are non-executive and six of which are independent. Moreover, female member on the Board of Directors. All of our board members are highly reputable and experienced individuals with proven leadership skills.

Our board members include:

Our Board Committees

Chairman

Mr. Ali Ibrahim Mohamed Ismail

Vice Chairman

Mr. Khalid Salim Alhalyan

Member

Mrs. Fatima Ahmed Rashid Qasimi

Member

Mr. Rashed Mohammad Ali Al Awadhi

Member

Mr. Ayad Hammad Alharazeen

Member

Mr. Mastafa Ismail Karam

In order for our Board of Directors to efficiently exercise its oversight responsibilities, it often delegates work to specialized committees of directors that deal with key matters. To this end, our Board has three established committees which include:

Audit Committee

The Committee primarily provides oversight of the financial reporting and audit processes and ensures that the company's internal controls and compliance policies and processes are being effectively implemented.

Risk Committee

This Committee's main responsibility is to exercise oversight of the company's risk management practices through specific policies and procedures. Moreover, the risk committee allows for an integrated (company-wide) approach to identifying, managing, reporting and monitoring risk.

Nomination & Remuneration Committee

This Committee periodically reviews the structure of the Board and ensures its diversity and that it includes experienced individuals with the necessary reputation, leadership, and industry-specific skills to conduct their roles and responsibilities. Furthermore, the Committee carries out the responsibility of revieweing the remuneration policies extends to both the Board of Directors as well as senior management.

Our Management Committees

Management committees are responsible for oversight, monitoring and reporting on Amlak Finance's compliance with its risk parameters, and the sound implementation of its risk management framework. In addition, these committees are responsible for delivering the company's strategic direction as well as monitoring the company's operational, administrative, and financial performance. Our management committees include:

Management Committee (MANCO)

The MANCO is responsible for implementing the company's strategic direction by overseeing and monitoring the performance of the business to ensure the achievement of the company's objectives.

Assets & Liability Committee (ALCO)

The ALCO's main function is to manage the company's balance sheet including all aspects of assets, liabilities, asset allocation, as well as to control the company's liquidity and capital adequacy, both of which may be affected by its financing solutions and investment activities.

Credit Committee

The committee's main purpose is to evaluate the finance requests referred to the Committee in accordance with the approved Credit Authority Matrix. The Committee also reviews the credit policies to ensure the compliance with relevant regulations.

Risk Management

Actively and dynamically managing our risk allows us to achieve our strategy and objectives, as well as to better serve our customers and ensure value is created.

Given the nature of our business and its focus on the real estate sector, it is crucial that we clearly define our risk appetite and profile which serve as a key input into our strategic direction and financing practices.

More specifically, we have a clear Enterprise Risk Management (ERM) policy in place for the main purpose of establishing a framework of guidelines for the management of risks. We apply an integrated approach to ensure that all risks to which Amlak Finance is exposed are managed holistically.

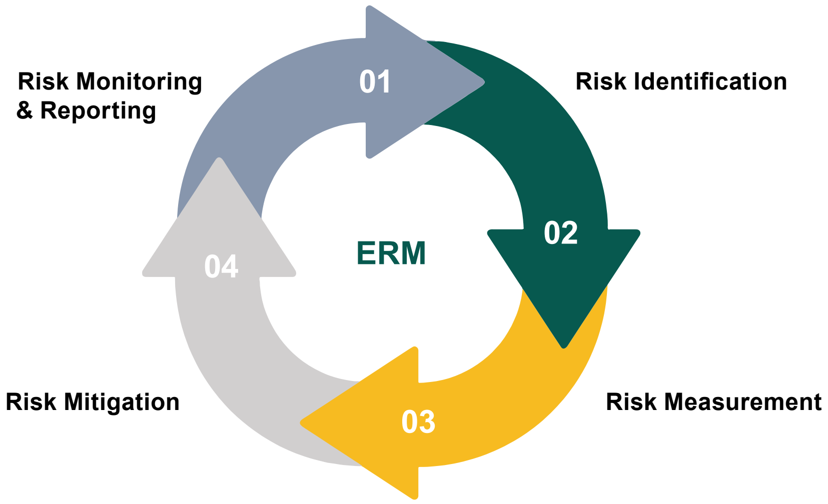
The ERM policy clearly defines Amlak Finance's risk strategy, as well as the risk management framework applied and the governance that supports it.

The ERM policy's main objectives are summarized below:

- **Integrate risk management into the culture and strategic decision-making process within the company**
- **Define the overall risk appetite for the company**
- **Identify risks across various departments, and the mitigation plans to manage the risks**
- **Analyse the impact and likelihood of the risks at an inherent and residual level**
- **Identify relevant risk strategies and ensure their implementation**
- **Monitor and report risks to the Risk Committee for facilitating management decision making**
- **Assign responsibilities for risk management at all levels of the organization**

Risk management is a priority at Amlak Finance and forms an integral part of our decision-making process. Our performance is dependent on our ability to manage risk in an integrated way as well as on achieving an optimal risk adjusted return to ensure financial stability and the creation of sustainable value.

The aim of our ERM framework is to provide reasonable assurance that the risks associated with our business objectives are identified and that the appropriate mitigation measures are in place to manage these risks. The below chart describes our key ERM pillars:



COMPLIANCE AND CONTROL

Amlak Finance's success throughout the years as a leading regional specialized real estate financial institution has been based on the trust that we have built with our customers and the community. The latter can only be achieved through a strong compliance culture and the personal ethical conduct of all our management, employees, and business partners.

Our compliance function aims to instil a corporate culture of individual and collective responsibility for ethical conduct. This is done through our compliance policy and procedures which take into account the different regulatory requirements that guide our business. These would include being compliant with regulations from the UAE Central Bank, the Securities & Commodities Authority, and the Dubai Financial Market. In addition, given our specialization in the real estate sector, we also follow rules and regulations pertaining to Dubai's Real Estate Regulatory Agency (RERA) as well as the Dubai Land Department (DLD).

Our compliance policy ensures that our compliance and control department is able to efficiently exercise oversight on all departments to ensure compliance with all regulatory requirements. One of the primary aims is to ensure the full independence of the function from other departments and direct reporting to the Board Risk Committee. It is equally important to ensure that the compliance officer has the required authority to perform the necessary monitoring over all business units.

Anti-money Laundering & Combatting the Financing of Terrorism (AML/CFT)

Financial institutions are prone to AML/CFT risks and therefore must have in place the necessary policies as well as due diligence and monitoring processes to ensure their services are not being used for any such illegal transactions. Moreover, upon onboarding customers, a background check is performed to ensure compliance with all regulatory requirements.

Accordingly, our Compliance Policy has a clear set of procedures that ensure the necessary Know-Your-Customer checks are being carried out and that the mechanism for reporting any suspicious transactions is in place. Moreover, we use a risk-based approach to ensure a more effective outcome for our compliance and control policies and procedures.

To ensure the proper implementation of our compliance-related procedures, we conduct focused risk and compliance training across all functions and job categories. Online and internal training are regularly provided to all employees, especially pertaining to AML and CFT risks.

All our company's policies and procedures are annually reviewed to ensure full compliance with all rules and regulations.

Amlak Finance takes a zero-tolerance approach to fraud and corruption. We are committed to complying fully with local and international anti-corruption and anti-bribery laws.

Internal Audit

The internal audit function plays an important role within our internal control ecosystem. The effective operation of the Internal Audit Department is key for Amlak Finance to achieve its objectives and to meet its obligations.

The Internal Audit department has a clear charter and also follows a specific annual audit plan that is approved by the Audit Committee. In addition, the internal audit department's charter ensures that it maintains its independence to be able to effectively conduct its mission.

The annual audit plan is risk-based and considers inputs from all stakeholders. These inputs form the basis of Amlak Finance's risk universe and are prioritized for efficiency. The department's mission is to allow Amlak Finance to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Similar to the compliance function, the internal audit function is given the necessary independence and authority to efficiently conduct its tasks and achieve its objectives.

Whistleblowing Policy

As part of our company's commitment to apply best corporate governance practice, and to instil a culture of ethics, transparency and accountability, we have in place a whistleblowing policy providing a mechanism for employees and all other stakeholders to report concerns or violations without fear of reprisals or a breach of confidentiality.

The whistleblowing policy's main purpose is to prevent an act of fraud, corruption, improper, or dishonest behaviour.

DATA PRIVACY

TWe are committed to protecting and respecting our customers' personal information and data. Our approach ensures that Amlak Finance possesses the necessary information technology infrastructure as well as talent and control policies to deter any cybersecurity risks.

Accordingly, we have a robust information security policy in place with the objective of protecting all our internal and external stakeholders' data from illegal or damaging action.

In addition, we continuously look to upgrade our systems to ensure effectiveness against all potential data privacy risks and have in place a number of processes to minimize IT-related risks. These include:

- Data Loss Prevention is in place to monitor and prevent data leakage
- Logical access control is in place to restrict access to records and files containing confidential information to those who need such information to perform their duties
- Users' rights are reviewed on a periodic basis to ensure that no user or group has excessive privileges
- Periodic security awareness training is conducted for all employees to guard against potential cyber-attacks such as ransomware or other

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OUR SDG INDEX

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103-1	Explanation of the material topic and its boundary		146,149,159	
103-2	The management approach and its components		146,149,159	
103-3	Evaluation of the management approach		146,149,159	
GRI 404 Topic Specific				
404-1	Average hours of training per year per employee		159	
404-3	Percentage of employees receiving regular performance and career development reviews		159	
GRI 405: Diversity and Equal Opportunity 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		146,149,159	
103-2	The management approach and its components		146,149,159	
103-3	Evaluation of the management approach		146,149,159	
GRI 405 Topic Specific				
405-1	Diversity of governance bodies and employees	S4: Gender Diversity S6: Non-Discrimination G1: Board Diversity	159,176	
GRI 413: Local Community 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		146,149,166	
103-2	The management approach and its components		146,149,166	
103-3	Evaluation of the management approach	S12: Community Investment	146,149,166	Only the management approach has been disclosed as data is not applicable

GRI 417: Marketing and Labeling 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		146,149,153	
103-2	The management approach and its components		146,149,153	
103-3	Evaluation of the management approach		146,149,153	
GRI 417 Topic Specific				
417-2	Incidents of non-compliance concerning product and service information and labeling		153	
417-3	Incidents of non-compliance concerning marketing communications		153	
GRI 418: Customer Privacy 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		146,149,176	
103-2	The management approach and its components		146,149,176	
103-3	Evaluation of the management approach		146,149,176	
GRI 418 Topic Specific				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	175	
privacy and losses of customer data	G7: Data Privacy	S4: Gender Diversity S6: Non-Discrimination G1: Board Diversity		

Additional DFM disclosures		
DFM DISCLOSURE	**CONTENT**	**REFERENCE SECTION & NOTES**
Social		
S1	**CEO Pay Ratio**	Please refer to our 2021 Corporate Governance Report
	Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	
	Does your company report this metric in regulatory filings?	
S9	**Child & Forced Labor**	We are in full support of combating child and/or forced labor, this risk is less applicable to the Financial Sector
	Does your company follow a child and/or forced labor policy?	
	If yes, does your child and/or forced labor policy also cover suppliers and vendors? **Yes/No**	
S10	**Human Rights**	We have Human Rights clauses as part of our Code of Conduct.
	Does your company follow a human rights policy?	
	If yes, does your human rights policy also cover suppliers and vendors?	
S11	**Nationalization**	159
	Percentage of national employees	
	Direct and indirect local job creation	
Governance		
G3	**Incentivized Pay**	This will be considered as part of our Sustainability Strategy
	Are executives formally incentivized to perform on sustainability?	