

**Amlak Finance PJSC
and its Subsidiaries**

**REVIEW REPORT AND CONDENSED
CONSOLIDATED INTERIM FINANCIAL
INFORMATION**

**FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 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 30 September 2021, and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No. 1141
14 November 2021
Dubai
United Arab Emirates

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

For the period ended 30 September 2021 (Unaudited)

	Notes	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Income from Islamic financing and investing assets		37,584	40,247	119,640	125,354
Fee income		3,016	1,160	6,275	3,295
Income on deposits		287	454	932	1,589
Rental income	8	5,748	10,408	18,566	35,447
Fair value loss on investment properties	8	(14,541)	(109,533)	(16,563)	(327,830)
Gain / (loss) on sale of investment properties		1,221	(16,644)	(129)	(33,898)
Gain on debt settlement	10	228,695	72,824	464,852	72,824
Income on settlement against advance for investment properties	7	613,059	-	613,059	-
Other income		371	11,156	10,802	45,829
		<u>875,440</u>	<u>10,072</u>	<u>1,217,434</u>	<u>(77,390)</u>
(Impairment) / reversal of impairment:					
- Islamic financing and investing assets		(6,805)	(86,873)	(3,116)	(158,662)
- Other assets		(484)	(1,019)	(1,476)	(890)
- Investment property		(727)	-	16,621	-
- Advance for investment properties		142,781	-	142,781	-
Amortisation of initial fair value gain on investment deposits	10	(40,137)	(37,027)	(125,448)	(80,206)
Fair value adjustment on investment deposits	10	-	-	-	213,125
Operating expenses		(66,518)	(24,492)	(109,990)	(75,339)
Share of results of an associate	9	4,966	2,652	14,092	16,404
PROFIT / (LOSS) BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS		908,516	(136,687)	1,150,898	(162,958)
Distribution to financiers / investors		(21,376)	(24,410)	(67,171)	(75,970)
PROFIT/ (LOSS) FOR THE PERIOD		887,140	(161,097)	1,083,727	(238,928)
Attributable to:					
Equity holders of the parent		887,140	(151,388)	1,083,727	(214,997)
Non-controlling interests		-	(9,709)	-	(23,931)
		<u>887,140</u>	<u>(161,097)</u>	<u>1,083,727</u>	<u>(238,928)</u>
Profit/(loss) per share attributable to:					
Equity holders of the parent:					
Basic profit / (loss) per share (AED)	3	0.591	(0.102)	0.722	(0.145)
Diluted profit / (loss) per share (AED)	3	0.320	(0.102)	0.381	(0.145)

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

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2021 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Profit / (Loss) for the period	887,140	(161,097)	1,083,727	(238,928)
Other comprehensive income				
<i>Item that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	<u>(562)</u>	<u>5,591</u>	<u>(2,372)</u>	<u>1,601</u>
Other comprehensive (loss) / income for the period	<u>(562)</u>	<u>5,591</u>	<u>(2,372)</u>	<u>1,601</u>
Total comprehensive income / (loss) for the period	<u>886,578</u>	<u>(155,506)</u>	<u>1,081,355</u>	<u>(237,327)</u>
Attributable to:				
Equity holders of the parent	<u>886,578</u>	<u>(145,797)</u>	<u>1,081,355</u>	<u>(213,396)</u>
Non-controlling interests	<u>-</u>	<u>(9,709)</u>	<u>-</u>	<u>(23,931)</u>
	<u>886,578</u>	<u>(155,506)</u>	<u>1,081,355</u>	<u>(237,327)</u>

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

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
ASSETS			
Cash and balances with banks	4	251,540	189,090
Islamic financing and investing assets net	5	1,980,087	2,262,043
Investment securities	6	8,422	8,420
Investment properties	8	1,554,390	1,251,854
Investment in an associate	9	207,848	206,123
Other assets		58,389	58,438
Furniture, fixtures and office equipment		13,133	15,299
TOTAL ASSETS		4,073,809	3,991,267
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits and other Islamic financing	10	2,512,658	3,439,358
Term Islamic financing		221,639	194,354
Employees' end of service benefits		3,242	3,406
Other liabilities		128,780	109,618
Total liabilities		2,866,319	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		155,567	204,896
Mudaraba Instrument reserve		584,867	770,324
Cumulative changes in fair value		1,459	1,459
Foreign currency translation reserve		(301,480)	(299,108)
Accumulated losses		(1,077,488)	(2,277,605)
Total equity		1,207,490	244,531
TOTAL LIABILITIES AND EQUITY		4,073,809	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 14 November 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.

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 September 2021 (Unaudited)

Nine months ended 30 September

	2021 AED'000	2020 AED'000
OPERATING ACTIVITIES		
Profit / (Loss) for the period	1,083,727	(238,928)
Adjustments for:		
Depreciation	2,910	4,141
Share of results of an associate	(14,092)	(16,404)
Impairment of financing and investing assets	3,116	158,662
Impairment of other assets	1,476	890
Reversal of provision on settlement of advance of investment properties -net	(142,781)	-
Fair value loss on investment properties	16,563	327,830
Release of impairment on investment property	(16,621)	-
Amortisation of fair value gain on investment deposits	125,448	80,206
Fair value adjustment on investment deposits	-	(213,125)
Gain on debt settlement through cash	(464,852)	(72,824)
Gain on settlement of advance of investment properties	(613,059)	-
Distribution to financiers / investors	67,171	75,970
Gain on disposal of share in associate	-	(7,517)
Income on deposits	(932)	(1,589)
Loss realised on sale of investment properties	129	33,898
Provision for employees' end of service benefit	539	484
Operating profit before changes in operating assets and liabilities:	48,742	131,694
Islamic financing and investing assets	321,840	21,388
Other assets	(8,048)	(946)
Other liabilities	19,037	(52,236)
Cash generated from operations	381,571	99,900
Employees' end of service benefit paid	(703)	(1,288)
Net cash generated from operating activities	380,868	98,612
INVESTING ACTIVITIES		
Dividend from an associate	12,367	-
Cash received against settlement of advance for investment properties	50,000	-
Proceeds from sale of share in associate	-	98,327
Proceeds on sale of investment properties	131,282	141,569
Increase in investment properties	(18,503)	(33,379)
Movement in restricted cash	(2,556)	13,758
Proceeds from wakala deposits	1,110,000	1,591,000
Placement of wakala deposits	(1,153,000)	(1,582,000)
Purchase of furniture, fixtures and office equipment	(719)	(1,377)
Income on deposits	932	1,589
Net cash generated from investing activities	129,803	229,487
FINANCING ACTIVITIES		
Receipt of term Islamic financing	56,162	71,122
Payment to non-controlling interests	-	(5,404)
Investment deposits and other Islamic financing	(454,786)	(319,022)
Redemption of Mudaraba instrument	(56,363)	(10,025)
Proceeds from sale of treasury shares	-	2,742
Net cash used in financing activities	(454,987)	(260,587)
INCREASE IN CASH AND CASH EQUIVALENTS	55,684	67,512
Foreign currency translation reserve	4,210	3,770
Cash and cash equivalents at the beginning of the period	83,644	58,111
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	143,538	129,393

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

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2021 (Unaudited)

	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Special reserve AED '000</i>	<i>Mudaraba Instrument AED '000</i>	<i>Mudaraba Instrument reserve AED '000</i>	<i>Cumulative changes in fair value AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Total AED '000</i>
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	-	-	-	-	-	-	-	-	1,083,727	1,083,727
Other comprehensive loss for the period	-	-	-	-	-	-	-	(2,372)	-	(2,372)
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	(2,372)	1,083,727	1,081,355
Debt settlement Adjustment (note 10)	-	-	-	-	(49,329)	(185,457)	-	-	-	(234,786)
Gain on debt settlement through equity (note 10)	-	-	-	-	-	-	-	-	116,390	116,390
At 30 September 2021	1,500,000	122,650	122,650	99,265	155,567	584,867	1,459	(301,480)	(1,077,488)	1,207,490

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

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2021 (Unaudited)

Attributable to the equity holders of the parent

	<i>Share capital AED '000</i>	<i>Treasury shares AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Special reserve AED '000</i>	<i>Mudaraba Instrument AED '000</i>	<i>Mudaraba Instrument reserve AED '000</i>	<i>General impairment reserve AED '000</i>	<i>Cumulative changes in fair value AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Total AED '000</i>	<i>Non controlling interests AED '000</i>	<i>Total equity AED '000</i>
At 1 January 2020	1,500,000	(88,848)	122,650	122,650	99,265	215,472	810,088	4,316	1,459	(301,099)	(1,778,975)	706,978	101,739	808,717
Loss for the period	-	-	-	-	-	-	-	-	-	-	(214,997)	(214,997)	(23,931)	(238,928)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	1,601	-	1,601	-	1,601
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	-	1,601	(214,997)	(213,396)	(23,931)	(237,327)
Regulatory credit risk reserve	-	-	-	-	-	-	-	(4,316)	-	-	4,316	-	-	-
Debt buy back Adjustment (note 10.1)	-	-	-	-	-	(5,777)	(21,721)	-	-	-	-	(27,498)	-	(27,498)
Gain on debt buy back through equity (note 10.1)	-	-	-	-	-	-	-	-	-	-	17,473	17,473	-	17,473
Sale of treasury shares	-	31,264	-	-	-	-	-	-	-	-	-	31,264	-	31,264
Loss on sale of treasury shares	-	-	-	-	-	-	-	-	-	-	(28,516)	(28,516)	-	(28,516)
Funds paid to project owner *	-	-	-	-	-	-	-	-	-	-	-	-	(5,404)	(5,404)
At 30 September 2020	1,500,000	(57,584)	122,650	122,650	99,265	209,695	788,367	-	1,459	(299,498)	(2,000,699)	486,305	72,404	558,709

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited)

1 ACTIVITIES

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

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

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

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

Company	Basis for consolidation	Country of incorporation	Percentage of shareholding	
			30 September 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 30 September 2021, the Group has posted a profit of AED 1.084 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 which are planned to continue throughout the rest of the year and generated a net profit of AED 389 million during period ended 30 September 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 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 has commenced. 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. Based on the Group's Statement of Financial Position as at 30 September 2021, aggregate capital has been regularized which was reported to CB for their review.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

2 ACCOUNTING POLICIES (continued)

2.2 BASIS OF PREPARATION

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 nine months period ended 30 September 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.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

3 BASIC AND DILUTED PROFIT PER SHARE

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 (Unaudited)</i>	<i>2020 (Unaudited)</i>	<i>2021 (Unaudited)</i>	<i>2020 (Unaudited)</i>
Profit / (Loss) for the period attributable to equity holders of the parent net of Directors' fee (AED'000)	887,140	(151,388)	1,083,727	(214,997)
Weighted average number of shares for basic EPS (in thousands)*	1,500,000	1,483,035	1,500,000	1,480,488
Effect of dilution:				
Mudaraba Instrument	1,267,497	1,471,320	1,341,500	1,471,320
Weighted average number of ordinary shares adjusted for the effect of dilution	2,767,497	2,954,355	2,841,500	2,951,808
Attributable to equity holders of the Parent:				
Basic profit / (loss) per share (AED)	0.591	(0.102)	0.722	(0.145)
Diluted profit / (loss) profit per share (AED)	0.320	(0.102)	0.381	(0.145)

*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 nine month period ended 30 September 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

	<i>30 September 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Cash on hand	60	58
Balances with banks	149,747	83,587
Deposits with banks	101,733	105,445
Cash and balances with banks	251,540	189,090
Less: Restricted cash and deposits		
Regulatory deposit with no maturity (note 4.1)	(35,000)	(35,000)
Restricted cash (note 4.2)	(73,002)	(70,446)
Cash and cash equivalents	143,538	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 period ended 30 September 2021, the Group reported AED 73 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).

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

5 ISLAMIC FINANCING AND INVESTING ASSETS - NET

	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
<i>Financing assets:</i>		
Ijarah	1,895,737	2,191,063
Forward Ijarah	142,146	212,284
Shirkatul Milk	128,774	166,372
Real estate Murabaha	334	503
Others	121,600	75,791
	2,288,591	2,646,013
Allowance for impairment	(594,504)	(627,970)
Total financing assets	1,694,087	2,018,043
<i>Investing assets:</i>		
Wakala	286,000	244,000
Total investing assets	286,000	244,000
	1,980,087	2,262,043

The movement in the allowance for impairment is as follows:

Islamic Financing and investing assets and undrawn irrevocable commitments

	30 September 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 / year	4,928	208,063
Write back / recoveries made during the period / year	(1,812)	(3,806)
	3,116	204,257
Amounts written off during the period / year	(36,478)	(65,687)
Exchange and other adjustments	(104)	(1,351)
Closing balance	594,504	627,970

5.1 Carrying value of exposure by stage

30 September 2021 (Unaudited):

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross Exposure	424,042	1,027,878	836,671	2,288,591
Expected Credit Losses	(7,430)	(98,896)	(488,178)	(594,504)
	416,612	928,982	348,493	1,694,087

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

5 ISLAMIC FINANCING AND INVESTING ASSETS – NET

5.1 Carrying value of exposure by stage

31 December 2020

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

6 INVESTMENT SECURITIES

	<i>30 September</i> <i>2021</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED'000</i> <i>(Audited)</i>
Equities (FVOCI)	<u>8,422</u>	<u>8,420</u>

30 September 2021 (Unaudited)

	<i>Total</i> <i>AED'000</i>	<i>Investments carried at fair value</i>		
		<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
Equities (FVOCI)	<u>8,422</u>	<u>-</u>	<u>-</u>	<u>8,422</u>

31 December 2020 (Audited)

	<i>Total</i> <i>AED'000</i>	<i>Investments carried at fair value</i>		
		<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
Equities (FVOCI)	<u>8,420</u>	<u>-</u>	<u>-</u>	<u>8,420</u>

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:

	<i>30 September</i> <i>2021</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>AED'000</i> <i>(Audited)</i>
Balance at 1 January	8,420	7,769
Exchange movement	2	10
Addition during the period / year	-	641
	<u>8,422</u>	<u>8,420</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

7 ADVANCES FOR INVESTMENT PROPERTIES

	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
At 1 January	292,781	292,781
Settled during the period / provision	(292,781)	(292,781)
At 30 September	-	-
At 1 January	(292,781)	(292,781)
Reversal of provision	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 with a settlement for undeveloped plots approximately valued at AED 705 million and four cash installments of AED 50 million each, over 2 years out of which first installment of AED 50 million was received during the period.

8 INVESTMENT PROPERTIES

	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
At 1 January	1,251,854	2,319,794
Additions on settlement of advance for investment properties	705,840	-
Additions during the period/year	18,503	38,893
Disposals during the period/year	(131,413)	(467,533)
Fair value loss on investment properties	(16,562)	(462,964)
Investment properties exchanged in debt settlement	(290,728)	-
Transfer to minority interest	-	(111,577)
Transfer to furniture, fixtures and office equipment	-	(8,338)
Foreign exchange fluctuation	276	3,744
Reversal/(provision) during the period/year - net	16,621	(60,165)
	1,554,390	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 period / 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 16.6 million released on foreclosed properties.

Investment properties as at 30 September 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 199 million (31 December 2020: AED 198 million). All other investment properties are located within the UAE. The carrying values of AED 199 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.

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For the period ended 30 September 2021 (Unaudited) (continued)

8 INVESTMENT PROPERTIES (continued)

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 period / 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 30 September 2021, investment properties having fair value of AED 569 million (31 December 2020: AED 892 million) are mortgaged / assigned in favor of the security agent as part of the restructuring.

	<i>30 September 2021 AED'000 (Unaudited)</i>	<i>30 September 2020 AED'000 (Unaudited)</i>
Rental income derived from investment properties	18,566	35,447
Direct operating expenses (including repairs and maintenance) generating rental income	(11,913)	(13,655)
Profit arising from investment properties carried at fair value	<u>6,653</u>	<u>21,792</u>

On 1 October 2014, the Group entered into a joint venture agreement with another party to develop a jointly owned plot of land in Nad Al Hammar. Amlak Finance PJSC acquired a 50% interest in Al Warqa Gardens LLC, a jointly controlled entity to develop a jointly owned plot of land in Nad Al Hammar. The Group has a 50% share in the assets, liabilities, revenue and expenses of the joint venture and accordingly under IFRS 11 it is deemed to be a jointly controlled operation. As the land is under development with a view to disposal in the market, it has been treated as property under development with an initial cost equal to its fair value at the time of transfer from investment property portfolio for AED 330 million. Subsequent expenditure to develop the land for resale is included in the cost of the property. The cash held by the joint venture is restricted, given that it is contractually committed to the development of the land under the joint venture agreement. The Group's share of this restricted cash balance at 30 September 2021 is AED 73 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:

	<i>30 September 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Investment properties	240,980	240,965
Cash and balances with banks (Note 4)	73,002	70,446
Other assets - receivables	7,776	11,137
Deferred income and other liabilities	(14,311)	(15,898)
Net Assets	<u>307,447</u>	<u>306,650</u>

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For the period ended 30 September 2021 (Unaudited) (continued)

8 INVESTMENT PROPERTIES (continued)

	30 September 2021 AED'000 (Unaudited)	30 September 2020 AED'000 (Unaudited)
Revenue	3	2,731
Cost of sales	-	(1,369)
Operating expenses	(33)	(31)
Income on deposits	432	1,106
Other income	380	2,195
Profit for the period	782	4,632

8.1 COVID 19 Impact on Investment Properties:

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

In determining the investment property valuations as of 30 September 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 condensed consolidated interim 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		30 September 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%	207,848	206,123
			30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Assets			3,506,558	3,865,742
Liabilities			(2,321,631)	(2,667,653)
Equity			1,184,927	1,198,089
Group's carrying amount of the investment			207,848	206,123
Revenue			214,329	284,002
Profit for the period / year			79,457	97,619
Group's share of profit for the period / year			14,092	19,579

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

10 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING

	<i>Frequency of instalments</i>	<i>Final instalment date</i>	<i>Profit rate</i>	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Murabaha	Monthly	25 October 2026	2%	2,804,251	3,856,399
				2,804,251	3,856,399
Unamortised fair value adjustment (note 10.1)				(291,593)	(417,041)
				2,512,658	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 guarantees of the Group's subsidiaries. Securities offered would be held by a security agent on behalf of financiers.

10.1 Unamortised fair value adjustment

	30 September 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
At 1 January	417,041	327,247
Amortisation charged for the period / year	(125,448)	(123,331)
Reversal of unamortized FV adjustment due to restructuring	-	(284,052)
FV Gain on restructuring	-	497,177
	291,593	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 2019: AED 4,219 million). Upon revised restructuring, repayment behaviour was significantly changed resulting into scheduled and non scheduled instalment payments.

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.

Based on revised CTA, the Group concluded debt settlement auctions through cash swap and asset swap during the period ended 30 September 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 this settlement, The Group has recorded a gain of AED 190 million (31 December 2020: AED 105 million) in statement of income 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.

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For the period ended 30 September 2021 (Unaudited) (continued)

10 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING (continued)

10.1 Unamortised fair value adjustment (continued)

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 income 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.

11 SEGMENTAL INFORMATION

For management purposes, the Group is organised into nine 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 nine months period ended 30 September are as follows:

30 September 2021 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Operating income	579,105	611,157	27,172	1,217,434
Allowances for impairment	19,450	136,870	(1,510)	154,810
Amortisation of fair value gain on deposits	(80,194)	(41,570)	(3,684)	(125,448)
Expenses (including allocated expenses)	45,463	(55,384)	(9,143)	(109,990)
Share of results of an associate	-	-	14,092	14,092
Distribution to financiers/investors	(32,815)	(26,248)	(8,108)	(67,171)
Segment results	<u>440,083</u>	<u>624,825</u>	<u>18,819</u>	<u>1,083,727</u>
Non-controlling interests				-
Equity holders of the parent				<u>1,083,727</u>

30 September 2020 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Operating income/(loss)	122,870	(236,646)	36,386	(77,390)
Allowances for impairment	(158,836)	(148)	(568)	(159,552)
Amortisation of fair value gain on deposits	(39,088)	(35,628)	(5,490)	(80,206)
Fair value adjustment on investment deposits	213,125	-	-	213,125
Expenses (including allocated expenses)	(49,096)	(18,786)	(7,457)	(75,339)
Share of results of an associate	-	-	16,404	16,404
Distribution to financiers/investors	(43,898)	(23,492)	(8,580)	(75,970)
Segment results	<u>45,077</u>	<u>(314,700)</u>	<u>30,695</u>	<u>(238,928)</u>
Non-controlling interests				23,931
Equity holders of the parent				<u>(214,997)</u>

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For the period ended 30 September 2021 (Unaudited) (continued)

11 SEGMENTAL INFORMATION (continued)

Segment assets and liabilities:

The following table presents segment assets and liabilities of the Group as at 30 September 2021 and 31 December 2020:

30 September 2021 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Segment assets	1,990,189	1,591,907	491,713	4,073,809
Segment liabilities	2,591,195	37,753	237,371	2,866,319

31 December 2020 (Audited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Segment assets	2,306,320	1,234,185	450,762	3,991,267
Segment liabilities	3,518,275	30,637	197,824	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:

30 September 2021 (Unaudited):

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Islamic financing and investing assets	-	8,846	741	9,587
Investment deposits	108,348	-	61,694	170,042
Other liabilities	36	-	21	57

31 December 2020 (Audited):

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Cash and balances with banks	-	-	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

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For the period ended 30 September 2021 (Unaudited) (continued)

12 RELATED PARTY TRANSACTIONS (continued)

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

30 September 2021 (Unaudited)

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Income from Islamic financing and investing assets	-	180	55	235
Distribution to financiers / investors	1,678	-	955	2,633

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

30 September 2020 (Unaudited)

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Income from Islamic financing and investing assets	-	245	175	420
Distribution to financiers / investors	1,850	-	14,802	16,652

Compensation of key management personnel

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

	<i>30 September 2021 AED'000 (Unaudited)</i>	<i>30 September 2020 AED'000 (Unaudited)</i>
Salaries and other benefits	6,997	7,209
Employee termination benefits	425	219
	<u>7,422</u>	<u>7,428</u>

13 COMMITMENTS AND CONTINGENCIES

Commitments

	<i>Notes</i>	<i>30 September 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Irrevocable commitments to advance financing	13.1	128,430	134,490
		<u>128,430</u>	<u>134,490</u>

- 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.

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 Q3 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.

During 2021 group extended the Covid deferral benefit to selected customers.

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.

The COVID deferral benefit was not availed during Q3 2021 and the deferment period for customers who have availed before expired in Q3.

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For the period ended 30 September 2021 (Unaudited) (continued)

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

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.

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
Additions during the period	-
Repayments / de-recognition during the period	(58,243)
EAD as at 30 September 2021	-

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

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 30 September 2021 (Unaudited)

	<i>Up to 1 year</i>			<i>Total</i>	<i>1 year to</i>	<i>Over</i>	<i>Items with</i>	<i>Total</i>
	<i>Less than</i>	<i>3 months</i>	<i>6 months</i>	<i>up to</i>	<i>5 years</i>	<i>5 years</i>	<i>no maturity</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Assets								
Cash and balances with banks	143,538	-	-	143,538	73,002	-	35,000	251,540
Islamic financing and investing assets	297,117	101,308	82,499	480,924	571,959	927,204	-	1,980,087
Investment securities	-	8,422	-	8,422	-	-	-	8,422
Investment properties	32,992	251,351	322,848	607,191	947,199	-	-	1,554,390
Investments in an associate	-	-	-	-	207,848	-	-	207,848
Other assets	15,467	1,263	19,846	36,576	21,813	-	-	58,389
Furniture, fixture and office equipment	-	-	-	-	-	-	13,133	13,133
Total assets	489,114	362,344	425,193	1,276,651	1,821,821	927,204	48,133	4,073,809
Liabilities								
Investment deposits and other Islamic financing	29,110	29,110	64,689	122,909	608,081	1,781,668	-	2,512,658
Term Islamic financing	8,974	8,313	16,334	33,621	79,118	108,900	-	221,639
Employees' end of service benefits	-	-	-	-	-	-	3,242	3,242
Other liabilities	51,639	12,142	25,177	88,958	39,822	-	-	128,780
Total liabilities	89,723	49,565	106,200	245,488	727,021	1,890,568	3,242	2,866,319
Commitments	4,102	73,494	10,784	88,380	40,050	-	-	128,430
Net liquidity gap	395,289	239,285	308,209	942,783	1,054,750	(963,364)	44,891	1,079,060
Cumulative net liquidity gap	395,289	634,574	942,783	942,783	1,997,533	1,034,169	1,079,060	1,079,060

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2021 (Unaudited) (continued)

15 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

31 December 2020 (Audited)

	Up to 1 year			Total up to 1 year	1 year to 5 years	Over 5 years	Items with no maturity	Total
	Less than 3 months AED'000	3 months to 6 months AED'000	6 months to 1 year AED'000	AED'000	AED'000	AED'000	AED'000	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