Amlak Finance PJSC
and its Subsidiaries

REVIEW REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTH PERIOD ENDED 31 March 2021 (UNAUDITED)

Amlak Finance PJSC and its Subsidiaries

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors
Amlak Finance PJSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Amlak PJSC, Dubai, United Arab Emirates** (the "Company") **and its Subsidiaries** (together referred to as the "Group") as at 31 March 2021, and the related condensed consolidated interim statements of income , comprehensive income, changes in equity and cash flows for the three month period then ended, and a summary of other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

Other Matter

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.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
10 May 2021
Dubai
United Arab Emirates

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

For the period ended 31 March 2021 (Unaudited)

		Three months ended 31 March	
	Notes	***2021 AED'000***	*2020 AED'000*
Income from Islamic financing and investing assets		**40,846**	43,400
Fee income		**2,192**	1,091
Income on deposits		**330**	536
Rental income	8	**6,708**	13,142
Fair value loss on investment properties	8	**(90)**	(128,592)
Loss on sale of investment properties		**(1,838)**	(7,299)
Gain on debt settlement	10	**31,268**	-
Other income		**8,739**	14,590
		88,155	(63,132)
(Impairment)/release of impairment on:			
- Islamic financing and investing assets	5	**(14,647)**	(5,784)
- Other assets		**(600)**	(170)
- investment property	8	**7,806**	-
Amortisation of initial fair value gain on investment deposits	10	**(31,860)**	(22,129)
Operating expenses		**(23,793)**	(28,188)
Share of results of an associate	9	**4,574**	5,693
PROFIT / (LOSS) BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS		**29,635**	(113,710)
Distribution to financiers / investors		**(23,254)**	(24,969)
PROFIT / (LOSS) FOR THE PERIOD		**6,381**	(138,679)
Attributable to:			
Equity holders of the parent		**6,381**	(125,862)
Non-controlling interests		-	(12,817)
		6,381	(138,679)
Profit / (loss) per share attributable to:			
Equity holders of the parent:			
Basic profit/(loss) per share (AED)	3	**0.004**	(0.085)
Diluted profit/(loss) per share (AED)	3	**0.003**	(0.085)

The attached notes 1 to 15 form part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2021 (Unaudited)

	Notes	***Three months ended 31 March*** ***2021 AED'000***	*2020 AED'000*
Profit / (loss) for the period		**6,381**	(138,679)
Other comprehensive income			
Item that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**223**	3,724
Other comprehensive income for the period		**223**	3,724
Total comprehensive income / (loss) for the period		**6,604**	(134,955)
Attributable to:			
Equity holders of the parent		**6,604**	(122,138)
Non-controlling interests		**-**	(12,817)
		6,604	(134,955)

The attached notes 1 to 15 form part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Notes	*31 March 2021 AED'000 (Unaudited)*	*31 December 2020 AED'000 (Audited)*
ASSETS			
Cash and balances with banks	4	**424,501**	189,090
Islamic financing and investing assets net	5	**2,019,893**	2,262,043
Investment securities	6	**8,421**	8,420
Investment properties	8	**1,184,479**	1,251,854
Investment in an associate	9	**210,697**	206,123
Other assets		**56,662**	58,438
Furniture, fixtures and office equipment		**14,514**	15,299
TOTAL ASSETS		**3,919,167**	3,991,267
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits and other Islamic financing	10	**3,346,416**	3,439,358
Term Islamic financing		**217,155**	194,354
Employees' end of service benefits		**3,560**	3,406
Other liabilities		**106,913**	109,618
Total liabilities		**3,674,044**	3,746,736
Equity			
Equity attributable to equity holders of the parent			
Share capital		**1,500,000**	1,500,000
Statutory reserve		**122,650**	122,650
General reserve		**122,650**	122,650
Special reserve		**99,265**	99,265
Mudaraba Instrument		**201,991**	204,896
Mudaraba Instrument reserve		**759,404**	770,324
Cumulative changes in fair value		**1,459**	1,459
Foreign currency translation reserve		**(298,885)**	(299,108)
Accumulated losses		**(2,263,411)**	(2,277,605)
Total equity		**245,123**	244,531
TOTAL LIABILITIES AND EQUITY		**3,919,167**	3,991,267

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

Approved by the Board of Directors on 10 May 2021 and signed on its behalf by:

Director

Chief Executive Officer

The attached notes 1 to 15 form part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 March 2021 (Unaudited)

	Three months ended 31 March	
	2021	*2020*
	AED'000	*AED'000*
OPERATING ACTIVITIES		
Profit / (loss) for the period	**6,381**	(138,679)
Adjustments for:		
Depreciation	**1,047**	1,668
Share of results of an associate	**(4,574)**	(5,693)
Impairment of financing and investing assets	**14,647**	5,784
Impairment of other assets	**600**	170
Fair value loss on investment properties	**90**	128,592
Release of impairment on investment property	**(7,806)**	-
Amortisation of fair value gain on investment deposits	**31,860**	22,129
Gain on debt settlement	**(31,268)**	-
Distribution to financiers / investors	**23,254**	24,969
Income on deposits	**(330)**	(536)
Loss realised on sale of investment properties	**1,838**	7,299
Provision for employees' end of service benefit	**154**	259
Operating profit before changes in operating assets and liabilities:	**35,893**	45,962
Islamic financing and investing assets	**95,503**	62,344
Other assets	**1,175**	(2,017)
Other liabilities	**(6,799)**	(6,795)
Cash generated from operations	**125,772**	99,494
Employees' end of service benefit paid	-	(259)
Net cash generated from operating activities	**125,772**	99,235
INVESTING ACTIVITIES		
Proceed on sale of investment properties	**76,889**	-
Increase in investment properties, net	**(169)**	(12,007)
Movement in restricted cash	**1,192**	(12,125)
Proceeds from wakala deposits	**863,000**	170,000
Placement of wakala deposits	**(731,000)**	(180,000)
Purchase of furniture, fixtures and office equipment	**(466)**	(353)
Income on deposits	**330**	536
Net cash generated from / (used in) investing activities	**209,776**	(33,949)
FINANCING ACTIVITIES		
Receipt of term Islamic financing	**38,846**	8,985
Repayment of term Islamic financing	**(16,241)**	(2,674)
Payment to depositors	**(112,696)**	-
Investment deposits and other Islamic financing	-	(67,735)
Redemption of Mudaraba instrument	**(6,014)**	-
Net cash used in financing activities	**(96,105)**	(61,424)
INCREASE IN CASH AND CASH EQUIVALENTS	**239,443**	3,862
Foreign currency translation reserve	**(2,840)**	3,724
Cash and cash equivalents at the beginning of the period	**83,644**	58,111
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**320,247**	65,697

The attached notes 1 to 15 form part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 (Unaudited)

	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 AED'000*
At 1 January 2021	**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 period	-	-	-	-	-	-	-	-	**6,381**	**6,381**
Other comprehensive income for the period	-	-	-	-	-	-	-	**223**	-	**223**
Total comprehensive Income for the year	-	-	-	-	-	-	-	**223**	**6,381**	**6,604**
Regulatory credit risk reserve	-	-	-	-	-	-	-	-		-
Debt settlement	-	-	-	-			-	-		
Adjustment (note 10)	-	-	-	-	**(2,905)**	**(10,920)**	-	-	-	**(13,825)**
Gain on debt settlement through equity (note 10)	-	-	-	-	-	-	-	-	**7,813**	**7,813**
At 31 March 2021	**1,500,000**	**122,650**	**122,650**	**99,265**	**201,991**	**759,404**	**1,459**	**(298,885)**	**(2,263,411)**	**245,123**

The attached notes 1 to 15 form part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 (Unaudited)

	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*	*Mudaraba Instrument reserve AED'000*	*General impairment reserve AED'000*	*Cumulative changes in fair value AED'000*	*Foreign currency translation reserve AED'000*	*Accumulated losses AED'000*	*Total AED'000*	*Non controlling interests AED'000*	*Total equity AED'000*
At 1 January 2020	1,500,000	(88,848)	122,650	122,650	99,265	215,472	810,088	4,316	1,459	(301,099)	(1,778,975)	706,978	101,739	808,717
Loss for the period	-	-	-	-	-	-	-	-	-	-	(125,862)	(125,862)	(12,817)	(138,679)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	3,724	-	3,724	-	3,724
Total comprehensive Income/(loss) for the period	-	-	-	-	-	-	-	-	-	3,724	(125,862)	(122,138)	(12,817)	(134,955)
At 31 March 2020	1,500,000	(88,848)	122,650	122,650	99,265	215,472	810,088	4,316	1,459	(297,375)	(1,904,837)	584,840	88,922	673,762

The attached notes 1 to 15 form part of these condensed consolidated interim financial information.

1 ACTIVITIES

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

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

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

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

Company	**Basis for consolidation**	**Country of incorporation**	**Percentage of shareholding**	
			31 March 2021	**31 December 2020**
Amlak Finance Egypt Company (S.A.E.)	Subsidiary	Egypt	100%	100%
Amlak Sky Gardens LLC	Subsidiary	UAE	100%	100%
Amlak Holding Limited	Subsidiary	UAE	100%	100%
Warqa Heights LLC	Subsidiary	UAE	100%	100%
Amlak Capital LLC	Subsidiary	UAE	100%	100%
Amlak Property Investment LLC	Subsidiary	UAE	100%	100%
Amlak Limited	Subsidiary	UAE	100%	100%
Amlak Nasr City Real Estate Investment LLC	Subsidiary	Egypt	100%	100%

2 ACCOUNTING POLICIES

2.1 ASSESSMENT OF GOING CONCERN ASSUMPTION

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. 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. The Group incurred a loss of AED 438 million during the year ended 31 December 2020 (2019: loss of AED 320 million) and witnessed a decrease in equity by AED 462 million. However during the period ended 31 March 2021, the Group has posted a marginal profit, 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 which are planned to continue throughout the rest of the year and generated a net profit of AED 25 million, in the first Quarter ;
- 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 future.
- Planned sale 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 2021 given the various government initiatives being implemented and Expo 2020 commencing later this year. These realisations will ultimately contribute to profitability of the group

In its recent examination report the Central Bank (CB) pointed out that, under the present pandemic situation, the Group is likely to incur further losses and therefore does not have sufficient aggregate capital to absorb any further losses.In order to reduce the losses the CB has advised the Group to refrain from underwriting any new financing activities. When calculating the aggregate capital CB has excluded Mudaraba Instrument. CB has also directed the Group to submit a plan by 31 May 2021 on how it will increase its aggregate capital by early converting Mudaraba Instrument to share capital.

2 ACCOUNTING POLICIES (continued)

2.2 BASIS OF PREPARATION

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

The condensed consolidated interim financial statements of Amlak Finance PJSC and its subsidiaries (the "Group") are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020.

The condensed consolidated interim financial statements do not include all the information or disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. In addition, results for the three months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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

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

2.3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRS	**Summary**
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.

2.4 RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020.

3 BASIC AND DILUTED PROFIT PER SHARE

	Three months ended 31 March	
	2021	2020
Profit / (loss) for the period attributable to equity holders of the parent net of Directors' fee (AED'000)	**6,381**	(125,862)
Weighted average number of shares for basic EPS (in thousands)*	**1,500,000**	1,479,200
Effect of dilution:Mudaraba Instrument	**353,784**	1,511,857
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,853,784**	2,991,057
Attributable to equity holders of the Parent:		
Basic profit / (loss) per share (AED)	**0.004**	(0.085)
Diluted profit / (loss) loss profit per share (AED)	**0.003**	(0.085)

*The weighted average numbers of shares for basic EPS were reduced by the purchase of own shares during the year 2008.

Diluted loss per share for the three month period ended 31 March 2020 has been reported same as basic loss per share in these condensed consolidated interim financial information, as the impact of potential ordinary shares is antidilutive.

4 CASH AND BALANCES WITH BANKS

		31 March 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Cash on hand		**60**	58
Balances with banks		**320,187**	83,586
Deposits with banks		**104,254**	105,446
Cash and balances with banks		**424,501**	189,090
Less:Restricted cash and deposits			
Regulatory deposit with no maturity	(note 4.1)	**(35,000)**	(35,000)
Restricted cash	(note 4.2)	**(69,254)**	(70,446)
Cash and cash equivalents		**320,247**	83,644

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

4.2 At quarter ended 31 March 2021, the Group reported AED 69 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 8).

5 ISLAMIC FINANCING AND INVESTING ASSETS NET

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Financing assets:		
Ijarah	**2,109,561**	2,191,063
Forward Ijarah	**194,849**	212,284
Shirkatul Milk	**161,783**	166,372
Real estate Murabaha	**446**	503
Others	**79,639**	75,791
	2,546,278	2,646,013
Allowance for impairment	**(638,385)**	(627,970)
Total financing assets	**1,907,893**	2,018,043
Investing assets:		
Wakala	**112,000**	244,000
Total investing assets	**112,000**	244,000
	2,019,893	2,262,043

The movement in the allowance for impairment is as follows:

Islamic Financing and investing assets and undrawn irrevocable commitments

	31 March 2021 AED'000 ECL (Unaudited)	*31 December 2020 AED'000 ECL (Audited)*
Balance at 1 January	**627,970**	490,751
Allowances for impairment made during the period	**15,349**	208,063
Write back / recoveries made during the period	**(702)**	(3,806)
	14,647	204,257
Amounts written off during the period	**(4,794)**	(65,687)
Exchange and other adjustments	**562**	(1,351)
Closing balance	**638,385**	627,970

6 INVESTMENT SECURITIES

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Equities (FVOCI)	**8,421**	8,420

6 INVESTMENT SECURITIES (continued)

31 March 2021 *(Unaudited)*

		Investments carried at fair value		
	Total AED'000	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***
Equities (FVOCI)	**8,421**	-	-	**8,421**

31 December 2020 *(Audited)*

		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 periods.

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

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Balance at 1 January	**8,420**	7,769
Exchange movement	**1**	10
Addition during the year	-	641
	8,421	8,420

7 ADVANCES FOR INVESTMENT PROPERTIES

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	**292,781**	292,781
Provision*	**(292,781)**	(292,781)
At 31 March	-	-
At 1 January	**(292,781)**	(292,781)
Closing	**(292,781)**	(292,781)

*This represents the advances paid by the Group towards the acquisition of units in under-development real estate project in Dubai. The projects 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. Advances paid by the Group To the developer are fully provided as recommended by the Central Bank and ratified by Board of Directors based on the assessment.

8 INVESTMENT PROPERTIES

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	**1,251,854**	2,319,794
Additions during the period/year	**3,443**	38,893
Disposals during the period/year	**(78,725)**	(467,533)
Fair value loss on investment properties	**(90)**	(462,964)
Transfer to minority interest	-	(111,577)
Transfer to furniture, fixtures and office equipment	-	(8,338)
Foreign exchange fluctuation	**191**	3,744
Release of provision / (provision) during the period/year	**7,806**	(60,165)
	1,184,479	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 valuers who hold a recognised relevant professional qualification and have relevant experience in the locations and segments of the investment properties valued. The valuation model used is in accordance with that recommended by the Royal Institute of Chartered Surveyors.

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 period provision of 8 million released on foreclosed properties.

Investment properties as at 31 March 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 198 million (31 December 2020: AED 198 million). All other investment properties are located within the UAE. The carrying values of AED 198 million (31 December 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 105 to AED 170 per sqft with absorption period of 4 years at 10% 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 March 2021, investment properties having fair value of AED 853 million (31 December 2020: AED 892 million) are mortgaged / assigned in favor of the security agent as part of the restructuring.

	31 March 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Rental income derived from investment properties	**6,708**	13,142
Direct operating expenses (including repairs and maintenance) generating rental income	**(4,790)**	(6,598)
Profit arising from investment properties carried at fair value	**1,918**	6,544

During the year ended 31 December 2020 the Group transferred properties under development to investment properties due to change in use of the properties under development.

8 INVESTMENT PROPERTIES (continued)

On 1 October 2014, the Group entered into a joint venture agreement with another party to develop a jointly owned plot of land in Nad Al Hammar. Amlak Finance PJSC acquired a 50% interest in Al Warqa Gardens LLC, a jointly controlled entity to develop a jointly owned plot of land in Nad Al Hammar. The Group has a 50% share in the assets, liabilities, revenue and expenses of the joint venture and accordingly under IFRS 11 it is deemed to be a jointly controlled operation. As the land is under development with a view to disposal in the market, it has been treated as property under development with an initial cost equal to its fair value at the time of transfer from investment property portfolio for AED 330 million. Subsequent expenditure to develop the land for resale is included in the cost of the property. The cash held by the joint venture is restricted, given that it is contractually committed to the development of the land under the joint venture agreement. The Group's share of this restricted cash balance at 31 March 2021 is AED 69 million (31 December 2020: AED 70 million).

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

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Investment properties	**241,164**	240,965
Cash and balances with banks (Note 4)	**69,254**	70,446
Other assets - receivables	**11,056**	11,137
Deferred income and other liabilities	**(14,578)**	(15,898)
Net Assets	**306,896**	306,650

	31 March 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Operating expenses	**(13)**	(14)
Income on deposits	**155**	1,323
Other income	**74**	-
Profit for the period	**216**	1,309

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

8.1 COVID 19 Impact on Investment Properties:

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

In determining the investment property valuations as of 31 March 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.

8 INVESTMENT PROPERTIES (continued)

8.1 COVID 19 Impact on Investment Properties: (continued)

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

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

9 INVESTMENT IN AN ASSOCIATE

	Percentage holding		***31 March 2021 AED'000 (Unaudited)***	*31 December 2020 AED'000 (Audited)*
	2021	*2020*		
Amlak International for Real Estate Finance Company, Saudi Arabia (AIRE)	**18.35 %**	18.35%	**210,697**	206,123

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Assets	**3,528,440**	3,865,742
Liabilities	**(2,380,229)**	(2,667,653)
Equity	**1,148,211**	1,198,089
Group's carrying amount of the investment	**210,697**	206,123
Revenue	**69,681**	284,002
Profit for the period/year	**24,725**	97,619
Group's share of profit for the period/year	**4,574**	19,579

10 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING

	Frequency of instalments	*Final instalment date*	*Profit rate*	***31 March 2021 AED'000 (Unaudited)***	*31 December 2020 AED'000 (Audited)*
Murabaha	Monthly	25 October 2026	2%	**3,731,597**	3,856,399
				3,731,597	3,856,399
Unamortised fair value adjustment (note 10.1)				**(385,181)**	(417,041)
				3,346,416	3,439,358

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

10.1 Unamortised fair value adjustment

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
At 1 January	**417,041**	327,247
Amortisation charged for the year	**(31,860)**	(123,331)
Reversal of unamortized FV adjustment due to restructuring	-	(284,052)
FV Gain on restructuring	**-**	497,177
	385,181	417,041

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

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

The fair value adjustment is calculated using the original effective profit rate of 4.89%. The cumulative value of fair value gain amortised till to 30 June 2020 was AED 627 million (31 December 2019: AED 584 million) giving a residual fair value gain of AED 284 million as at 30 June 2020 (31 December 2019: AED 328 million). However upon restructuring in 2020, this residual fair value gain as at 30 June 2020 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.

10 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING (continued)

10.1 Unamortised fair value adjustment (continued)

Based on revised CTA, the Group concluded debt settlement auction on February 2021 and March 2021. Cash consideration of AED 29 million (December 2020 AED 96 million) was offered to financiers against settlement of their exposures and certain financiers settled their exposure of AED 69 million (December 2020, AED 257 million) which include investment deposits of AED 54 million (December 2020, AED 205 million), Mudaraba Instrument of AED 14 million (December 2020, AED 50 million) and profit in kind of AED 0.5 million.(December 2020, AED 1.5 million) Due to this settlement, The Group has recorded a gain of AED 31 million (December 2020, AED 105 million) in statement of income after netting of amortization of fair value adjustment on restructuring amounting to AED 6 million (December 2020, AED 24 million) and recorded a gain of AED 8 million (December 2020, AED 31 million) related to Mudaraba instrument, in statement of changes in equity.

11 SEGMENTAL INFORMATION

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

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

Operating segments:
The Group's revenues and expenses for each segment for the three months period ended 31 March are as follows:

31 March 2021 (Unaudited):

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investment AED'000*	*Total AED'000*
Operating income	**76,049**	**2,790**	**9,316**	**88,155**
Allowances for impairment	**(6,874)**	**21**	**(588)**	**(7,441)**
Amortisation of fair value gain on deposits	**(17,132)**	**(13,473)**	**(1,255)**	**(31,860)**
Expenses (including allocated expenses)	**(15,305)**	**(5,619)**	**(2,869)**	**(23,793)**
Share of results of an associate	**-**	**-**	**4,574**	**4,574**
Distribution to financiers/investors	**(5,987)**	**(12,010)**	**(5,257)**	**(23,254)**
Segment results	**30,751**	**(28,291)**	**3,921**	**6,381**
Non-controlling interests				-
Equity holders of the parent				**6,381**

31 March 2020 (Unaudited):

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investment AED'000*	*Total AED'000*
Operating income	24,854	(103,566)	15,580	(63,132)
Allowances for impairment	(5,626)	(150)	(178)	(5,954)
Amortisation of initial fair value gain	(8,645)	(11,485)	(1,999)	(22,129)
Expenses (including allocated expenses)	(18,023)	(7,643)	(2,522)	(28,188)
Share of results of an associate	-	-	5,693	5,693
Distribution to financiers/investors	(7,265)	(13,006)	(4,698)	(24,969)
Segment results	(14,705)	(135,850)	11,876	(138,679)
Non-controlling interests				12,817
Equity holders of the parent				(125,862)

11 SEGMENTAL INFORMATION (continued)

Segment assets and liabilities:

The following table presents segment assets and liabilities of the Group as at 31 March 2021 and 31 December 2020:

31 March 2021 (Unaudited):

	Real Estate Finance AED'000	***Real Estate Investment AED'000***	***Corporate Finance Investment AED'000***	***Total AED'000***
Segment assets	**2,230,348**	**1,205,251**	**483,568**	**3,919,167**
Segment liabilities	**138,392**	**3,076,014**	**459,638**	**3,674,044**

31 December 2020 *(Audited):*

	Real Estate Finance AED'000	*Real Estate Investment AED'000*	*Corporate Finance Investment 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

12 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 March 2021 (Unaudited):

	Major shareholders AED'000	***Directors and senior management AED'000***	***Other related parties AED'000***	***Total AED'000***
Cash and balances with banks	**-**	**-**	**34,764**	**34,764**
Islamic financing and investing assets	**-**	**76**	**31**	**107**
Investment deposits	**111,042**	**-**	**888,610**	**999,652**
Other liabilities	**43**	**-**	**347**	**390**

31 December 2020 (Audited):

	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

12 RELATED PARTY TRANSACTIONS (continued)

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

31 March 2021 (Unaudited)

	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	**-**	**9,304**	**2,196**	**11,500**
Distribution to financiers / investors	**562**	**-**	**4,496**	**5,058**

31 March 2020 (Unaudited)

	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	-	92	60	152
Distribution to financiers / investors	595	-	3,764	4,359

Compensation of key management personnel

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

	31 March 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Salaries and other benefits	**2,500**	2,900
	2,500	2,900

13 COMMITMENTS AND CONTINGENCIES

Commitments

	Notes	***31 March 2021 AED'000 (Unaudited)***	*31 December 2020 AED'000 (Audited)*
Irrevocable commitments to advance financing	13.1	**133,665**	134,490
		133,665	134,490

13.1 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.

13 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 March 2021, the Group had a contingent liability for proposed Directors' remuneration of AED 1.12 million (2020: AED 1.12 million). Directors' remuneration, which is governed by UAE Federal Law No (2) of 2015, of AED Nil was approved at Annual General Meeting (AGM), (2020: AED Nil.)

14 COVID-19 AND EXPECTED CREDIT LOSS (ECL)

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

In the determination of Q1 2021 ECL, the Group has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic.

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.

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

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

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

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

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

Analysis of clients benefitting from payment deferrals

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

	Total AED'000
At 31 March 2021 (unaudited)	
Deferral Amount	
Islamic Financing	**6,140**
Exposures	
Islamic Financing	**57,958**
Customer count	**4**

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

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

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

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

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

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

Outstanding balances and related ECL of UAE customers

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

	Total AED'000
Group 1	
Islamic Financing and Investing assets	**57,958**
Less: Expected credit Losses	**(2,410)**
	55,548

14 COVID-19 AND EXPECTED CREDIT LOSS (ECL) (continued)

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

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

	Total AED'000
EAD as at 1 January 2021	**58,243**
Additions during the period	**-**
Repayments / de-recognition during the period	**(285)**
EAD as at 31 March 2021	**57,958**

15 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

At 31 March 2021 (Unaudited)	*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	**320,247**	**-**	**-**	**320,247**	**69,254**	**-**	**35,000**	**424,501**
Islamic financing and investing assets	**310,306**	**51,607**	**93,184**	**455,097**	**574,159**	**990,637**	**-**	**2,019,893**
Investment securities	**-**	**8,421**	**-**	**8,421**	**-**	**-**	**-**	**8,421**
Investment properties	**113,152**	**123,240**	**87,725**	**324,117**	**740,642**	**119,720**	**-**	**1,184,479**
Investments in an associate	**-**	**-**	**-**	**-**	**210,697**	**-**	**-**	**210,697**
Other assets	**18,748**	**707**	**14,539**	**33,994**	**22,668**	**-**	**-**	**56,662**
Furniture, fixture and office equipment	**-**	**-**	**-**	**-**	**-**	**-**	**14,514**	**14,514**
Total assets	**762,453**	**183,975**	**195,448**	**1,141,876**	**1,617,420**	**1,110,357**	**49,514**	**3,919,167**
Liabilities								
Investment deposits and other Islamic financing	**37,829**	**37,829**	**75,658**	**151,316**	**773,392**	**2,421,708**	**-**	**3,346,416**
Term Islamic financing	**8,792**	**8,144**	**16,004**	**32,940**	**77,517**	**106,698**	**-**	**217,155**
Employees' end of service benefits	**-**	**-**	**-**	**-**	**-**	**-**	**3,560**	**3,560**
Other liabilities	**19,875**	**12,667**	**15,087**	**47,629**	**59,282**	**-**		**- 106,911**
Total liabilities	**66,496**	**58,640**	**106,749**	**231,885**	**910,191**	**2,528,406**	**3,560**	**3,674,042**
Commitments	**4,102**	**73,494**	**10,784**	**88,380**	**45,285**	**-**	**-**	**133,665**
Net liquidity gap	**691,855**	**51,841**	**77,915**	**821,611**	**661,944**	**(1,418,049)**	**45,954**	**111,460**
Cumulative net liquidity gap	**691,855**	**743,696**	**821,611**	**821,611**	**1,483,555**	**65,506**	**111,460**	**111,460**

15 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

31 December 2020 (Audited)	*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