INTEGRATED REPORT 2023

AMLAK

www.amlakfinance.com

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ABOUT AMLAK

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

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

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

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

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

الجائزة العالمية الإسلامية للأعمال
GLOBAL ISLAMIC BUSINESS AWARD

Global Islamic Business Award (GIBA)

DUBAI CHAMBER CSR ADVANCED LABEL

Dubai Chamber of Commerce and Industry's CSR Label

تكافل
Takaful

Most Innovative Takaful Product Platinum Lifestyle Takaful

Best Sharia Compliant Property Finance Company

Best Islamic Finance CSR Company in UAE

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

CHAIRMAN'S MESSAGE

As we reflect on the past year, Amlak Finance has navigated through a dynamic and evolving economic environment with determination and foresight. The resilience and adaptability demonstrated by our team have been instrumental in our continued growth and success. Despite global economic fluctuations, we have seen robust growth in the UAE and our other key markets, reflecting our strong position and the effectiveness of our strategic initiatives.

In 2023, Amlak Finance has continued to focus on maintaining a strong and healthy balance sheet. We have made significant progress in reducing our financial liabilities and enhancing our financial stability. This achievement is a testament to our prudent financial management and our commitment to long-term sustainability.

I would like to extend my deepest appreciation to His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE, and ruler of Dubai, for his visionary leadership. His guidance has been a beacon of inspiration for us, driving our pursuit of excellence in all aspects of our business.

Our focus this year has also been on enhancing customer experience and satisfaction. We understand that our customers are at the heart of our business, and we are dedicated to meeting their needs with innovative and tailored solutions. As we move forward, we remain committed to our core values of integrity, innovation, and customer centricity.

I wish to express my gratitude to our management team, employees, and our loyal customers for their unwavering support. As we look to the future, Amlak Finance is poised to explore new opportunities, embrace new challenges, and continue our journey towards sustainable growth and value creation.

Ali Ibrahim Mohamed Ismail
Chairman of the Board

CEO'S MESSAGE

The year 2023 has been a remarkable period of achievements for Amlak Finance. We have successfully navigated the challenges and leveraged the opportunities presented by the global economic landscape. Our steadfast commitment to our goals has led to significant accomplishments, including robust financial performance and continued excellence in customer service.

This year, our strategic focus on debt management and operational efficiency has further strengthened our financial foundation, enabling us to reduce liabilities significantly and improve our overall financial health. These efforts reflect our dedication to responsible and sustainable financial practices.

We have also continued to make strides in our internal cultural transformation, reinforcing our corporate values and creating an environment that fosters employee engagement and professional growth. Our team's dedication and hard work have been pivotal in achieving our goals and maintaining our position as a leader in the industry.

Customer satisfaction remains a top priority for us. We are proud to have maintained high customer satisfaction scores, a clear indication of our success in delivering exceptional service and meeting our clients' evolving needs.

Looking ahead, Amlak Finance is committed to pursuing initiatives that enhance our financial position and drive growth. We are confident in our ability to adapt to market changes and seize new opportunities that align with our strategic objectives.

I extend my heartfelt thanks to our Board of Directors, Management Team, and all Amlak employees for their dedication and hard work. I also express my gratitude to our customers, shareholders, and stakeholders for their continued trust and support. Together, we will continue to uphold our commitment to corporate social responsibility and contribute positively to our community and the environment.

As we embrace the future, we are excited about the possibilities and opportunities that lie ahead for Amlak Finance.

Arif Alharmi Albastaki
Chief Executive Officer

Board of Directors

Mr. Ali Ibrahim Mohamed Ismail
Chairman

Mr. Khalid Salim Alhalyan
Vice Chairman

Mr. Mastafa Ismail Karam
Member of the Board

Mr. Ayad Hammad Alharazeen
Member of the Board

Mr. Shaker Fareed Zainal Karmastaji
Member of the Board

Mr. Rashed Mohammad Ali Abdulrahman
Member of the Board

Mrs. Fatima Ahmed Rashid Qasimi
Member of the Board

Executive Management

Arif Alharmi Albastaki
Chief Executive Officer

Ahmad Salameh
Chief Financial Officer

Syed Kashif Hussain
Head of Revenue

Harsh Sood
Head of Human Resources and Administration

Nilesh Dutta
Head of Strategy

Zaki Ahmed
Head of Asset Transformation

Emad Naqvi
Head of Enterprise Risk Management

Mohamed AlMaazmi
Head of Collections and Customer Service

Lama Takieddin
Head of Corporate Governance and Company Secretary

Wafiq Muhsen
Head of Internal Audit

Yasser Asser
Head of Asset Management

Rawad Khoja
Head of Legal

Muhammad Sajid Latif
Head of Finance

Ismail Al Awadhi
Head of Internal Sharia Control

WHAT DRIVES US FORWARD

Vision

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

Mission

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

Our Corporate Values

Agility

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

Collaboration

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

Trust

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

Accountability

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

AMLAK THROUGH THE YEARS

2000

Incorporated as a private shareholding company in Dubai, UAE.

2004

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

2005

- Rights issue.
- Successfully launched Sukuk.

2006

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

2007

- Invested in Amlak Finance & Real Estate Investment (S.A.E.) (100% subsidiary in Egypt)

2008

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

2009-13

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

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

2014

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

2015

Resumption of share trading on DFM in June.

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

2016

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

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

2017

CCI Redemption of AED 100 Mn.

2018

Advance payment of AED 684 million to financiers

2019

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

2020

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

2021

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

2022

Debt settlement of AED 1.08 billion and full settlement with 2 Financiers.

2023

- Amlak entered into negotiations with Financiers in order to exit from Common Terms Agreement.
- Settled facilities of 7 Financiers by reducing debts by an amount of AED 531 million.

STRATEGY

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

Shareholder Value

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

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

Cost Rationalization

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

Funding

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

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

Organization Capabilities

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

RISK MANAGEMENT

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

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

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

Risk Management Philosophy / Strategy

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

01

1st Line of Defence

Business Line management responsible for indentification and control of risk.

02

2nd Line of Defence

Control functions - enterprise Risk Management and Compliance.

03

3rd Line of Defence

To provide independent assurance.

Risk Appetite

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

Amlak's Risk Management Framework

Risk Management Approach:

Amlak addresses the challenges of risks through an enterprise-wide risk management framework. The key features of this framework are as follows:

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

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

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

Amlak's risk management structures and processes are continually reviewed to ensure their adequacy and appropriateness for the company's risk profile. Further, this enables us to remain up to date with changes in strategy, business environment, and tends in Risk Management.

PRODUCTS & SERVICES

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

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

Customer Service:

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

Our suite of Products & Services includes:

Istithmari

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

Ijarah

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

Double Your Property

This product has been designed for UAE resident investors who have own a property in UAE to avail an opportunity to double their property portfolio. The product offers eligible investors to unlock their equity and increase their real estate returns through attractive financing terms from Amlak. Amlak will facilitate the second investment process from offering its real estate portfolio to financing the transaction. In addition, investors can also avail professional property management services.

Tatweer

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

Private Construction Finance

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Embedded as an integral part of Amlak's corporate culture, we remain fully committed to achieving our Corporate Social Responsibility (CSR) objectives as we continue to integrate them into our everyday business operations.

To further empower Amlak Finance's CSR initiatives, we have sought budgetary approval from our Board of Directors and Shareholders during the company's annual general assembly to boost our CSR efforts.

We remain committed to the UAE's CSR priorities and aligned with the International Sustainable Development Goals (SDGs).

Our Key Impact Areas

Our key CSR initiatives of 2022 include:

- **Relief Campaign with Emirates Red Crescent: Syria & Türkiye:** Amlak arranged a relief campaign where many employees came forward with donations that included food (oil, rice, canned food,and baby-food) in addition to monetary donations which contributed to the purchase of blankets, warm clothing for men, women and children and additional ready-to-eat canned food for adults and babies. The quantity of items collected was so large, we donated them in two batches to the Emirates Red Crescent as part of their 'Bridges of Good Campaign'.
- **Turtle Patrol & Clean up on Saadiyat Island: Emirates Nature WWF:** Marine Turtles are a critically endangered species & top priority for conservation in the UAE. To contribute to the important environmental cause, we went with Emirates Nature WWF on a 'Turtle Patrol' on Saadiyat Beach in Abu Dhabi. While we did not find any live turtles which we assume that they have safely made it to the seas we did a beach clean-up drive collected and sorted all the waste into CleanSwell an app by Ocean Conservancy, which helps scientists and policymakers around the world tackle ocean trash at a global scale.

- **Donation of Used Laptops -Majlis Al Amal (Al Jalila Foundation):** To help support their operations, Amlak Finance has pledged to donate 20 laptops to Majlis Al Amal - is a first of its kind community support centre dedicated to female cancer patients, cancer survivors and their emotional well-being as they navigate the disease and its challenges. All services are free of charge. The centre is run by volunteers and in-kind donations. These laptops would have otherwise been discarded.
- **HR Initiative – Cerra App:** Cerra App was launched in September to engage employees and incentivize positive behavior. The application allows staff to give each other appreciation / thank you points under defined criteria [Peer-to-Peer; Manager-to-Team member; Internal Customer-to-Supplier within the organization] and redeem these at major merchant outlets in the UAE.
- **1 Billion Meals Campaign:** Amlak Finance has supported the One Billion Meals Endowment Campaign, the initiative, led by His Highness Sheikh Mohammed bin Rashid Al Maktoum, which aims to provide food aid to vulnerable communities. The campaign concludes on the last day of Ramadan, reflecting our commitment to supporting global hunger relief efforts.
- **DFWAC - Supporting victims of Human Trafficking and abuse:** In our continued effort to provide immediate aid to victims of abuse and human trafficking, Amlak has purchased a number of MAF Gift Cards to support the foundation. This initiative ensures prompt and effective support for those in urgent need.
- **Palestine Relief Efforts:** Demonstrating our commitment to global humanitarian efforts, Amlak Finance made a financial contribution to the MBR Global initiatives, supporting relief efforts in Palestine, particularly in Gaza.
- **Rashid Center for the Disabled:** Amlak is committed to supporting the Rashid Center for the Disabled by covering the costs of speech and occupational therapy sessions for three students for an entire year, demonstrating our dedication to empowering individuals with disabilities.
- **Noor Training Centre for Children with Special Needs:** In our ongoing efforts to nurture learning and development, Amlak has sponsored two critical items from the Robotics wishlist of the Noor Training Centre for Children with Special Needs, furthering our commitment to inclusive education.
- **Umrah:** Amlak sponsored the Umrah pilgrimages of a selected number of employees, as well as the junior staff of our longstanding vendors. The umrah pilgrimage was sponsored for a total of six people.
- **Azraq - Mangroves Planting:** Aligning with the UAE's enhanced goal to expand mangrove cover, Amlak Finance has partnered with Azraq. This partnership supports the national ambition to increase the mangrove-planting target from 30 million to 100 million by 2030, as part of the UAE's second Nationally Determined Contribution under the Paris Agreement.
- **Water bottles for Staff:** Emphasizing our commitment to sustainability, Amlak Finance has procured additional eco-friendly water bottles for our staff, promoting environmental consciousness in the workplace.
- **Dubai Fitness Challenge 30 x 30:** During the Dubai Fitness Challenge, Amlak encouraged employees to be fit and healthy. The challenge included prizes for the Most Valuable Player (MVP) in both the Female and Male categories for the top three places.

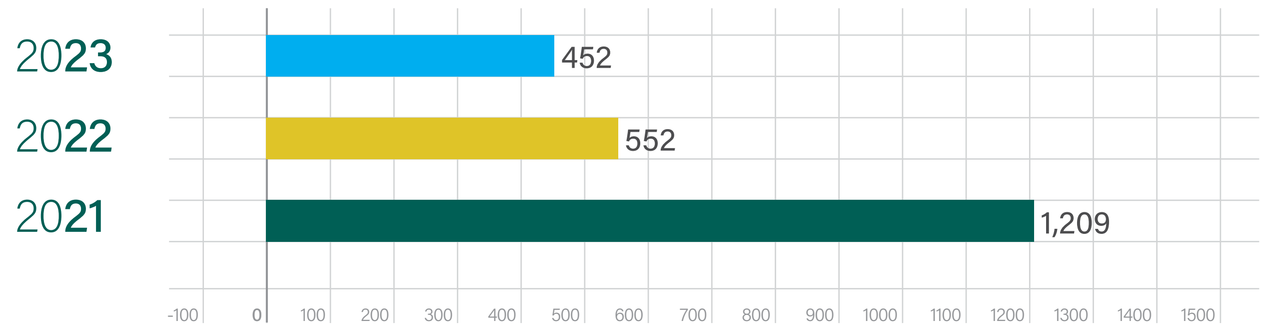
Key Highlights:

- 23 Initiatives across Workplace, Community, Environment and Marketplace categories
- Areas of Impact linked to 12 SDGs
- 96% employee satisfaction rate with company's CSR programs
- Certification of Appreciation from Dubai Foundation for Women and Children
- Cross-functional & multi-level Employees engaged in CSR
- Key CSR Stakeholders in 2023: Mohammed bin Rashid Al Maktoum Global Initiatives, Islamic Affairs & Charitable Activities Department; Azraq, Emirates Nature, WWF, Emirates Red Crescent, Al Noor Training Center for Children with Special Needs, Al Jalila Foundation, Majlis Al Amal, Dubai Foundation for Women and Children, Rashid Center for People of Determination, Dubai Fitness Challenge 30 x 30.
- Annual CSR Reports are available on Amlak Finance's website in the CSR Library Section https://www.amlakfinance.com/csr-library/

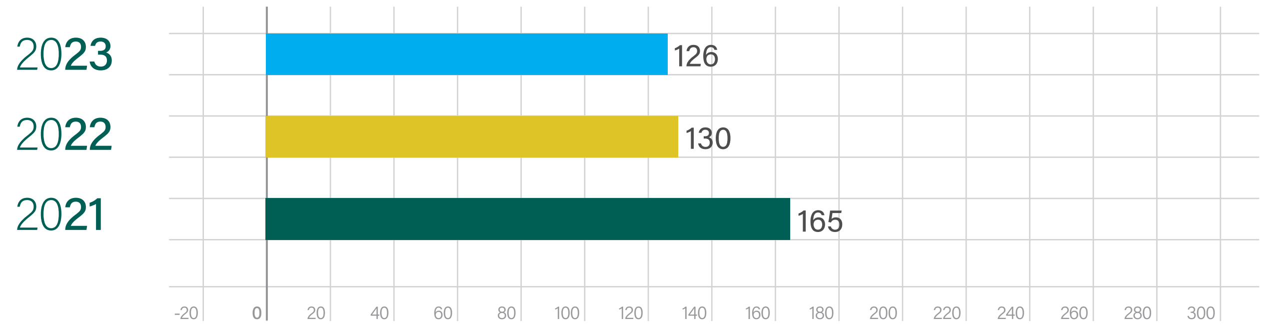
FINANCIAL TRENDS

1. Group Income Statement AED in Mn

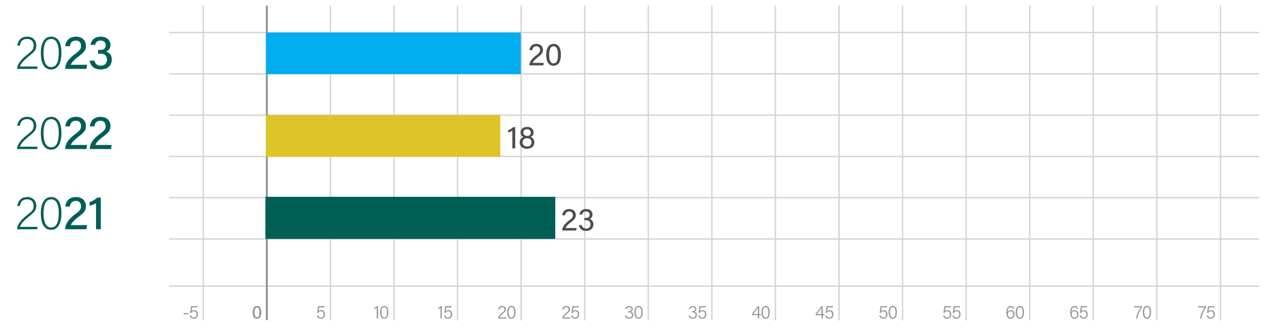
Total Income



Income from Financing and Investing Assets

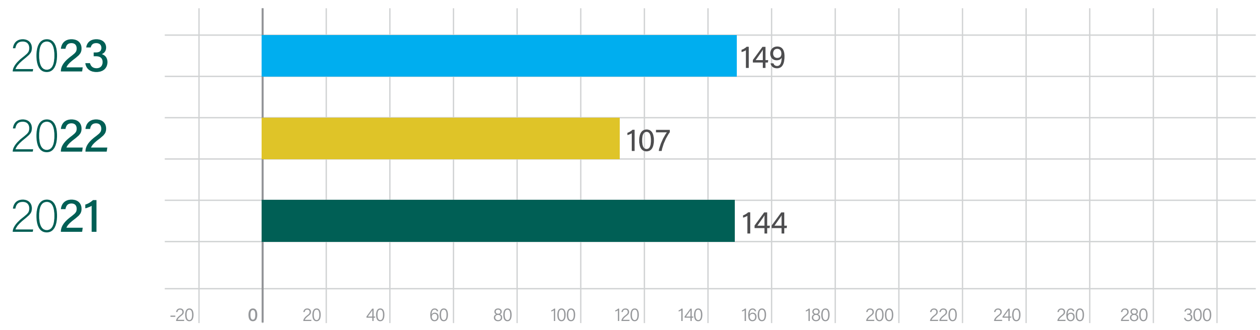


Rental Income

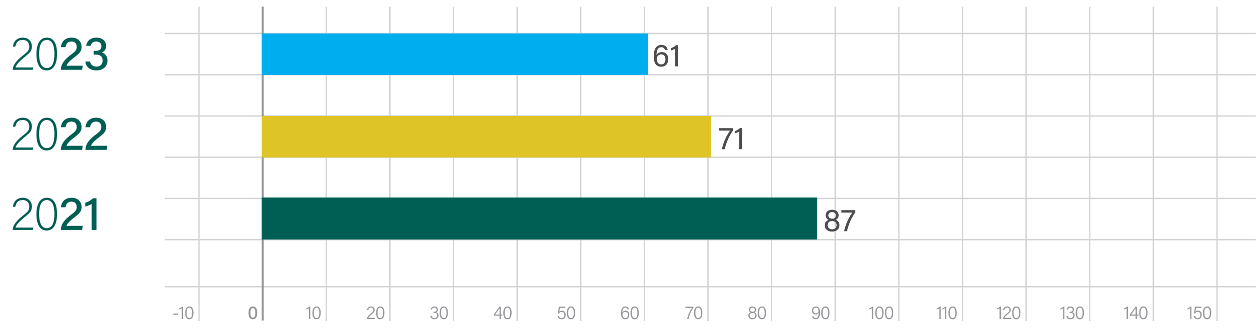


1. Group Income Statement AED in Mn

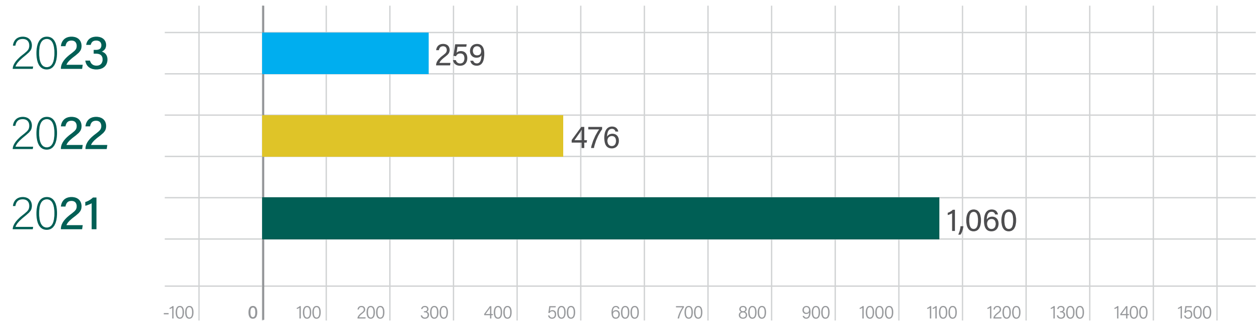
Operating Expenses



Distribution to Financiers/Investors

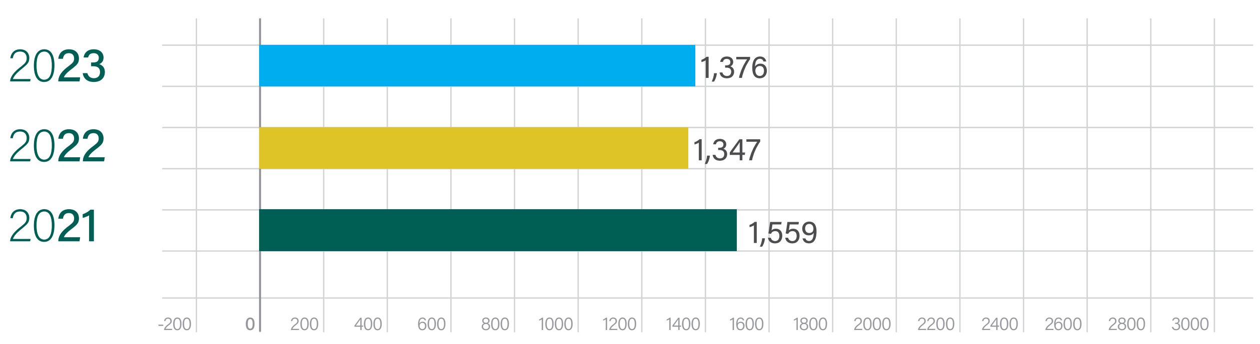


Profit/Loss for the year

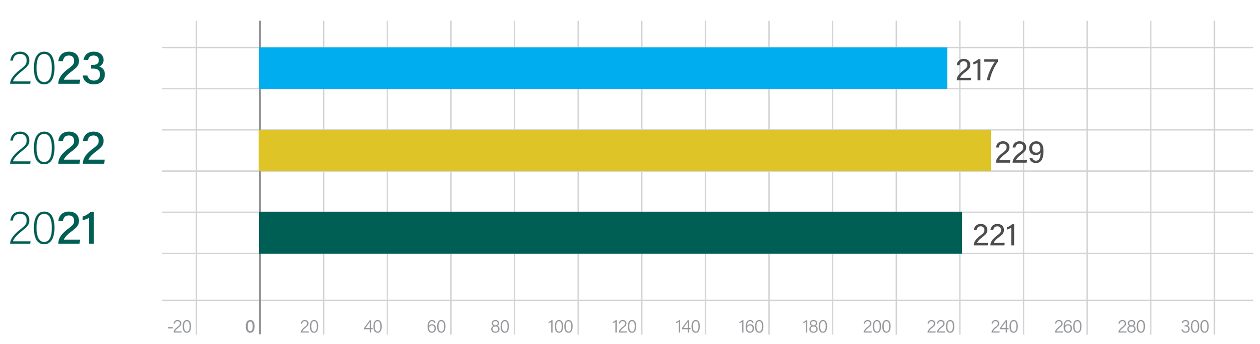


2. Group Balance Sheet AED in Mn

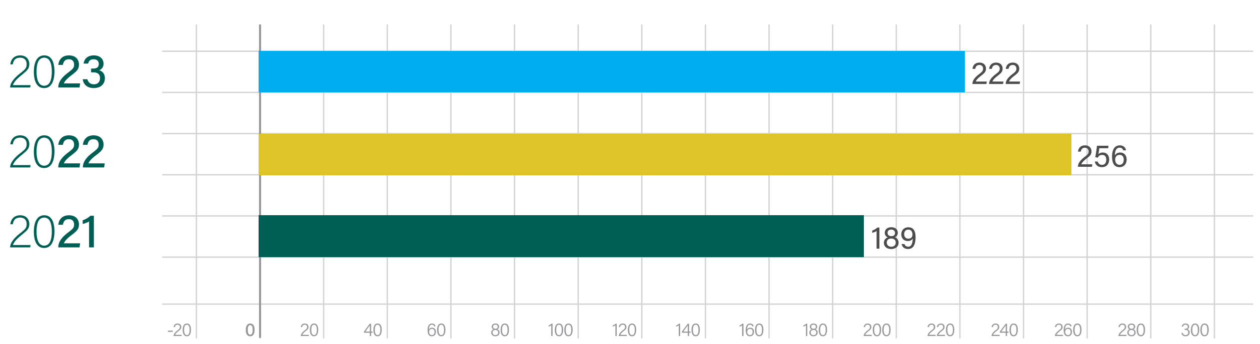
Real Estate Investments



Corporate Investments

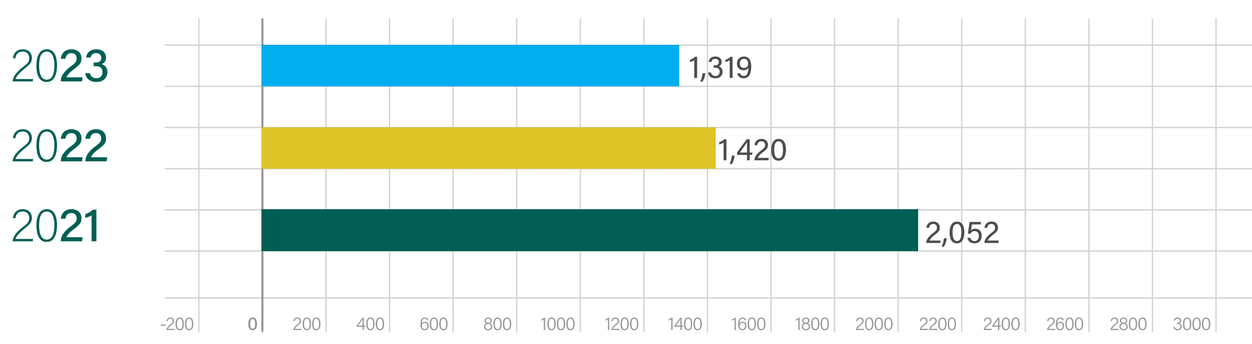


Cash and Balances with banks

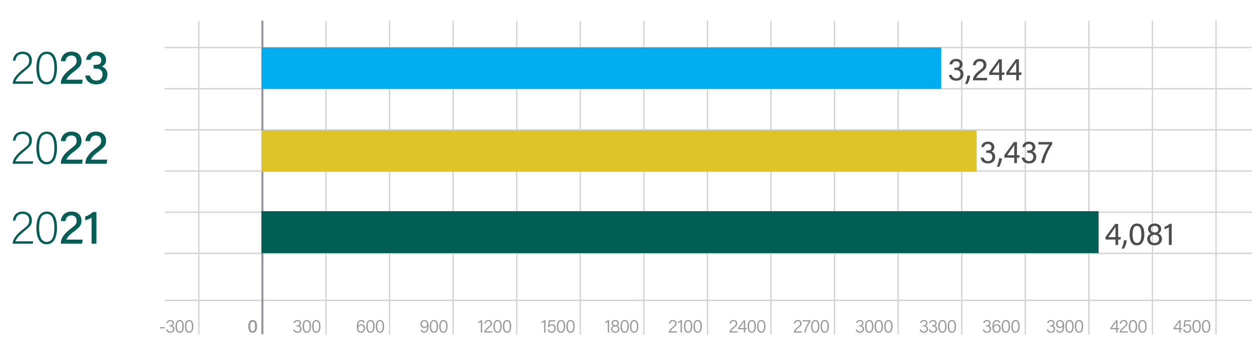


2. Group Balance Sheet AED in Mn

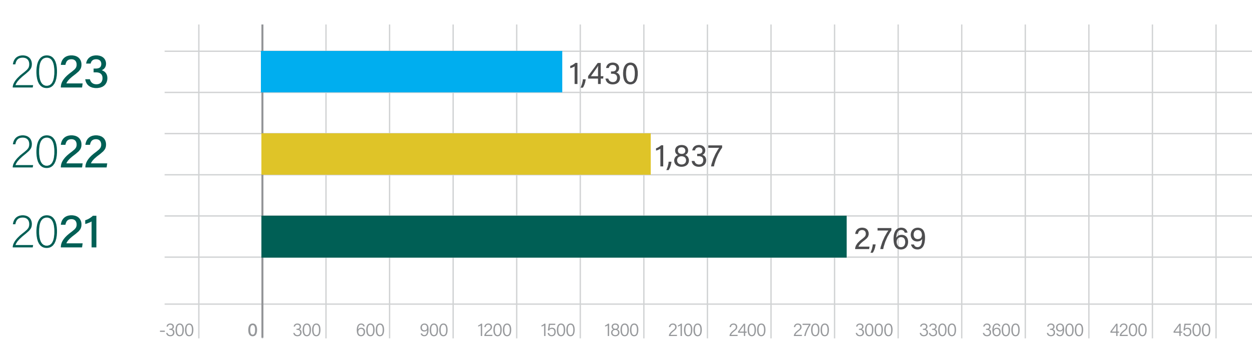
Islamic financing and investing assets



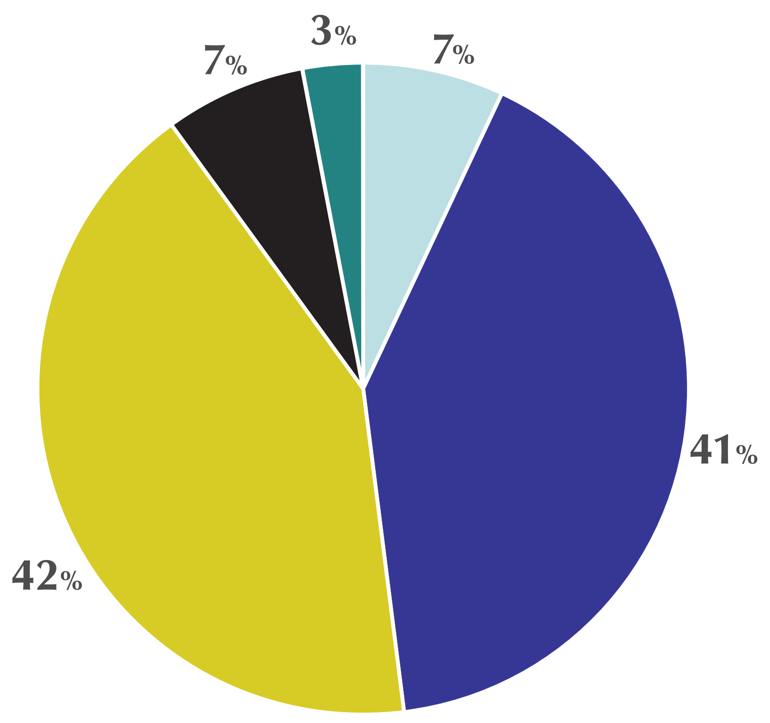
Total Assets



Investment Deposits and Other Islamic Financing

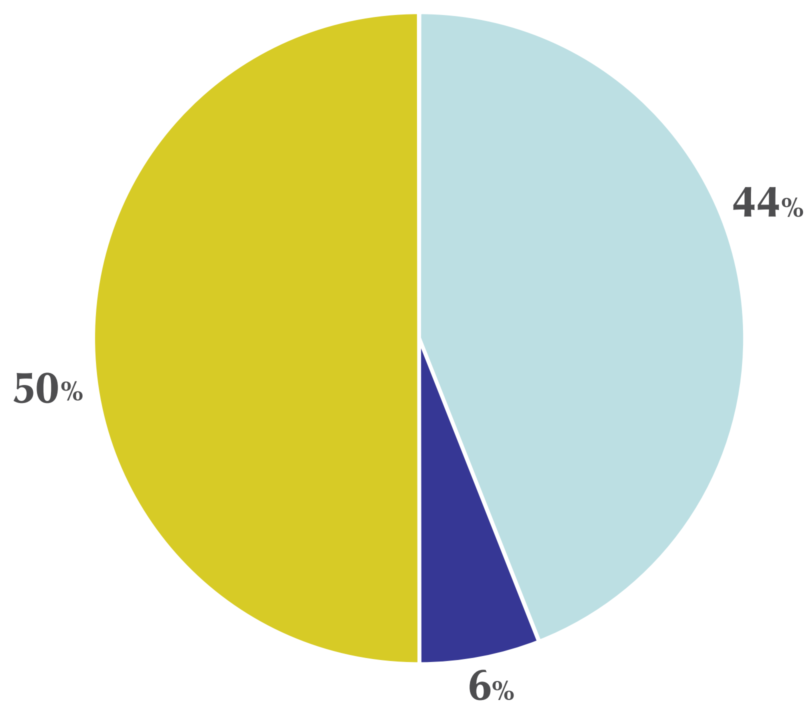


2. Group Balance Sheet



Assets Mix – Dec 2023

- Cash and balances with banks
- Islamic financing and investing assets
- Real Estate Investments
- Corporate Investments
- Other Assets

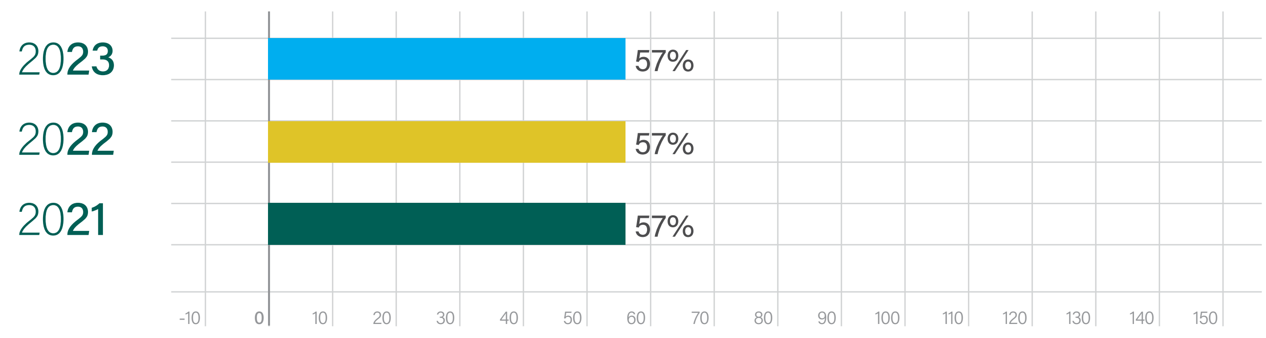


Liability and Equity Mix – Dec 2023

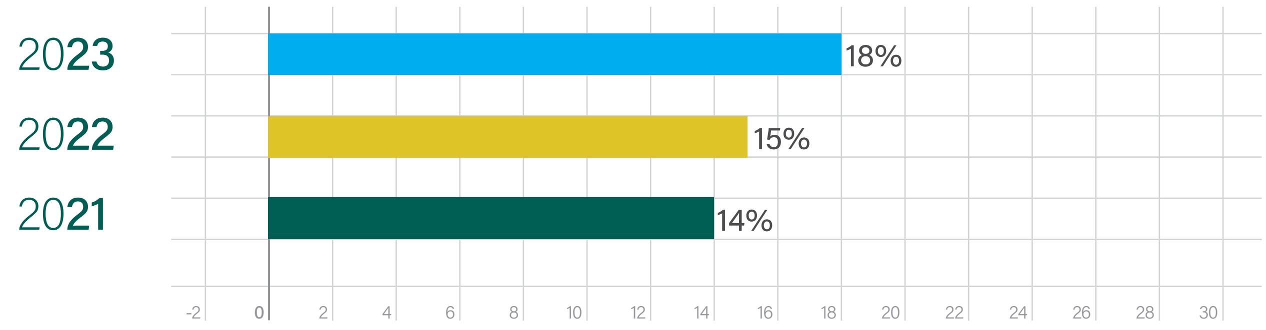
- Investment deposits and other Islamic financing
- Other liabilities (incl non-controlling interest)
- Equity

3. Financial Ratios

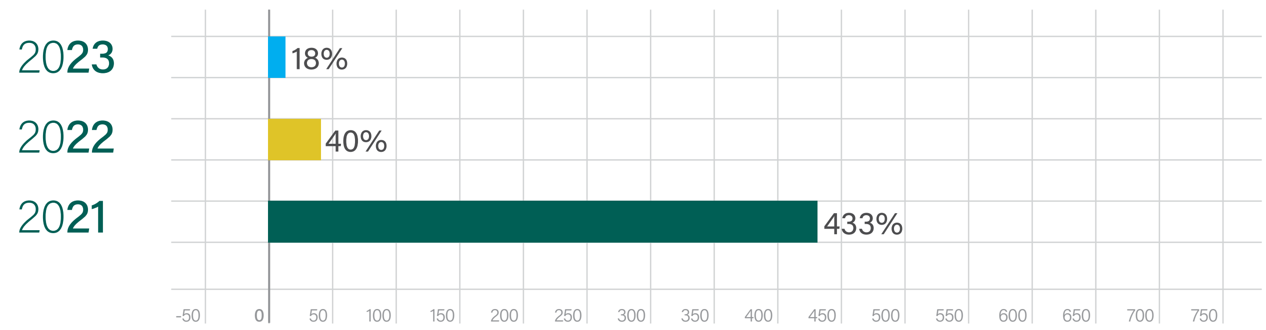
Net Financing to Deposit Ratio



Liquid Assets to Total Assets Ratio

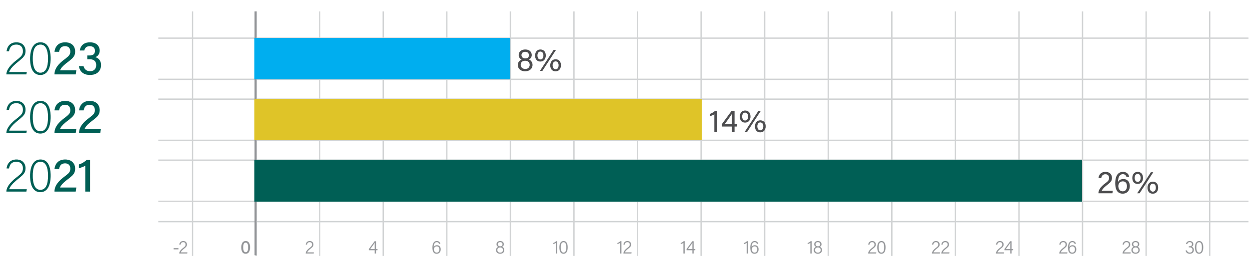


Return on Equity (ROE)

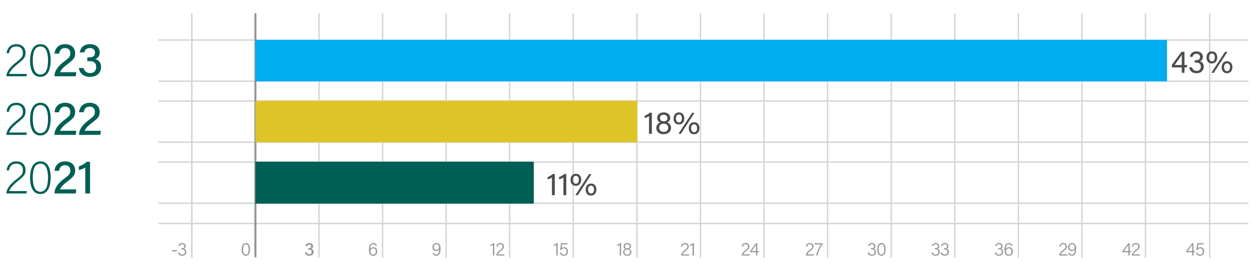


3. Financial Ratios

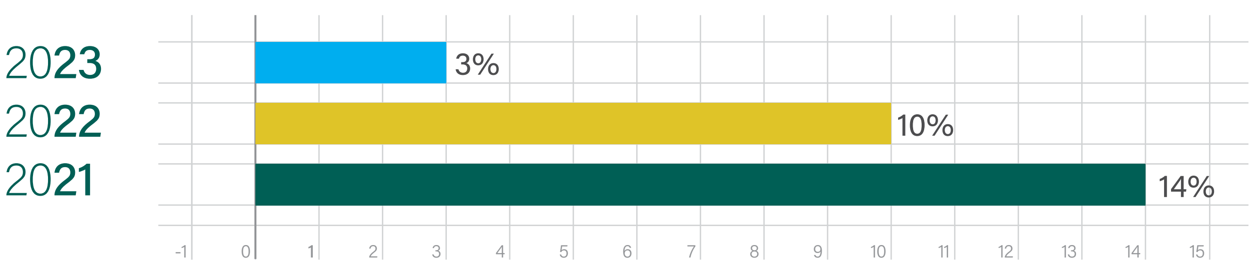
Return on Assets (ROA)



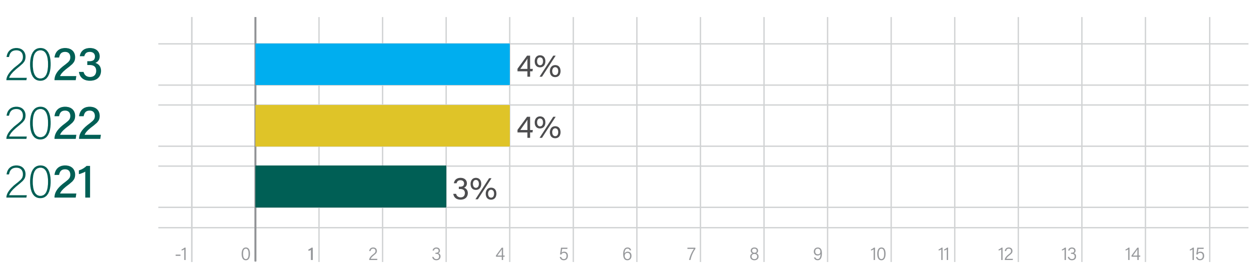
Cost to Income Ratio



Non-performing financing to total asset ratio



Net profit margin



ANNUAL REPORT OF THE INTERNAL SHARI'AH SUPERVISION COMMITTEE

Amlak Finance PJSC for the year Ended 31st December 2023

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

Issued on: 6th February 2024
To: Shareholders of Amlak Finance PJSC ("Amlak")

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of Amlak ("ISSC") presents to you the ISSC's Annual Report for the financial year ending on 31st December 2023 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of Amlak; and Amlak's policies, accounting standards, operations and activities in general (to the extent of what was presented to the ISSC), memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between Investment accounts holders and shareholders ("Amlak's Activities") and issue Shari'ah resolutions in this regard, and determine Shari'ah parameters necessary for Amlak's Activities, and Amlak's compliance with Islamic Shari'ah within the scope of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of Amlak with Islamic Shari'ah.

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

2. Shari'ah Standards

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

3. Duties Fulfilled by the ISSC During the Financial Year

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

a. Convening (4) meetings during the year.
b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to Amlak's Activities.
c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by Amlak to the ISSC for approval / ratification.
d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
e. Supervision through the Internal Shari'ah Control Department and the Shari'ah Audit Department of Amlak's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
f. Providing guidance to relevant parties in Amlak – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah Control Department and Shari'ah Audit Department– and where applicable issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
h. Clarifying the amount of Zakat due on each of Amlak's shares.
i. Communicating with the Board and its subcommittees, and the senior management of Amlak (as needed) concerning Amlak's compliance with Islamic Shari'ah.

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

4. Independence of the ISSC

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

5. The ISSC's Opinion on the Shari'ah

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

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Dr. Mohammad Abdul Rahim Sultan Al Olama Chairman	**Mr. Moosa Tariq Khoory** Executive Member	**Dr. Azzedine Ben Zughaiba** Member

ZAKAT

Zakat on Amlak Shares for the year ended 31st December 2023

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

The Internal Sharia Supervision Committee of Amlak Finance has reviewed the financial statements and clarifications and information related to its items for the purpose of calculating the zakat on the company's shares, and after reviewing and examining the necessary information in this regard, the committee states that the amount of zakat due is 0.0054 AED for each share. Note that paying zakat is the responsibility of the shareholders and not the responsibility of the company.

The ISSC has approved zakat calculation and advices shareholders to pay zakat in order to purify their funds and discharge their resposibility.

This, and God knows best.
And may God bless our Prophet Muhammad and his family and companions.

BOARD OF DIRECTORS' REPORT

The Directors present their report and consolidated financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the attached consolidated financial statements.

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

Signed on behalf of the Board of Directors

19 March 2024
Dubai, United Arab Emirates

INDEPENDENT AUDITOR'S REPORT

The Shareholders Amlak Finance PJSC Dubai, United Arab Emirates.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of **Amlak Finance PJSC** (the "Company") **and its subsidiaries** (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including accounting policy information.

In our opinion, the accompanying consoli- dated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) ("IFRS").

Basis for opinion

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

Key audit matters

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

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Impairment of Islamic financing and investing assets	
As at 31 December 2023, the Group's gross Islamic financing and investing assets amounted to AED 1.0 billion and the related expected credit loss (ECL) allowance amounted to AED 187 million, comprising AED 47 million against Stage 1 and 2 exposures and AED 140 million against exposures classified under Stage 3. The audit of the impairment of Islamic financing and investing assets is a key area of focus because of its size (representing 41% of total assets) and due to the significance of the estimates and judgments used in classifying Islamic financing and investing assets into various stages, determining related allowance requirements, and the complexity of the judgements, assumptions and estimates used in the Expected Credit Loss models. Refer to note 3 to the consolidated financial statements for the accounting policy, note 2.4 for critical judgements and estimation used by management and note 32 for the credit risk disclosure. The Group recognizes allowances for expected credit losses (ECLs) at an amount equal to 12-month ECL (Stage 1) or full lifetime ECL (Stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective profit rate. The Group employs statistical models for ECL calculations and the key variables used in these calculations are probability of default (PD), loss given default (LGD); and exposure at default (EAD), which are defined in note 3 to the consolidated financial statements.	We obtained a detailed understanding of the Group's Islamic financing and investing assets business processes and the accounting policies of IFRS 9 Financial Instruments including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the IFRS 9 ECL models as at 31 December 2023. We tested the design, implementation and operating effectiveness of the relevant controls which included testing: • System-based and manual controls over the timely recognition of impaired Islamic financing and investing assets and advances; • Controls over the ECL calculation models; • Controls over collateral valuation estimates; and • Controls over governance and approval process related to impairment provisions and ECL Models including continuous reassessment by the management. We understood and evaluated the theoretical soundness of the ECL model by involving our internal experts to ensure its compliance with the minimum requirements of the standard. We tested the mathematical integrity of the ECL model by performing recalculations. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment.

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Key audit matter	How our audit addressed the key audit matter
The measurement of ECL amounts for exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention, however, it is important that models (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period. Exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms. Stage 3 in default Islamic financing and investing assets are measured on the basis of the present value of expected future cash flows including observable market price or fair value of the collateral. The impairment loss is calculated based on the shortfall in the Islamic financing and investing assets carrying value compared to the net present value of future cash flows using original effective profit rate. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts.	For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology, assessed the underlying assumptions and the sufficiency of the data used by the management. We assessed the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For samples of exposures, we evaluated the appropriateness of the Group's staging. For forward looking assumptions used by the Group's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. We selected samples of Islamic financing and investing assets and checked the accuracy of the Exposure at Default (EAD), appropriateness of the Probability of Default (PD) and calculations of the Loss Given Default (LGD) used by the management in their ECL calculations. For exposures determined to be individually impaired, we tested samples of Islamic financing and investing assets and examined and assessed management's estimate of future cash flows, and reperformed the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the LGD calculation for individually impaired exposures by testing the enforceability and adequacy of valuation of underlying collaterals and estimated recovery on default.
Fair valuation of investment properties	
Investment properties comprise 42% of the total assets of the Group. Investment properties are carried at AED 1.38 billion in the consolidated statement of financial position. The Group's investment properties are measured under the fair value model, with changes in fair value presented in the consolidated statement of profit or loss. Management determines the fair values of the investment properties on a quarterly basis and has used external third party specialists in accordance with the RICS Valuation -	We obtained an understanding of the Group's investment properties and the relevant controls over inputs and assumptions used by the Group in the valuation of the investment properties. In addition, our work performed included the below procedures, amongst others on the Group's valuations: We assessed the design and implementation and tested the operating effectiveness of the key controls over the estimation of the fair value of the investment properties;

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Professional Standards and the requirements of IFRSs and take into account, where available, discounted cash flows and evidence of market transactions for properties and locations comparable to those of the Group's properties. The Group's portfolio comprises retail, offices and residential property. The valuation of an investment property at fair value is highly dependent on estimates and assumptions, such as realisable sales values, rental value, occupancy rate, discount rate, maintenance status, financial stability of tenants, market knowledge and historical transactions. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we assessed this as a key audit matter.

Refer to the following notes in the financial statements for further detail:

- Note 3 – Significant accounting policies on investment properties;
- Note 2.4 – Critical accounting judgement and key sources of estimation uncertainty of valuation of investment properties; and
- Note 15 – Investment properties.

We assessed the valuer's skills, competence, objectivity and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes;

We agreed the total valuation in the valuer's report to the amount reported in the consolidated statement of financial position;

We tested, on a sample basis, the accuracy of the standing data provided by the Group to the Valuers;

We utilised our internal real estate valuation specialists to review selected properties valued by the external valuers and internally by management and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs;

Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made.;

We reperformed the arithmetical accuracy of the valuations on a sample basis; and

We assessed the disclosures in the consolidated financial statements against the requirements of IFRSs.

Other information

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

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

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

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

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

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- the Group has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Group's books of account;
- note 13 to the consolidated financial statements of the Group discloses its investments in equity instruments during the financial year ended 31 December 2023;
- note 30 to the consolidated financial statements of the Group discloses material related party transactions, the terms under which they were conducted and principles of managing conflict of interests as at 31 December 2023;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023, with any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- note 33 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2023.

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

Deloitte & Touche (M.E.)

Mohammad Jallad
Registration No. 1164
19 March 2024
Dubai, United Arab Emirates

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended *31 December 2023*

	Notes	2023 AED'000	2022 AED'000
Income from Islamic financing and investing assets	4	122,264	126,581
Fee and commission income		3,717	3,506
Income from investment properties, net	5	126,290	8,668
Gain on debt settlement, net	20	173,939	348,928
Share of results of an associate	17	7,064	17,422
Other income	6	18,293	46,591
		451,567	551,696
Reversal of impairments, net	7	76,365	157,821
Amortisation of initial fair value gain on investment deposits	20	(38,946)	(54,758)
Operating expenses	8	(148,643)	(105,547)
PROFIT BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS		340,343	549,212
Distribution to financiers / investors	9	(60,966)	(71,400)
PROFIT FOR THE YEAR BEFORE INCOME TAX EXPENSE		279,377	477,812
Income tax expense	24.2	(20,109)	(1,663)
NET PROFIT FOR THE YEAR		259,268	476,149
Profit per share attributable to equity holders of the parent			
Basic profit per share (AED)	10	0.17	0.32
Diluted profit per share (AED)	10	0.12	0.19

The attached notes 1 to 37 form part of these consolidated financial statements.

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended ***31 December 2023***

	2023 AED'000	*2022 AED'000*
Profit for the year	**259,268**	476,149
Other comprehensive income		
Item that will be reclassified subsequently to profit or loss:		
Exchange losses on translation of foreign operations	**(33,771)**	(83,116)
Share of other comprehensive income of an associate	**9**	3,351
Other comprehensive loss for the year	**(33,762)**	(79,765)
Total comprehensive income for the year	**225,506**	396,384

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at ***31 December 2023***

	Notes	***31 Dec 2023 AED'000***	*31 Dec 2022 AED'000*
ASSETS		**222,126**	255,696
Cash and balances with banks	11	**1,318,764**	1,419,904
Islamic financing and investing assets	12	**597**	7,397
Investment securities	13	**1,376,047**	1,347,043
Investment properties	15	**216,617**	222,132
Investment in an associate	17	**100,117**	47,732
Other assets	18	**9,809**	11,120
Furniture, fixtures and office equipment	19		
		3,244,077	3,311,024
Assets held for sale	16	**-**	125,953
TOTAL ASSETS		**3,244,077**	3,436,977
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits and other Islamic financing	20	**1,229,168**	1,670,602
Term Islamic financing	21	**201,253**	166,241
Employees' end of service benefits	22	**4,845**	4,306
Other liabilities	23	**185,102**	135,065
TOTAL LIABILITIES		**1,620,368**	1,976,214
EQUITY			
Share capital	25	**1,500,000**	1,500,000
Statutory reserve	26	**302,155**	276,229
General reserve	27	**-**	276,229
Special reserve	28	**99,265**	99,265
Mudaraba Instrument	29	**82,872**	107,624
Mudaraba Instrument reserve	29	**311,565**	404,627
Cumulative changes in fair value		**4,222**	4,213
Foreign currency translation reserve		**(418,474)**	(384,703)
Accumulated losses		**(257,896)**	(822,721)
TOTAL EQUITY		**1,623,709**	1,460,763
TOTAL LIABILITIES AND EQUITY		**3,244,077**	3,436,977

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

Approved by the Board of Directors on 19th March 2024 and signed on its behalf by:

Chairman

Chief Executive Officer

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended *31 December 2023*

	Notes	2023 AED'000	2022 AED'000
OPERATING ACTIVITIES			
Profit for the year before income tax expense		279,377	477,812
Adjustments for:			
Depreciation	19	1,480	2,666
Share of results of an associate	17	(7,064)	(17,422)
Reversal of impairment, net	7	(76,365)	(157,821)
Fair value (gain) / loss on investment properties	15	(60,286)	11,149
Amortisation of fair value adjustment on investment deposits	20	38,946	54,758
Distribution to financiers/investors	9	60,966	71,400
Income on deposits	6	(6,296)	(2,035)
Gain on initial recognition of repossessed properties	6	(4,111)	(29,786)
Other income	6	(7,886)	(9,370)
Gain on sale of investment properties	5	(46,037)	(872)
Gain on debt settlement	20	(173,939)	(348,928)
Provision for employees' end of service benefits	22	1,143	1,416
Operating profit before changes in operating assets and liabilities:		(72)	52,967
Islamic financing and investing assets		249,518	510,808
Other assets		(45,930)	(98,386)
Other liabilities		56,500	18,794
Cash from operations		260,016	484,183
Employees' end of service benefits paid	22	(604)	(419)
Tax paid	24.1	(1,334)	(1,097)
Net cash generated from operating activities		258,078	482,667
INVESTING ACTIVITIES			
Dividend from an associate	17	12,637	13,131
Sale of investment properties		198,922	21,636
Movement in restricted cash flow	11	(18,134)	(2,524)
Proceeds on settlement of advance for investment property	14	50,000	100,000
Proceeds from disposal of investment securities	13	2,616	-
Proceeds from Wakala deposits		4,106,099	2,202,000
Placement of Wakala deposits		(4,237,641)	(2,094,500)
Purchase of furniture, fixtures and office equipment	19	(497)	(1,435)
Income on deposits		6,296	2,035
Net cash generated from investing activities		120,298	240,343

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended *31 December 2023*

	Notes	2023 AED'000	2022 AED'000
FINANCING ACTIVITIES			
Receipt of Term Islamic financing		118,744	37,523
Repayment of Term Islamic financing		(50,740)	(63,280)
Investment deposits and other Islamic financing		(400,689)	(464,369)
Redemption of Mudaraba instrument		(62,225)	(84,970)
Directors' fee paid		(1,400)	(682)
Net cash used in financing activities		(396,310)	(575,778)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(17,934)	147,232
Foreign currency translation reserve		(33,771)	(83,116)
Cash and cash equivalents at the beginning of the year		143,136	79,020
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	91,431	143,136
Non-cash transactions:			
Transfer of investment property in settlement of liability		-	147,595
Initial recognition of repossessed properties		39,030	132,218

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended *31 December 2023*

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Mudaraba Instrument AED'000	Mudaraba Instrument reserve AED'000	Cumulative changes in fair value AED'000	Foreign Currency Translation Reserve* AED'000	Accumulated losses AED'000	Total Equity AED'000
At 1 January 2023	1,500,000	276,229	276,229	99,265	107,624	404,627	4,213	(384,703)	(822,721)	1,460,763
Profit for the year	-	-	-	-	-	-	-	-	259,268	259,268
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	9	(33,771)	-	(33,762)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	9	(33,771)	259,268	225,506
Transfer to statutory reserve	-	25,926	-	-	-	-	-	-	(25,926)	-
Transfer from general reserve	-	-	(276,229)	-	-	-	-	-	276,229	-
Debt settlement adjustment (note 20.2)	-	-	-	-	(24,752)	(93,062)	-	-	-	(117,814)
Gain on debt settlement through equity (note 20.2)	-	-	-	-	-	-	-	-	55,589	55,589
Movement on disposal of investment securities	-	-	-	-	-	-	-	-	1,065	1,065
Directors' fee paid	-	-	-	-	-	-	-	-	(1,400)	(1,400)
At 31 December 2023	1,500,000	302,155	-	99,265	82,872	311,565	4,222	(418,474)	(257,896)	1,623,709

The attached notes 1 to 37 form part of these consolidated financial statements.

The attached notes 1 to 37 form part of these consolidated financial statements.

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended ***31 December 2023***

Amlak Finance PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2023

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Mudaraba Instrument AED'000	Mudaraba Instrument reserve AED'000	Cumulative changes in fair value AED'000	Foreign Currency Translation Reserve* AED'000	Accumulated losses AED'000	Total Equity AED'000
At 1 January 2022	1,500,000	228,614	228,614	99,265	155,567	584,867	862	(301,587)	(1,313,507)	1,182,695
Profit for the year	-	-	-	-	-	-	-	-	476,149	476,149
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	3,351	(83,116)	-	(79,765)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	3,351	(83,116)	476,149	396,384
Transfer to general reserve	-	-	47,615	-	-	-	-	-	(47,615)	-
Transfer to statutory reserve	-	47,615	-	-	-	-	-	-	(47,615)	-
Debt settlement adjustment (note 17.2)	-	-	-	-	(47,943)	(180,240)	-	-	-	(228,183)
Gain on debt settlement through equity (note 17.2)	-	-	-	-	-	-	-	-	110,549	110,549
Directors' fee paid	-	-	-	-	-	-	-	-	(682)	(682)
At 31 December 2022	1,500,000	276,229	276,229	99,265	107,624	404,627	4,213	(384,703)	(822,721)	1,460,763

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At *31 December 2023*

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 by the Federal Law No. 2 of 2015 and by Law No. 32 of 2021 on Commercial Companies (the "New Companies Law").

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

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

2. ACCOUNTING POLICIES

2.1 ASSESSMENT OF GOING CONCERN ASSUMPTION

For the year ended 31 December 2023 the Group has generated a profit of AED 259 million and operating cash flows of AED 258 million. AED 174 million of the Group profits have been generated from gains on debt settlements from the auctions held during the year as disclosed in Note 20.2.

The Group has reported a decline in financing income year on year due to the shrinking of the financing assets portfolio which poses a future risk to generate sufficient cashflow to meet the repayment obligation of financiers. With the passage of time and given the changes in market dynamics and macro-economic factors the restructured Common Term Agreement (CTA) to be less viable and detrimental to the long-term prospects of the Group.

The Group's management and Board of Directors have developed a new business plan where management as a first step has commenced negotiations to exit the Common Term Agreement (CTA) signed in 2014 and amended in 2016 and 2020. The Group has a total outstanding of AED 1.7 billion due to its financiers at 31 December 2023, including equity instruments.

Based on the proposed terms:

a. 38% of the total outstanding will potentially settle their outstanding exposure at a discount and

b. the remaining 62% are expected to receive 30% of the outstanding amount as an upfront settlement and 70% will be restructured for a period of 8 years.

Accordingly, the Group needs to generate significant cashflows to fulfill the above upcoming commitments during 2024. Although this event indicates that a material uncertainty exists, that may cast a significant doubt on the Group's ability to continue as a going concern, the management and Board of Directors believe that the new business plan will ensure the going concern of the Group. As a part of process, the Group will seek all formal and necessary approvals to formally execute the plan.

The Group's management and Board of Directors are considering several steps, as part of new business plan, to address the above situation including the following:

a. Redeeming the Wakala Deposits;

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

b. Selling the real estate and financing assets; and

c. Selling the equity investments.

Management and the Board of Directors have determined that the above actions will be sufficient to mitigate the uncertainty and have therefore prepared these consolidated financial statements on a going concern basis.

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

Basis of preparation

The Group consolidated financial statements have been prepared under the historical cost basis except for investment properties carried at fair value and investment securities measured at fair value through other comprehensive income.

Statement of compliance

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Amlak Finance PJSC and its subsidiaries (the Group) as at 31 December 2023.

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

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

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

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

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

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	Basis for consolidation	Percentage Shareholding	
			2023	2022
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%

2.2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

New and amended IFRS Standards that are effective for the current period

In the current period, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2023.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS	Summary
IFRS 17 *Insurance Contracts*	IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2023.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

New and revised IFRS	Summary
Amendments to IFRS 17 *Insurance Contracts*	Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
Amendment to IFRS 17 *Insurance Contracts* Initial Application of IFRS 17 and IFRS 9 - Comparative Information	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.
Amendments to IFRS 4 *Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The attached notes 1 to 37 form part of these consolidated financial statements.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

New and revised IFRS	Summary
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IAS 12 *Income Taxes* relating to International Tax Reform - Pillar Two Model Rules	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2023.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

2.3 DEFINITIONS

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

Istisna'a

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

Ijarah (Ijarah Muntahia Bittamleek)

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

Forward Ijarah (Ijara Mausoofa Fiz Zimma)

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

Sharikatul Milk

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

Murabaha to the purchase orderer

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Mudaraba

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

Sharia'a

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

Wakala Investments

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

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

Mudaraba Instrument

An instrument issued in favour of a facility agent, acting for and on behalf of the financiers (as Agent) in respect of their share in the finance portfolio pursuant to which the Agent transferred rights, interests, benefits and entitlements in the finance portfolio to Amlak Shaheen Limited (as Issuer). The Company and the Issuer (as Rab Al Maal) entered into Mudaraba whereby the finance portfolio as Mudaraba Capital will be invested by the Company. Any redemption of the Mudaraba Instrument will be through the Group making a payment under a Mudaraba contract to the Issuer.

2.4 SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

Use of estimates

The preparation of the consolidated financial statements requires management to use its judgment and make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

provisions for impairment and fair values. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) Financial instruments

Judgments made in applying accounting policies that have most significant effects on the amounts recognized in the consolidated financial statements of the year ended 31 December 2023 pertain:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and profit on the principal amount outstanding.
- Calculation of expected credit loss (ECL): Assumptions and estimation uncertainties that have a significant impact on ECL for the year ended 31 December 2023. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

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

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

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

1. The Group has established thresholds for significant increase in credit risk based on movement in Probability of Default relative to initial recognition.
2. Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment is based on individual assessment of financial assets for objective evidence of impairment. The Group reviews its loans and receivables portfolio and Islamic financing receivables to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

that there is a measurable decrease in the contractual future cash flows from a loan or homogenous group of loans and receivables or Islamic financing receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

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

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

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

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

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

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

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

Definition of default

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

Expected Life

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Governance

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

(ii) Fair value of financial instruments

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

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

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

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

(iv) Contingent liability arising from litigations.

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

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

(v) Valuation of unquoted equity investments

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

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

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

(vi) Impairment of associate

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

(vii) Provisions, contingent liabilities and commitments

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

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

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

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

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

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

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

method the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Judgements

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

Impairment of non-financial assets

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

Satisfaction of performance obligations

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

Determination of transaction prices

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

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

Transfer of control in contracts with customers

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

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2.5 NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

At the date of authorisation of these consolidated financial statements, the Group has not applied the following:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
IFRS S2 *Climate-related Disclosures* IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IFRS 16 *Leases* relating to Lease Liability in a Sale and Leaseback The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024

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New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these Group consolidated financial statements, except for the changes explained in note 2.2.

Revenue recognition

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

Ijarah

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

Sharikatul Milk

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

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

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

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

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

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

Step 1.	Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2.	Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3.	Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4.	Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5.	Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

Allocation of profit

Allocation of profit between the financiers and the shareholders is calculated according to the Group's standard procedures and is approved by the Group's Internal Sharia Supervision Committee.

Cash and cash equivalents

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

Islamic financing and investing assets

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Islamic financing and investing assets

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

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

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

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

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

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

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

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

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Investment properties

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

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

Fair value is determined by reference to open market values based on valuations performed by independent surveyors and consultants. For advances for investment properties, valuations are adjusted for amounts to be paid in accordance with property purchase agreements.

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

Properties under development

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

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

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

Assets held for sale

Assets held for sale classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Investment securities

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

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At fair value through profit or loss

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

At fair value through other comprehensive income

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

Investment in associates and joint operations

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

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

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

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

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

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

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

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

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Furniture, fixtures and office equipment

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

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

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

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

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

Accounts payable and accruals

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

Provisions

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

Leases

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

Employees' end of service benefits

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

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

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Treasury shares

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

Trade and settlement date accounting

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

Financial instruments

(i) Initial recognition and measurement

a) Financial assets

Initial recognition

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

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

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

Subsequent measurement

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

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

Debt instrument

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

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

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

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income in the consolidated statement of income. The losses arising from impairment are recognised in the statement of income.

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

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

Equity instrument

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

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

Business model assessment

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

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

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

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

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

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

Reclassifications

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

Derecognition

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

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  1. the Group has transferred substantially all the risks and rewards of the asset, or
  2. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

Write-off

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

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At *31 December 2023*

Finances and advances

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

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

Investment securities

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

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

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

b) Financial liabilities

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

Initial recognition

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognised in the consolidated statement of income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group's financial liabilities at fair value through profit or loss are comprised of its finance rate derivative bifurcated from its term finance agreement.

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At *31 December 2023*

Financing

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

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

Financial guarantee contracts

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

(i) Derecognition

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

(ii) Impairment

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

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

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

Measurement of ECL

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

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

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At *31 December 2023*

Credit-impaired financial assets

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

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

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

Impairment is determined as follows:

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

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

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

(iii) Offsetting of financial instruments

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

Contingencies

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Zakat

Zakat is computed on the following basis:

- Zakat on shareholders' equity is computed on their Zakat pool (shareholders' equity less paid up capital, plus employees' end of service benefits).
- Zakat on the paid up capital is not included in the Zakat computation as well and is payable by the shareholders personally.

Fair value measurement

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

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

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

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

Level 1—	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3—	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Foreign currencies

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

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

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

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

Segment reporting

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

4. INCOME FROM ISLAMIC FINANCING AND INVESTING ASSETS

	2023 AED'000	2022 AED'000
Financing assets:		
Ijarah	89,712	113,027
Forward Ijarah	890	1,867
Shirkatul Milk	270	3,304
Others	313	426
	91,185	118,624
Investing assets:		
Wakala	31,079	7,957
	122,264	126,581

5. INCOME FROM INVESTMENT PROPERTIES, NET

	Notes	2023 AED'000	2022 AED'000
Rental income		19,967	17,699
Gain on sale of investment properties in joint operation-net	15	4,610	1,246
Gain on sale of investment properties		41,427	872
Fair value gain / (loss) on investment properties	15	60,286	(11,149)
		126,290	8,668

6. OTHER INCOME

	2023 AED'000	2022 AED'000
Gain on initial recognition of repossessed properties	4,111	29,786
Reversal of legal claims provision	-	5,400
Reversal of liabilities no longer payable	4,897	5,102
Income on term deposits and saving accounts	6,296	2,035
Others	2,989	4,268
	18,293	46,591

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

7. REVERSAL OF IMPAIRMENTS, NET

	Notes	2023 AED'000	2022 AED'000
Reversal of impairment on:			
- Islamic financing and investing assets	12	23,713	28,198
- Investment properties	15	500	27,640
- Other assets		2,152	1,983
- Advances for investment properties	14	50,000	100,000
		76,365	157,821

8. OPERATING EXPENSES

	Notes	2023 AED'000	2022 AED'000
Personnel expenses		73,652	42,823
Legal, consultancy and professional		39,316	20,207
Property management	15	12,451	13,585
Business process		4,883	4,894
IT related expense		2,908	2,281
Depreciation		1,479	2,666
Rent		896	930
Marketing and selling expenses		2,472	764
Registration charges		259	587
Others		10,327	16,810
		148,643	105,547

9. DISTRIBUTION TO FINANCIERS / INVESTORS

The distribution of profit between the financiers and shareholders has been made in accordance with a basis ratified by the Internal Sharia Supervision Committee and in accordance with the agreements with the respective financiers.

10. BASIC AND DILUTED PROFIT PER SHARE

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

Diluted profit per share is calculated by dividing the profit attributable to equity holders of the parent for the year net of directors' fees by the weighted average number of ordinary shares outstanding during the year plus the weighted

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares:

	2023 AED'000	*2022 AED'000*
Profit for the year attributable to equity holders of the parent net of Directors' fee (AED'000)	**257,868**	475,468
Weighted average number of shares for basic EPS (in thousands)	**1,500,000**	1,500,000
Effect of dilution:		
Mudaraba Instrument (in thousands)	**659,889**	941,231
Weighted average number of ordinary shares adjusted for the effect of dilution	**2,159,889**	2,441,231
Attributable to equity holders of the parent:	**2023**	2022
Basic profit per share (AED)	**0.17**	0.32
Diluted profit per share (AED)	**0.12**	0.19

11. CASH AND BALANCES WITH BANKS

	Notes	**2023 AED'000**	*2022 AED'000*
Cash on hand		**58**	58
Balances with banks		**91,374**	143,078
Deposits with banks		**130,694**	112,560
Cash and balances with banks		**222,126**	255,696
Less: Restricted cash and deposits			
Regulatory deposit with no maturity	11.1	**(35,000)**	(35,000)
Restricted cash	11.2	**(95,695)**	(77,560)
Cash and cash equivalents		**91,431**	143,136

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

11.2 At year end, the Group reported AED 96 million (31 December 2022: AED 78 million) of restricted cash. This represents the Group's share of the cash held and controlled by a joint venture (note 15).

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

12. ISLAMIC FINANCING AND INVESTING ASSETS

	2023 AED'000	*2022 AED'000*
Financing assets:		
Ijarah	**927,562**	1,275,983
Forward Ijarah	**42,241**	116,459
Shirkatul Milk	**1,484**	4,914
Real estate Murabaha	**3**	107
Others	**30,997**	54,617
	1,002,287	1,452,080
Allowance for impairment	**(187,065)**	(404,176)
Total financing assets	**815,222**	1,047,904
Investing assets:		
Wakala	**503,542**	372,000
Total investing assets	**503,542**	372,000
	1,318,764	1,419,904

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

Within U.A.E.	**966,356**	1,231,951
Outside U.A.E.	**352,408**	187,953
	1,318,764	1,419,904

The movement in the allowance for impairment is as follows:

Balance at 1 January	**404,176**	572,759
Reversal for impairment made during the year	**(17,975)**	(19,928)
Write back / recoveries made during the year	**(5,738)**	(8,270)
	(23,713)	(28,198)
Amounts written off during the year	**(195,179)**	(140,182)
Exchange and other adjustments	**1,781**	(203)
Closing balance	**187,065**	404,176

12.1 Allowance for impairment includes AED 31 million (2022: AED 86 million) in respect of profit in suspense for impaired financing and investing assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

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

12.3 Carrying value of exposure by stage

31 December 2023	*Stage 1 AED'000*	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Gross Exposure	540,970	293,183	168,134	1,002,287
Expected Credit Losses	(9,931)	(37,493)	(139,641)	(187,065)
	531,039	255,690	28,493	815,222

31 December 2022	*Stage 1 AED'000*	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Gross Exposure	658,311	235,890	557,879	1,452,080
Expected Credit Losses	(17,437)	(21,624)	(365,115)	(404,176)
	640,874	214,266	192,764	1,047,904

13. INVESTMENT SECURITIES

	2023 AED'000	*2022 AED'000*
Equities (FVOCI)	597	7,397

		Investments carried at fair value		
31 December 2023	*Total AED'000*	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
Equities (FVOCI)	597	-	-	597

		Investments carried at fair value		
31 December 2022	*Total AED'000*	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
Equities (FVOCI)	7,397	-	-	7,397

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

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

	2023 AED'000	*2022 AED'000*
Balance at 1 January	7,397	7,824
Disposal during the year	(6,652)	-
Exchange movement	(148)	(427)
Balance at 31 December	597	7,397

13.1 The group was holding an investment in shares (106,530 shares) of Al Salam Bank Algeria at fair value through other comprehensive income (FVTOCI). During the year ended December 31, 2023, the group sold all the shares at the price of DZD 2,384 per share (USD 1 for DZD 140.2). The group has received AED 2.6 million till December 31, 2023., The remaining amount of AED 4.3 million was recorded as other receivable which was received in January 2024.

14. ADVANCES FOR INVESTMENT PROPERTIES

The Group paid advances towards the acquisition of units in under-development real estate project in Dubai. The project has been delayed by a number of years and the date of completion is uncertain. The Group commenced arbitration in 2013 with one developer to facilitate recovery of advances paid of AED 780 million with a carrying value of AED Nil (31 December 2020: AED Nil). During the year ended 31 December 2019, the arbitration was awarded in the Group's favor with the cancelation of the original SPAs and addendum. Post arbitration ruling in Amlak's favor, negotiation for a settlement was initiated with the developer, which was concluded in September 2022, with a settlement for undeveloped plots approximately valued at AED 706 million and four cash installments of AED 50 million each, over 2 years.

During the year ended 31 December 2023, final cash installment of AED 50 million was received, accordingly provision of same amount was released.

15. INVESTMENT PROPERTIES

	Notes	*2023 AED'000*	*2022 AED'000*
At 1 January		1,347,043	1,558,830
Additions during the year		39,808	137,312
Disposals during the year		(71,590)	(18,564)
Fair value gain/(loss) on investment properties		60,286	(11,149)
Investment properties exchanged in debt settlement	20.2	-	(147,595)
Investment properties transferred to held for sale	16	-	(125,953)
Foreign exchange fluctuation		-	(73,478)
Reversal of provision on foreclosed properties		500	27,640
At 31 December		1,376,047	1,347,043

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

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

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

Central Bank has recommended to maintain s specific provision on foreclosed properties. Due to the sale of certain properties during the current year a provision of AED 0.5 million (31 December 2022: AED 27.5 million) has been released on the foreclosed properties.

All investment properties are located within the UAE. Except for investment properties in a joint operations, investment properties are categorised as Level 3 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 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.

Valuation technique used for investment properties in the joint venture -Warqa Gardens Project- has been derived using the comparable price approach based on comparable transactions for similar properties. Inputs used by valuator adopted a rate of AED 102 per sq ft of GFA for the mixed use and residential plots. For the School and Showroom plots, we have adopted a premium rate of AED 254 and AED 305 per sq ft,

As at 31 December 2023, investment properties having fair value of AED 542 million (31 December 2022: AED 544 million) are mortgaged / assigned in favor of the security agent as part of the restructuring (note 20).

	2023 AED'000	2022 AED'000
Rental income derived from investment properties	**19,967**	17,699
Direct operating expenses (including repairs and maintenance) generating rental income	**(12,451)**	(13,585)
Profit arising from rental on investment properties carried at fair value	**7,516**	4,114

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. 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 was under development with a view to disposal in the market, it had been treated as property under development with an initial cost equal to its fair value at the time of transfer to investment property portfolio for AED 330 million in June 2019. Subsequent expenditure to develop the land for resale is included in the cost of the property. The cash held by the joint venture is restricted, given that it is contractually committed to the development of the land under the joint venture agreement. The Group's share of this restricted cash balance at 31 December 2023 is AED 96 million (31 December 2022: AED 78 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

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

	Notes	**2023 AED'000**	2022 AED'000
Investment properties		**225,128**	232,428
Cash and balances with banks	11	**95,694**	77,560
Other assets – receivables	18.2	**47,859**	3,401
Deferred income and other liabilities		**(41,807)**	(11,063)
Net Assets		**326,874**	302,326
Income on deposits		**3,178**	1,162
Other income		**-**	1,410
Income on sales		**4,610**	1,246
Operating expenses		**(2,419)**	(3,766)
Profit for the year		**5,369**	52

16. ASSETS HELD FOR SALE

Assets held for sale include a plot of land with total area of 42,676.39 sqm in Egypt owned by the Group's subsidiary and was reclassified from investment properties during the year based on management decision to sell it and it was measured at the lower of carrying amount and fair value less costs to sell. During the year ended 31 December 2023 the Group sold the plot and recorded a profit of AED 38 million on the transaction. All sale proceeds were received by an Egyptian subsidiary.

	2023 AED'000	2022 AED'000
At 1 January	**125,953**	
Transferred from investment property	**-**	125,953
Foreign exchange loss during year	**(25,014)**	-
Disposal during the year	**(100,939)**	-
At 31 December	**-**	125,953

17. INVESTMENT IN AN ASSOCIATE

Amlak International Finance Company Saudi Arabia is Saudi joint stock company established to provide real estate finance under Saudi Central Bank (SAMA) regulations.

	Percentage holding		**2023**	2022
	2023	2022	**AED'000**	AED'000
Amlak International Finance Company, Saudi Arabia	**18.35%**	18.35%	**216,617**	222,132

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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The following table illustrates the summarised financial information of the Group's investment in Amlak International Finance Company:

	2023 AED'000	2022 AED'000
Assets	3,564,467	3,365,565
Liabilities	(2,386,044)	(2,166,865)
Equity	1,178,423	1,198,700
Group's carrying amount of the investment	216,617	222,132
Revenue	300,369	285,464
Profit for the year	38,496	94,941
Group's share of profit for the year	7,064	17,422

During the year, the Group received a dividend of AED 12.64 million (2022: AED 13.13 million) from AIRE. Financial information and results of AIRE are based on the latest available management accounts as at 30 November 2023 (2022: as at 30 November 2022) and extrapolated for the remaining 1 month (2022: 1 month) to 31 December 2023.

18. OTHER ASSETS

	Notes	2023 AED'000	2022 AED'000
Land registration and service fees		9,783	10,040
Foreclosed accounts receivables	18.1	3,480	7,010
Advances		2,299	4,609
Profit receivable		3,897	3,414
Prepayments		2,443	2,223
Others	18.2	78,215	20,436
		100,117	47,732

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

18.2 Balance includes AED 47.86 million (31 December 2022: AED 3.40 million) pertaining to receivables of Al Warqa Gardens LLC (Note 15) and AED 23 million (31 December 2022: AED 13 million) pertains to Egypt.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

19. FURNITURE, FIXTURES AND OFFICE EQUIPMENT

	Notes	2023 AED'000	2022 AED'000
Furniture, fixtures and office equipment	19.1	9,205	10,697
Capital work in progress	19.2	604	423
		9,809	11,120

19.1 Furniture, fixtures and office equipment are as follows:

2023:	Head Office AED'000	Furniture and fixtures AED'000	Computers and office equipment AED'000	Total AED'000
Cost:				
At 1 January 2023	8,338	16,585	68,183	93,106
Additions during the year	-	45	272	317
Disposals during the year	-	(13,383)	(732)	(14,115)
Exchange adjustments	-	(58)	(226)	(284)
At 31 December 2023	8,338	3,189	67,497	79,024
Accumulated depreciation:				
At 1 January 2023	835	15,603	65,971	82,409
Depreciation charge for the year	334	202	944	1,480
Disposals during the year	-	(13,282)	(532)	(13,814)
Exchange adjustments	-	(57)	(199)	(256)
At 31 December 2023	1,169	2,466	66,184	69,819
Net book value:				
At 31 December 2023	7,169	723	1,313	9,205
2022:				
Cost:				
At 1 January 2022	8,338	16,710	67,699	92,747
Additions during the year	-	40	1,081	1,121
Exchange adjustments	-	(165)	(597)	(762)
At 31 December 2022	8,338	16,585	68,183	93,106

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

2022:				
Accumulated depreciation:				
At 1 January 2022	501	15,316	64,604	80,421
Depreciation charge for the year	334	441	1,891	2,666
Exchange adjustments	-	(154)	(524)	(678)
At 31 December 2022	835	15,603	65,971	82,409
Net book value:				
At 31 December 2022	7,503	982	2,212	10,697

19.2 The amount relates to ongoing IT projects.

20. INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING

	Frequency of instalments	*Final instalment date*	*Profit rate*	***2023 AED'000***	*2022 AED'000*
Purchase price payable	Monthly	25 October 2026	2%	**1,305,381**	1,815,051
				1,305,381	1,815,051
Unamortised fair value adjustment (note 20.1)				**(76,213)**	(144,449)
				1,229,168	1,670,602

20.1 Unamortised fair value adjustment

	2023 AED'000	*2022 AED'000*
At 1 January	**144,449**	275,729
Amortisation charged for the year - regular	**(38,946)**	(54,758)
Amortisation charged for the year - debt settlement	**(29,290)**	(76,522)
	76,213	144,449

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

restructuring, a fair valuation assessment of the restructured obligations was performed based on the net present value of the contracted cash flows. As at 25 November 2014, the restructured obligations were initially recognised at fair value in the statement of financial position giving rise to AED 911 million of fair value gain which was recorded in the consolidated statement of profit or loss.

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

- AED 1.36 billion is payable in 74 monthly installments which commenced from 25 August 2020 and the remaining outstanding amount is payable on maturity in October 2026.
- The Group shall apply 75% proceeds from sale of qualified real estate assets in prepayments of the outstanding in inverse order of maturity.

The fair value adjustment is calculated using the original effective profit rate of 4.89%. The cumulative value of fair value gain amortised up to 30 June 2020 was AED 627 million (31 December 2020: AED 584 million) giving a residual fair value gain of AED 284 million as at 30 June 2020 (31 December 2020: AED 328 million). However, upon restructuring in 2020, this residual fair value gain as at 30 June 2020 was increased to AED 497 million which will be fully reversed over the repayment period till October 2026, with a resulting charge to the consolidated statement of income each year.

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

Restructured investment deposits and other Islamic financing are secured against assignment and mortgage over the Group's investment properties located in UAE (note 15), assignment of insurances, pledge over bank accounts (note 11), assignment of rights to receive payments in connection with the Islamic financing and investing assets portfolio and corporate guarantees of the Group's subsidiaries. Securities offered would be held by a security agent on behalf of the financiers.

20.2 Debt Settlement

Based on the revised CTA, the Group initiated debt settlement auctions either through a cash swap or an asset swap during the year ended 31 December 2023.

For the debt settlement through cash, a cash consideration of AED 265 million (31 December 2022: AED 383 million, asset swap AED 148 million) was offered to financiers against settlement of their exposures and certain financiers settled their exposure of AED 531 million (31 December 2022: AED 782 million, asset swap AED 295 million) which included investment deposits of AED 406 million (31 December 2022, AED 608 million, asset swap AED 230 million), Mudaraba Instrument of AED 118 million (31 December 2022: AED 166 million, asset swap AED 62 million) and profit in kind of AED 7 million.(31 December 2022: AED 8 million, asset swap AED 3 million). As a result of this settlement, the Group has recorded a gain of AED 174 million (31 December 2022: AED 256 million, asset swap AED 93 million) in statement of profit or loss after netting of amortization of fair value adjustment on restructuring amounting to AED 29 million (31 December 2022: AED 55 million, asset swap AED 22 million) and recorded a gain of AED 56 million (31 December 2022: AED 85 million, asset swap AED 31 million) related to Mudaraba instrument, in statement of changes in equity.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

21. TERM ISLAMIC FINANCING

	Notes	2023 AED'000	2022 AED'000
Egyptian Mortgage Refinance Company	21.1	82,706	76,045
National Bank of Egypt (NBE)	21.2	45,056	48,977
Ahli United Bank	21.3	33,365	25,577
Arab African International Bank (AAIB)	21.4	17,768	-
Bank Misr		12,997	-
Egyptian Arab Land Bank	21.5	7,366	14,280
Baraka bank		1,136	-
Suez Canal - Egypt		859	1,362
		201,253	166,241

21.1 Egyptian Mortgage Refinance Company (EMRC)

As at the year end, EMRC long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 696 million (31 December 2022: Egyptian Pounds 513 million) to finance the subsidiary's activities. These facilities carry a profit rate range from 1.25% per annum to 1.50% per annum plus average corridor rate from Central Bank of Egypt (2022: 1.25% per annum to 1.50% per annum) payable monthly over a maximum period of 20 years.

21.2 National Bank of Egypt (NBE)

As at the year end, NBE long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 379 million (31 December 2022: Egyptian Pounds 330 million) to finance the subsidiary's activities. These facilities carry a profit rate of 1.25% per annum plus average corridor rate from Central Bank of Egypt (2022: 1.25%) payable monthly over a maximum period of 10 years.

21.3 Ahli United Bank (AUB)

As at the year end, AUB long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 281 million (31 December 2022: Egyptian Pounds 96 million) to finance the subsidiary's activities. These facilities carry a profit rate of 1% per annum plus average corridor rate from Central Bank of Egypt (2022: 1%) payable on a monthly basis over a maximum period of 10 years.

21.4 Arab African International Bank (AAIB)

As at the year end, NBE long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 150 million (31 December 2022: Egyptian Pounds nil million) to finance the subsidiary's activities. These facilities carry a profit rate of 1.5% per annum plus average corridor rate from Central Bank of Egypt (2022: 1.5%) payable monthly over a maximum period of 10 years.

21.5 Egyptian Arab Land Bank (EALB)

As at the year end, EALB long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 62 million (31 December 2022: Egyptian Pounds 96 million) to finance the subsidiary's activities. These facilities carry a profit rate of 1.50% per annum plus average corridor rate from Central Bank of Egypt (2022: 1.50%) payable on a monthly basis over a maximum period of 10 years.

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At *31 December 2023*

22. EMPLOYEES' END OF SERVICE BENEFITS

	2023 AED'000	2022 AED'000
At 1 January	4,306	3,309
Provided during the year	1,143	1,416
Paid during the year	(604)	(419)
At 31 December	4,845	4,306

23. OTHER LIABILITIES

	Notes	2023 AED'000	2022 AED'000
Provisions and accruals		100,272	71,174
Provision for litigation claims	23.1	950	18,155
Dividend payable		-	6,451
Anticipated profits payable on investment deposits and other Islamic financing		508	721
Zakat payable		-	56
Provision for taxation	24.1	20,335	1,361
Other payables	23.2	63,037	37,147
		185,102	135,065

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

23.2 This includes AED 42 million (31 December 2022: AED 11 million) pertaining to deferred income and other liabilities of Al Warqa Gardens LLC (note 13).

24. TAXATION

24.1 Provision for taxation

	2023 AED'000	2022 AED'000
Balance at 1 January	1,493	1,351
Charged during the year	20,109	1,663
Paid during the year	(1,334)	(1,097)
Foreign exchange effect	67	(556)
Balance at 31 December	20,335	1,361

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

24.2 Income tax expense

	2023 AED'000	2022 AED'000
Taxation on sale of plot	15,726	-
Current taxation	4,384	1,663
Balance at 31 December	20,109	1,663

Effective tax rate reconciliation is not material in relation to the consolidated financial statements as tax charge relates to overseas subsidiaries only.

25. SHARE CAPITAL

	2023 AED'000	2022 AED'000
Authorised, Issued and fully paid 1,500,000,000 shares of AED 1 each (31 December 2022: 1,500,000,000 ordinary shares of AED 1 each)	1,500,000	1,500,000

Mudaraba Instrument

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

26. STATUTORY RESERVE

As required by the UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, 10% of the Company's profit for the year is to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid-up share capital. During the year, the Company transferred AED 26 million (31 December 2022: AED 48 million) to statutory reserve.

27. GENERAL RESERVE

As per the Company's Articles of Association, the remaining amounts of the net profits are distributed among the shareholders or shall be moved to the subsequent year pursuant to a recommendation made by the Board of Directors, or allocated to form an extraordinary reserve, all in accordance with the General Assembly resolutions. During the year, the Company transferred AED nil million (31 December 2022: AED 48 million) to general reserves.

Shareholders in AGM dated 18 April 2023 resolved to transfer balance of the General Reserve amounting to AED 276 million to offset the accumulated losses partially, accordingly the Company has transferred the entire balance of AED 276 million to accumulated losses during the year ended December 31, 2023.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

28. SPECIAL RESERVE

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

29. MUDARABA INSTRUMENT

	2023 AED'000	2022 AED'000
Mudaraba Instrument (nominal value)	394,437	512,251
Mudaraba Instrument Reserve	(311,565)	(404,627)
Mudaraba Instrument (carrying value)	82,872	107,624

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

The Mudaraba Instrument at the time of issue comprised:

1. Face Value of AED 1,300 million.
2. An expected profit rate of 1% per annum on the outstanding balance each year, payable as profit in kind ("PIK") which the Company can elect to make distributions in cash or in the form of shares.
3. A contingent issuance of upto 500 million shares applicable only to the extent the Mudaraba Instrument remains outstanding at maturity. The number of contingent shares to be issued is prorated with the amount of Mudaraba Instrument remaining outstanding.

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

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

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

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

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At *31 December 2023*

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

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

During the year ended 31 December 2023 the Group redeemed Mudaraba instrument in the value of AED 118 million (31 December 2022: AED 228 million) through the debt settlement mechanism (note 20).

At 31 December 2023, the maximum number of shares which may convert under the instrument are 581 million (31 December 2022: 755 million).

30. SEGMENTAL INFORMATION

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

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

Operating segments:
The Group's revenues and expenses for each segment for the year ended 31 December are as follows:

2023:	***Real Estate Finance AED'000***	***Real Estate Investment AED'000***	***Corporate Finance Investments AED'000***	***Total AED'000***
Operating income	271,733	130,768	49,066	451,567
Distribution to financiers / investors	(17,539)	(10,296)	(33,131)	(60,966)
Allowances for impairment	24,608	51,031	726	76,365
Amortization of initial fair value gain on investment deposits	(21,478)	(12,609)	(4,859)	(38,946)
Expenses (including allocated expenses)	(94,976)	(38,510)	(15,157)	(148,643)
Income tax expense	-	(18,607)	(1,502)	20,109
Segment results	162,348	101,777	(4,857)	259,268

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

2022:	*Real Estate Finance AED'000*	*Real Estate Investment AED'000*	*Corporate Finance Investments AED'000*	*Total AED'000*
Operating income	496,875	(499)	55,320	551,696
Distribution to financiers / investors	(31,724)	(30,483)	(9,193)	(71,400)
Allowances for impairment	55,615	101,479	727	157,821
Amortization of initial fair value gain on investment deposits	(24,330)	(23,378)	(7,050)	(54,758)
Expenses (including allocated expenses)	(61,623)	(29,777)	(14,147)	(105,547)
Income tax expense	-	-	(1,663)	(1,663)
Segment results	434,813	17,342	23,994	476,149

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

2023:	***Real Estate Finance AED'000***	***Real Estate Investment AED'000***	***Corporate Finance Investments AED'000***	***Total AED'000***
Segment assets	1,206,010	1,573,901	464,166	3,244,077
Segment liabilities	1,331,984	74,340	214,044	1,620,368
Depreciation	1,391	-	89	1,480
Capital expenditure	604	-	-	604

2022:	*Real Estate Finance AED'000*	*Real Estate Investment AED'000*	*Corporate Finance Investments AED'000*	*Total AED'000*
Segment assets	1,523,640	1,474,812	438,525	3,436,977
Segment liabilities	1,760,079	32,631	183,504	1,976,214
Depreciation	2,514	-	152	2,666
Capital expenditure	423	-	-	423

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

31. RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Group's management. Transactions with such related parties are made on substantially the same terms as those prevailing at the same time for comparable transactions with external customers and parties.

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

31 December 2023:	***Major shareholders AED'000***	***Directors and senior management AED'000***	***Other related parties AED'000***	***Total AED'000***
Investment deposits	**47,164**	**-**	**59,486**	**106,650**
Other liabilities	**18**	**-**	**23**	**41**
Mudaraba instrument	**14,240**	**-**	**17,975**	**32,215**

31 December 2022:	*Major shareholders AED'000*	*Directors and senior management AED'000*	*Other related parties AED'000*	*Total AED'000*
Islamic financing and investing assets	-	315	-	315
Investment deposits	55,524	-	121,416	176,940
Other liabilities	22	-	47	69
Mudaraba instrument	15,657	-	34,266	49,923

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

31 December 2023:	***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	**-**	**1**	**-**	**1**
Distributions to financiers / investors	**998**	**-**	**1,515**	**2,513**

31 December 2022:	*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	-	26	-	26
Distributions to financiers / investors	1,751	-	2,539	4,291

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At *31 December 2023*

Compensation of key management personnel

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

	2023 AED'000	*2022 AED'000*
Salaries and other benefits	**14,784**	13,206
Employee terminal benefits	**118**	328
	14,902	13,534

32. COMMITMENTS AND CONTINGENCIES

Commitments	*Notes*	***2023 AED'000***	*2022 AED'000*
Irrevocable commitments to advance financing	32.1	**2,000**	7,000
		2,000	7,000

32.1 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.

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 0.95 million (2022: AED 18 million) has been made.

b. As at 31 December 2023, the Group had a contingent liability for proposed Directors' remuneration of AED 1.4 million (2022: AED 2 million). Directors' remuneration is governed by UAE Federal Law No (32) of 2021. AED 1.4 million was paid during the year.

33. RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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Excessive risk concentration

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

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

Credit risk

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk stems mainly from day to day Islamic financing activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated financing authorities, policies and procedures. For details of composition of Islamic financing assets refer note 12.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties. The Group has built and maintains a sound receivable portfolio in terms of a well-defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its financing activities and ensuring quality of asset portfolio. Special attention is paid to the management of non-performing financing assets. However, Group is not originating any new business as a result of restriction laid by CBUAE during 2021.

The Group constantly monitors overall credit exposure and takes analytical and systematic approaches to its credit structure categorized by individuals, group and industry and consequently, the credit portfolio is diversified by sector sectorally and by nationalities. Few per-party risk concentrations that were observed are monitored and reported to BRC.

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

Credit risk measurement

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

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ECL measurement

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

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

Significant increase in credit risk

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

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

Backward transition

Back ward transition from stage 2 to stage 1

The Group continues to monitor such financial instruments until it does not meet any of the SICR indicators to confirm if the risk of default has decreased on the basis of meeting certain criteria, sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1)

Back ward transition from stage 3 to stage 2

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

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

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Forward-looking information incorporated in the ECL model

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

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

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

QUANTITATIVE INFORMATION

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

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

	Notes	**Net maximum exposure 2023 AED'000**	*Net maximum exposure 2022 AED'000*
Balances with banks	11	222,068	255,638
Islamic financing and investing assets	12	1,318,764	1,419,904
Other assets (excluding prepayments)	18	97,674	45,509
Net credit risk exposure		1,638,506	1,721,051

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

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31 December 2023		Neither impaired nor past due on reporting date			Past due but not impaired on reporting date				Individually impaired on reporting date		
	Carrying amount AED'000	*Low/fair risk AED'000*	*Watch list AED'000*	*Re-negotiated terms AED'000*	*<30 AED'000*	*30-60 AED'000*	*61-90 days AED'000*	*>90 days AED'000*	*Carrying amount AED'000*	*Allowance for impairment* AED'000*	*Gross amount AED'000*
Balances with banks	222,068	222,068	-	-	-	-	-	-	-	-	-
Islamic financing and investing assets	1,318,764	753,914	187,475	27,511	188,266	44,441	39,711	53,376	24,070	(132,292)	156,362
Other assets (excluding prepayments)	97,674	87,891	9,783	-	-	-	-	-	-	-	-
	1,638,506	1,063,873	197,258	27,511	188,266	44,441	39,711	53,376	24,070	(132,292)	156,362

31 December 2022		Neither impaired nor past due on reporting date			Past due but not impaired on reporting date				Individually impaired on reporting date		
	Carrying amount AED'000	*Low/fair risk AED'000*	*Watch list AED'000*	*Re-negotiated terms AED'000*	*<30 AED'000*	*30-60 AED'000*	*61-90 days AED'000*	*>90 days AED'000*	*Carrying amount AED'000*	*Allowance for impairment* AED'000*	*Gross amount AED'000*
Balances with banks	255,638	255,638	-	-	-	-	-	-	-	-	-
Islamic financing and investing assets	1,419,904	368,342	241,058	47,222	194,850	48,742	55,504	269,315	194,871	(338,701)	533,572
Other assets (excluding prepayments)	45,509	35,469	10,040	-	-	-	-	-	-	-	-
	1,721,050	659,449	251,098	47,222	194,850	48,742	55,504	269,315	194,871	(338,701)	533,572

* In addition to the stage 3 / specific provision as above, the Group has also made provisions on other portfolio falling under stage 1, stage 2 and individually assessed projects amounting to AED 55 million (31 December 2022: AED 65 million).

Amlak Finance PJSC and its Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2023

The attached notes 1 to 37 form part of these consolidated financial statements.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Collateral and other credit enhancements

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

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

Market risk

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

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

Currency risk

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

	2023			2022		
	% Change in currency ratein AED	*Effect on profit AED '000*	*Effect on Equity AED '000*	*% Change in currency ratein AED*	*Effect on profit AED '000*	*Effect on Equity AED '000*
Currency						
Egyptian Pound (LEY)	± 5%	2,117	7,975	± 5%	164	7,602
Egyptian Pound (LEY)	± 10%	4,234	15, 951	± 5%	328	15,204

Profit rate risk

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

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

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

The sensitivity of the statement of income is the effect of the assumed changes in profit rates on the results for one year, based on profit bearing financial assets and financial liabilities held at 31 December 2023.

	***2023* AED'000**	*2022 AED'000*
Effect of a ± 50 bps change in EIBOR	± 5,832	± 7,804
Effect of a ± 100 bps change in EIBOR	± 11,663	± 15,609

Equity price risk

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

Early settlement risk

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

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

Liquidity risk

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

31 December 2023

	Expected Profit rate %	Up to 1 year: Less than 3 months AED'000	Up to 1 year: 3 months to 6 months AED'000	Up to 1 year: 6 months to 1 year AED'000
Investment deposits and other Islamic financing	2%	308,638	29,590	58,758
Term Islamic financing	18% - 22%	12,077	9,115	20,602
		320,715	38,705	79,360
OFF BALANCE SHEET ITEMS Commitments		2,000	-	-

31 December 2022

	Expected Profit rate %	Up to 1 year: Less than 3 months AED'000	Up to 1 year: 3 months to 6 months AED'000	Up to 1 year: 6 months to 1 year AED'000
Investment deposits and other Islamic financing	2%	53,424	38,722	76,893
Term Islamic financing	10% - 19%	6,731	6,235	12,251
		60,155	44,957	89,145
OFF BALANCE SHEET ITEMS Commitments		-	7,000	-

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

31 December 2023

	up to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Investment deposits and other Islamic financing	396,986	976,161	-	-	1,373,147
Term Islamic financing	41,794	132,642	26,817	-	201,253
	438,780	1,108,803	26,817	-	1,574,400
OFF BALANCE SHEET ITEMS Commitments	2,000	-	-	-	2,000

31 December 2022

	up to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Investment deposits and other Islamic financing	169,039	1,768,725	-	-	1,937,764
Term Islamic financing	25,217	59,343	81,681	-	166,241
	194,256	1,828,068	81,681	-	2,104,005
OFF BALANCE SHEET ITEMS Commitments	7,000	-	-	-	7,000

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Maturity analysis of assets and liabilities

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

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Maturity analysis of assets and liabilities (continued)

31 December 2023	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	91,432	-	-	91,432	95,694	-	35,000	222,126
Islamic financing and investing assets	503,116	27,423	48,581	579,120	327,533	412,111	-	1,318,764
Investment securities	-	-	597	597	-	-	-	597
Investment properties	8,101	8,075	87,469	103,645	1,272,402	-	-	1,376,047
Investment in an associate	-	-	-	-	216,617	-	-	216,617
Other assets	9,098	16,201	37,142	62,441	37,676	-	-	100,117
Furniture, fixture and office equipment	-	-	-	-	-	-	9,809	9,809
Total assets	611,747	51,699	173,789	837,235	1,949,922	412,111	44,809	3,244,077
Liabilities								
Investment deposits and other Islamic financing	300,728	21,728	43,457	365,913	863,255	-	-	1,229,168
Term Islamic financing	12,077	9,115	20,602	41,794	132,642	26,817	-	201,253
Employees' end of service benefits	-	-	-	-	-	-	4,845	4,845
Other liabilities	52,747	16,148	113,549	182,444	2,658	-	-	185,102
Total liabilities	365,552	46,991	177,608	590,151	998,555	26,817	4,845	1,620,368
Commitments	2,000	-	-	2,000	-	-	-	2,000
Net liquidity gap	244,195	4,708	(3,819)	245,084	951,367	385,294	39,964	1,621,709
Cumulative net liquidity gap	244,195	248,903	245,084	245,084	1,196,451	1,581,745	1,621,709	1,621,709

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Maturity analysis of assets and liabilities (continued)

31 December 2022	*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	143,136	-	-	143,136	77,560	-	35,000	255,696
Islamic financing and investing assets	358,697	30,982	60,743	450,422	399,034	570,448	-	1,419,904
Investment securities	-	-	7,397	7,397	-	-	-	7,397
Investment properties	4,250	7,400	88,945	100,595	1,246,448	-	-	1,347,043
Assets held for sale	-	-	125,953	125,953	-	-	-	125,953
Investment in an associate	-	-	-	-	222,132	-	-	222,132
Other assets	6,095	12,744	14,316	33,155	14,577	-	-	47,732
Furniture, fixture and office equipment	-	-	-	-	-	-	11,120	11,120
Total assets	512,178	51,126	297,354	860,658	1,959,751	570,448	46,120	3,436,977
Liabilities								
Investment deposits and other Islamic financing	27,581	27,581	55,162	110,324	1,560,278	-	-	1,670,602
Term Islamic financing	6,992	6,477	12,727	26,196	61,645	78,400	-	166,241
Employees' end of service benefits	-	-	-	-	-	-	4,306	4,306
Other liabilities	25,871	17,646	54,091	97,608	37,457	-	-	135,065
Total liabilities	60,444	51,704	121,980	234,128	1,659,380	78,400	4,306	1,976,214
Commitments	-	7,000	-	7,000	-	-	-	7,000
Net liquidity gap	451,734	(7,578)	175,374	619,530	300,371	492,048	41,814	1,453,763
Cumulative net liquidity gap	451,734	444,156	619,530	619,530	919,901	1,411,949	1,453,763	1,453,763

The attached notes 1 to 37 form part of these consolidated financial statements.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

Liquidity risk (continued)

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

Operational risk

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

Capital Management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.The restructuring effected at 21 June 2020 represented a significant change in the capital structure of the Group. Capital comprises share capital, treasury shares, statutory reserve, general reserve, special reserve, cumulative changes in fair value, foreign currency translation reserve, Mudaraba Instrument, Mudaraba Instrument reserve and accumulated losses and is measured at AED 1.5 billion as at 31 December 2023 (31 December 2022: AED 1.5 billion).

Fair value of financial assets and liabilities

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

34. SOCIAL CONTRIBUTIONS

The Company pursues a Corporate Social Responsibility strategy and during the year spend on various social contributions purposes.

35. CORPORATE INCOME TAX

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At *31 December 2023*

As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The CT Law confirms the rate of 9% to be applied to taxable income exceeding a threshold set by cabinet decision. On 16 January 2023 the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Enactment of the legislation requires the recognition of deferred taxes where relevant, however the Group does not have any deferred tax balances to record for the year. The impact of any future changes in enacted law will be accounted for when such changes are substantively enacted or enacted.

36. COMPARATIVE INFORMATION

Certain comparative amounts in the consolidated statement of profit or loss and notes to the consolidated financial statement have been adjusted to conform to the current presentation.

37. PROFIT RATE BENCHMARK REFORMS

Interbank offered rates ("IBORs"), such as the London Inter-bank Offered Rate("LIBOR"), plays a critical role in global financial markets, serving as reference rates for derivatives, financing, and securities, and as parameters in the valuation of financial instruments.

LIBOR refers to the London Interbank Offered Rate. It is privately determined by polling more than a dozen large global banks in London about the interest rate at which they can borrow for various lengths of time ("tenors") in U.S. dollars and four other currencies (GBP, EUR, GPY, CHF). Thus, at any point in time, there are several "LIBOR" rates. LIBOR is a benchmark or reference rate that helps financial market participants' gauge prevailing financing rates.

The group has established a project to manage its transition to alternative rates in coordination with external consultants. The objectives of the project include evaluating the extent to which Islamic financing and related commitments, liabilities, and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

The project concluded that the phase out of the London Interbank Offered Rate (LIBOR) is unlikely to have a material impact on Islamic financing products offered by the group. Consequently, the continuity of the business operations remains uninterrupted, and the group can continue to provide its customers compliant Islamic financing products.

GOVERNANCE REPORT FOR 2023

1. Statement of procedures taken to complete the corporate governance system, during 2023, and method of implementing thereof.

Governance plays a crucial role in ensuring the smooth running of business and involves establishing a framework of policies and procedures and implementing strong controls and oversight mechanisms in order to ensure compliance with legal and regulatory requirements and protect the interests of stakeholders. Adherence to best governance practices enhances a culture of responsibility, transparency and integrity, and maintaining the trust with stakeholders.

Below some of the corporate governance practices in 2023 :

- The Board of Director and its committees are committed to the number of meetings required and to the assigned tasks and responsibilities.
- The Board of Directors' Charter and the Charters of its committees have been reviewed to ensure compliance with the relevant regulations.
- A training session was conducted to inform the Board of global and local governance directions and their impact on the Board of Directors in the region.
- The company was committed to disclose material information, particularly with regards to the negotiation with the company's financiers to exit the Common Terms Agreement.
- Each board member declares his independence and the positions he holds within the boards of directors of other companies quarterly.
- The company's website has been updated by adding all financial data disclosures and press releases for stakeholders' perusal.
- Awareness sessions have been conducted for all employees in order to ensure continued education on non-compliance's risks and to avoid breaches and regulatory violations.
- The Compliance procedures have been reviewed in accordance with Central Bank's regulatory requirements for reporting mechanism.
- Compliance awareness session was conducted on a quarterly basis, covering AML, CDD, data privacy, etc. to ensure staff education and risk awareness.
- Evaluation of the Board of Directors was conducted, which is an important aspect of corporate governance and plays a major role in ensuring transparency and the effectiveness of the company's leadership. The evaluation helps to identify the areas of strength and weakness within the Board of Directors and enhances communication and cooperation among members of the Board of Directors. The Board evaluation is considered one of the best practices that should be adopted by companies that seek excellence in governance.

2. Statement of ownership and transactions of Board of Directors (Board) members and their spouses, their children in the securities market during 2023, according to the following schedule:

Sr.	Name	Position/ Kinship	Owned shares as on 31/12/2023	Total Sale	Total Purchase
1	Mr. Ali Ibrahim Mohamed Ismail	Chairman	Nil	Nil	Nil
2	Mr. Khalid Salim Alhalyan	Vice Chairman	2,388	Nil	Nil
3	Mrs. Fatima Ahmed Qasimi	Board Member	44,570	Nil	Nil
4	Mr. Mastafa Ismail Karam	Board Member	Nil	Nil	Nil
5	Mr. Rashed Mohammad Ali Abdulrahman	Board Member	Nil	Nil	Nil
6	Mr. Ayad Hammad Alharazeen	Board Member	Nil	Nil	Nil
7	Mr. Shaker Fareed Zainal	Board Member	Nil	Nil	Nil

3. Board Formation:

Sr.	Name	Category (executive, non-executive, and independent)	Date of Appointment	Their membership and positions at any other joint- stock companies	Their positions in any other important regulatory, government or commercial positions.
1	Mr. Ali Ibrahim Mohamed Ismail	Non-executive	March 2004	• Chairman of the Board of Directors of EII Capital • Board member in Emaar Development	Nil
2	Mr. Khalid Salim Alhalyan	Independent	April 2018	• Member of the Board of Directors of Bank Al Salam -Al Bahrain	• The group Chief Audit Executive at Dubai Aviation City Corporation • Vice President, UAE Audit Association
3	Mrs. Fatima Ahmed Qasimi	Independent	December 2021	Nil	Nil
4	Mr. Mastafa Ismail Karam	Independent	January 2021	• Board member in EII Capital	Nil
5	Mr. Rashed Mohammad Ali Abdulrahman	Independent	April 2021	Nil	• General Manager of Real Estate Development at Wasl.
6	Mr. Ayad Hammad Al Harazeen	Independent	April 2021	Nil	Nil
7	Mr. Shaker Fareed Zainal	Independent	March 2022	Nil	Nil

QUALIFICATIONS AND EXPERIENCE OF BOARD MEMBERS:

Mr. Ali Ibrahim Mohamed Ismail
Chairman

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

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

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

Mr. Ibrahim started his career with the UAE Central Bank in 1983 in Abu Dhabi where he rose through the ranks to become Assistant Manager for Research and Statistics. Since joining DED in 1993 he has held several positions including Head of Studies and Planning Department, Head of Commercial Registration Department and Deputy Director General for Executive Affairs. He was also the General Co-ordinator of the Economic Development Committee of the Executive Council of Dubai, and Technical Co-ordinator of the Dubai Islamic Economy Development Centre.

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

QUALIFICATIONS AND EXPERIENCE OF BOARD MEMBERS:

Mr. Khalid Salim Alhalyan
Vice Chairman

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

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

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

Mr. Alhalyan currently serves as Vice President of the UAE Internal Audit Association (affiliated to the Institute of Internal Auditors (IIA), USA), Chairman of Al Noor Special Needs Centre in Dubai and Chairman of Emaar South, Dubai.

He holds an MBA degree from Bradford University in the UK, and BBA from UAE University, Al Ain.

QUALIFICATIONS AND EXPERIENCE OF BOARD MEMBERS:

Mr. Ayad Hammad Alharazeen
Member of the Board of Directors

Mr. Ayad Hammad Al Harazeen is currently a Board member of Emaar Misr for Development S.A.E (a wholly owned subsidiary of Emaar Properties PJSC) and he is a partner of MAFCO Management & Business Consultancy LLC, Abu Dhabi and Partner & Manging Director of Advanced Solutions Investments & Companies Representation LLC (ASIR), Abu Dhabi. Under these organizations, Mr. Ayad has built several successful partnerships with multinational companies that have added value to the development of UAE economy.

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

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

Mr. Mastafa Ismail Karam
Member of the Board of Directors

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

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

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

QUALIFICATIONS AND EXPERIENCE OF BOARD MEMBERS:

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

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

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

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

Mr. Shaker Fareed Zainal
Member of the Board of Directors

Mr. Shaker, a highly experienced banking professional, carries with him a wealth of experience of over 25 years in the United Arab Emirates as well as Egypt, in senior management positions across large multinational and regional banks. Prior to joining Emirates Development Bank, he was the Head of Retail Banking and SME at Commercial Bank International. At the start of his banking career, he took up several leadership roles at HSBC Middle East and Mashreq Bank.

Mr. Shaker, a judicial expert (accountancy & banking) in Dubai Courts, was awarded the Development and Support Local Award from Human Resource Committee in the financial and banking sector by H.H. Sheikh Sultan bin Muhammad Al-Qasimi, Member of the Federal Supreme Council of the United Arab Emirates.

Mr. Shaker Fareed Zainal is a Member of the Board of Directors at Amlak Finance PJSC. Currently he is the Business Finance Director at Emirates Development Bank. At EDB, Shaker has been vested the responsibility of expanding the Bank's reach in Corporate, SME and Commercial banking segments. He is also in charge of the bank's strategic development as well as the end-to-end management of the Mohammed Bin Rashid Innovation Fund.

QUALIFICATIONS AND EXPERIENCE OF BOARD MEMBERS:

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

Mrs. Qasimi was the Group Head Financial Restructuring & Remedial in Emirates NBD Group until March 2021. Before that she held the position of Head of Shared services operations management in Abu Dhabi Commercial Bank. She was the Head of Elite UAE in First Abu Dhabi Bank; She was in charge of Elite Segment in UAE, Singapore and Switzerland.

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

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

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

A. Statement of the percentage of female representation in the Board for 2023 (In case of non-representation, please state that there is no representation).

The composition of the Board of Directors during the year 2023 includes a female member, Mrs Fatima Qasimi, who was appointed as board member on December 30, 2021.

B. Statement of the following

1. **The total remunerations paid to the Board members for 2022 :**
   The board remuneration amounting to AED 3,000,000 was approved by shareholders at the General Assembly on April 18, 2023. However, the Board has decided to disburse a total amount of AED 1,400,000 only as fees for year 2022.

2. **The total remunerations of the Board members, which are proposed for 2023 that will be presented in the annual general assembly meeting for approval.**

   The Company reported a profit for the fiscal year ended December 31, 2023 of AED 259 Mn and it will be recommended to pay a total remuneration of AED 1,400,000 to board members for 2023 for consideration by the Company's shareholders.

3. **Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for 2023 fiscal year, according to the following schedule:**

Allowances for attending sessions of the committees emanating from the Board

Name	The name of the committee	The value of the allowance for the meeting	Number of meetings
Mr. Khalid Salim Alhalyan	Internal Audit Committee	10,000	4
Mr. Ayad Hammad Alharazeen	Internal Audit Committee	10,000	3
Mr. Rashed Mohammad Ali Abdulrahman	Internal Audit Committee	10,000	4
Mrs. Fatima Qasimi	Risk Committee	10,000	4
Mr. Shaker Zainal	Risk Committee	10,000	4
Mr. Rashed Mohammad Abdulrahman	Risk Committee	10,000	4
Mr. Mastafa Karam	Nominations and Remuneration Committee	10,000	1
Mrs. Fatima Qasimi	Nominations and Remuneration Committee	10,000	1
Mr. Ayad Hammad Alharazeen	Nominations and Remuneration Committee	10,000	1

4. **Details of the additional allowances, salaries or fees received by a Board member other than the allow ances for attending the committees and their reasons.**

   No allowances, salaries or fees other than the allowances for attending the committees' meetings were paid.

5. **Number of the Board meetings held during 2023 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy**

Date of the meeting	Number of attendees	Number of acting attendees	Names of absent members
February 2, 2023	7 members	Nil	Nil
February 23, 2023	6 members	Nil	Mr. Ali Ibrahim Mohamed Ismail
March 22, 2023	7 members	Nil	Nil
May 29, 2023	7 members	Nil	Nil
June 7, 2023	7 members	Nil	Nil
July 24, 2023	5 members	1 member	Mrs. Fatima Qasimi/ Mr. Ayad Alharazeen
September 25, 2023	7 members	Nil	Nil
November 15, 2023	6 members	Nil	Mrs. Fatima Qasimi
December 13, 2023	6 Members	Nil	Mr. Shaker Zainal

6. **Number of the Board resolutions passed during the 2023 fiscal year, along with its meeting convention dates.**

The Board of Directors issued six resolutions by circulation during fiscal year 2023:

- The first resolution was issued on January 10, 2023 on the financial statements for year end 2022 and matters relating to the Company's business.
- The second resolution was issued on August 9, 2023 on the adoption of financial statements for the period ended June 30, 2023 and matters relating to the Company's business.
- The third resolution was issued on August 17, 2023 on matters related to the Company's business.
- The fourth resolution was issued on October 26, 2023 on matters related to the Company's business
- Fifth resolution was issued on November 6, 2023 on the adoption of financial statements for the period ended September 30, 2023
- Sixth resolution was issued on December 29, 2023 on matters related to the Company's business

7. **Statement of Board duties and powers exercised by Board members or the executive management members during 2023 based on the an authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:**

   The Board authorized Amlak's CEO Mr. Arif Alharmi Albastaki to manage the Company's day-to-day business under a power of attorney, and authorized the executive management within certain limits by approving the Authority Matrices of each department of the Company. The Board reviews the authorities granted periodically on an annual basis.

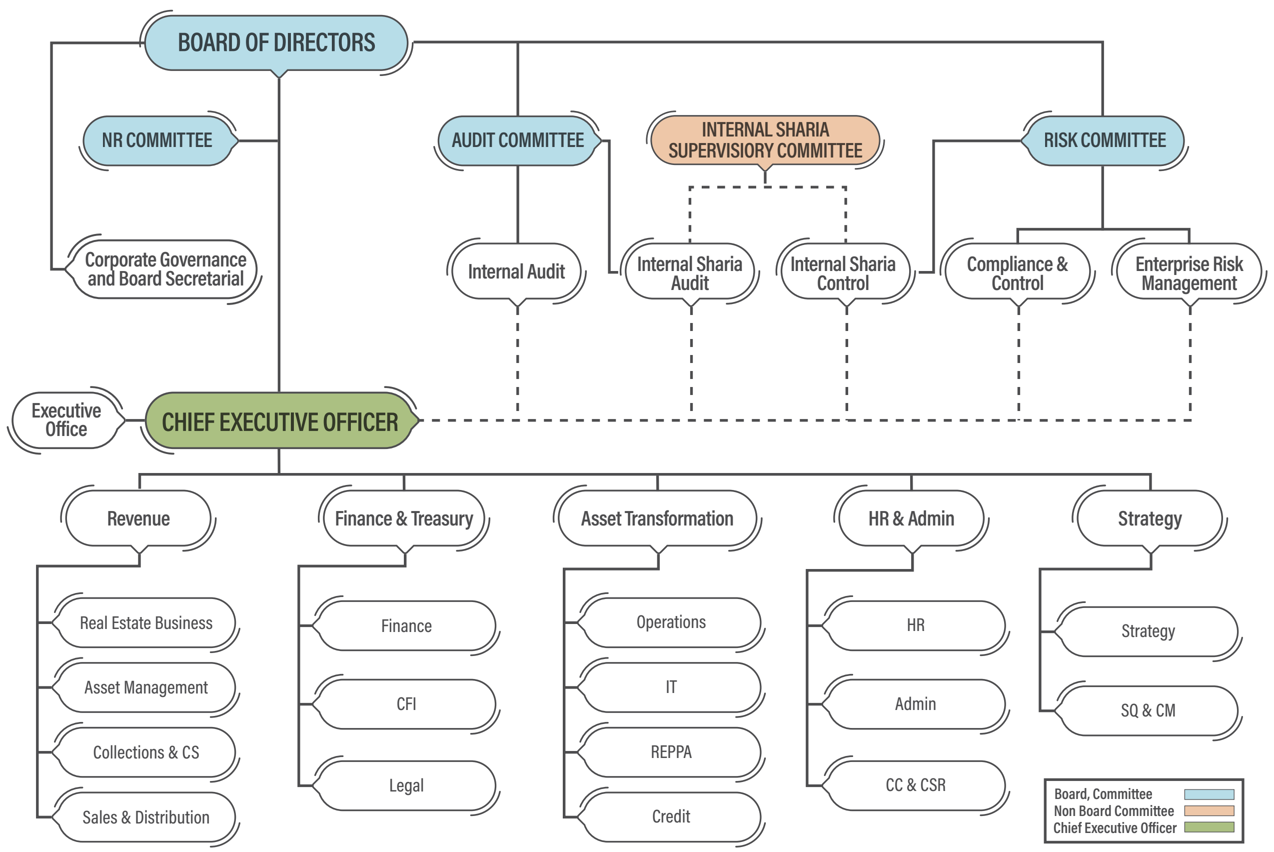
8. **Statement of the details of transactions made with the related parties (Stakeholders) during 2023, provided that it shall include the following:**

	Major Shareholders AED'000	*Directors and senior management AED'000*	*Other related parties AED'000*	*Total AED'000*
Investment Deposits	47,164	-	59,486	106,650
Other liabilities	18	-	23	41
Mudaraba Instrument	14,240	-	17,975	32,215

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

	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	1	-	-	1
Distribution to Financiers/Investors	998	-	1,515	2,513

9. The organizational structure of the company:



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

Sr.	*Post*	*Appointment date*	*Total salaries & allowances paid for 2023 (AED)*	*Total bonuses paid for 2023 (AED)*	*Any other cash/in-kind Remunerations for 2023 or due in the future**
1	Chief Executive Officer	May 23, 2007	3,507,664.00		
2	Chief Financial Officer	November 18, 2020	1,531,800.00		
3	Head of Revenue	January 18, 2021	1,119,072.00		

Sr.	*Post*	*Appointment date*	*Total salaries & allowances paid for 2023 (AED)*	*Total bonuses paid for 2022 (AED)*	*Any other cash/in-kind Remunerations for 2023 or due in the future*
4	Head of Strategy	January 18, 2021	921,000.00		
5	Head of Asset Transformation	March 28, 2022	875,000.00		
6	Head of Human Resources and Management	March 27, 2023	639,020.00		

* The Executive management is in the process of submitting a bonus proposal for employees for the year 2023 to the Nominations and Remuneration Committee.

4- External Auditor:

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

Deloitte in the UAE is part of Deloitte & Touche (M.E.). Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL). A core practice within our Middle East region, today Deloitte in the UAE has over 1,100 professionals based within five practice offices in Dubai, Abu Dhabi, Fujairah, Ras Al Khaimah, and Sharjah. Deloitte is a full-service firm in the UAE and have well developed practices serving leading enterprises and institutions in banking and financial services, real estate, leisure and hospitality, construction, public sector activities, trading, manufacturing, telecom, retail and energy and resources.

Deloitte clients include many of the United Arab Emirates' largest entities and clients in energy and resources, financial services institutions, real estate, construction, trading, and manufacturing in the public and governmental sectors.

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

Name of the audit office and partner auditor	Deloitte & Touche (M.E.), Dubai. Malcolm Coates
Number of years the firm served as the company external auditor	5 years
Number of years spent by the partner auditor in auditing the company's accounts	2 years
Total audit fees for 2023 in (AED)	AED 649,443
Fees and costs of other private services other than auditing the financial statements for 2023 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	AED 7,500
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	AUP Unclaimed Dividend
Statement of other services that an external auditor other than the company accounts auditor provided during 2023 (if any). In the absence of another external auditor, this matter is explicitly stated.	Nil

c. **Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2023 and in case of the absence of any reservations, this matter must be mentioned explicitly.**

There is no reservation in the Auditor's opinion on annual financial statements for year ended 31 December 2023 and quarterly financial statement.

5- Audit Committee:

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

b. Members of the Audit Committee :

1.	Mr. Khalid Salim Alhalyan	Chairman of the Committee
2.	Mr. Ayad Hammad Alharazeen	Committee member
3.	Mr. Rashed Mohammad Ali Abdulrahman	Committee member

Audit Committee members' responsibilities:

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

Number of meetings held by the Audit Committee during 2023 and their dates to discuss the matters related to financial statements and any other matters, and demonstrating the members' personal attendance times in the held meetings.

Meeting Number	Date of the meeting	Khalid Salim Alhalyan	Ayad Hammad Alharazeen	Rashed Mohammad Ali Abdulrahman
1	February 6, 2023	√	√	√
2	May 3, 2023	√	-	√
3	August 2, 2023	√	√	√
4	October 31, 2023	√	√	√

6- Nominations and Remunerations Committee:

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

b. Members of the Nomination and Remuneration Committee

1.	Mr. Mastafa Ismail Karam	Chairman of the Committee
2.	Mrs. Fatima Ahmed Qasimi	Committee member
3.	Mr. Ayad Hammad Alharazeen	Committee member

Nomination & Remuneration Committee members' responsibilities:

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

Statement of number of meetings held by the Committee during 2023 and their dates, and statement of all Committee members' personal attendance of times.

Meeting Number	Date of the meeting	Mastafa Karam	Fatma Qasimi	Ayad Hammad Alharazeen
1	April 17, 2023	√	√	√

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

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

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

b. The responsibility of following up and supervising the insiders' transactions has been assigned to the Board secretariat unit that shall take over the following tasks:
   - Prepare a special and integrated record of insiders who are permanently and temporarily familiar with the company's internal information before publishing it.
   - Maintain official declarations from insiders or signing a non-disclosure agreement with the companies in order to maintain the confidentiality of the exchanged information.

c. Summary of the work report of the Board secretariat unit during 2023:
The unit has updated the register of insiders' transactions and provided the market with the register periodically, in addition to the insiders signing official declarations or non-disclosure agreements confirming their possession of internal information and their obligation to comply with the relevant regulations.

8- Risk Committee:

Mrs. Fatima Qasimi, Chairman of the Risk Committee, acknowledges her responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Members of the Risk Committee

1.	Mrs. Fatima Qasimi	Chairman of the Committee
2.	Mr. Shaker Zainal	Committee member
3.	Mr. Rashed Mohammed AbdulRahman	Committee member

The Committee's responsibilities and functions:

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

Number of meetings held by the Risk Committee during 2023 and their dates to discuss issues relating to financial statements and any other matters, and to indicate the number of personal attendances of members at meetings held.

Meeting Number	Date of the meeting	Fatima Qasimi	Rahsed Mohammad AbdulRahman	Shaker Zainal
1	February 1, 2023	√	√	√
2	May 8, 2023	√	√	√
3	August 1, 2023	√	√	√
4	November 28, 2023	√	√	√

9- Internal control system:

a. The Board of Directors acknowledges its responsibility for the company's internal control system and the review of the effectiveness of its mechanism. The primary responsibility for reviewing risks, identifying and implementing adequate internal controls based on those risks lies with the management as the first line of defense. Wherein the Internal Audit, Risk Management, Compliance, Internal Sharia Control and Internal Sharia Audit departments represent the second and third lines of defense and play a fundamental role in verifying the effectiveness of Internal control systems applied to the company.

The Three lines of defense:

The first line: The first line of defense lies within the business, operations and other support departments, which are responsible for maintaining the effectiveness of internal controls and implementing risk and control procedures, through identifying and evaluating supervisory controls and mitigating risks.

The second line: Internal Sharia Control, Enterprise Risk Management and Compliance departments provide independent oversight and guarantees on the application of the regulatory controls by the first line.

The third line: The Internal audit and Internal Sharia Audit departments provide an independent assessment and confirmation of the adequacy and effectiveness of the internal control system applied at the company level.

The importance of the defense lines are as follows:

- Effective risk management: By segregating the responsibilities and establishing clear lines of defense, the company can ensure that risks are effectively identified, assessed, and controlled.
- Independent oversight: The participation of Board of Directors committees such as the Audit Committee and Internal Audit Support provides an objective assessment of the internal control system.
- Good governance: The process of effective supervision, follow-up and participation by the Board of Directors regarding the internal control system shows the extent of the Board's commitment to effective governance and transparency.

b. The name of the director of management, his qualifications and the date of appointment:

The Department was headed by Acting Head of Internal Audit Ms. Nishma Nagaria till 7 July 2023. On 7th of December 2023, the Internal Audit department has been headed by Mr. Wafiq Muhsen who has over 33 years of experience in banking, financial services, internal audit, risk management and compliance, and the internal control framework. Mr. Wafiq also has strong leadership skills and technical background, and holds a bachelor's degree in accounting, a diploma in banking and financial studies, and many other professional certificates.

c. Compliance officer's name, qualifications and appointment date:

Ms. Amira Adi was appointed Manager of Compliance in October 2021, wherein Ms. Amira's primary responsibilities are to ensure that the company operates within its defined regulatory framework, and promoting the compliance culture within the company.

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

Lines of Defense and in the event that material problems or control gaps are identified, the same will be reported to the Board of Directors or Board Committees and disclosed in the annual reports.

A report covering these issues or gaps is prepared and submitted to the Risk Committee or Audit Committee.

At the same time, the company's management takes the necessary measures in order to deal with each case, including providing the necessary clarifications and taking the required mitigation measures. There were no material problems reported or disclosed in 2023 by the management or the control units.

e. Number of reports issued by the Internal Audit Department of the Company's to the Board of Directors.

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

10- Details of violations committed during 2023 and their causes, how to address them and avoid future recurrence:

No fines or restrictions were imposed on the company by the Securities and Commodities Authority or any other legal authority during 2023.

11- Statement of the cash and in-kind contributions made by the Company during 2023 in developing the local community and preserving the environment.

Sr	Initiatives	Area of Impact	Description
1	10 Billion Meals Campaign	Community	Amlak Finance has contributed AED 5,000 to the One Billion Meals Endowment Campaign. This initiative, led by His Highness Sheikh Mohammed bin Rashid Al Maktoum, aims to provide food aid to vulnerable communities. The campaign concludes on the last day of Ramadan, reflecting our commitment to supporting global hunger relief efforts.
2	Azraq - Mangroves Planting	Environment	Aligning with the UAE's enhanced goal to expand mangrove cover, Amlak Finance has partnered with Azraq. This partnership supports the national ambition to increase the mangrove- planting target from 30 million to 100 million by 2030, as part of the UAE's second Nationally Determined Contribution under the Paris Agreement.
3	DFWAC - Supporting victims of Human Trafficking and abuse	Community	In our continued effort to provide immediate aid to victims of abuse and human trafficking, Amlak has purchased Gift Cards. This initiative ensures prompt and effective support for those in urgent need.
4	Rashid Center for the Disabled	Community	Amlak is committed to supporting the Rashid Center for the Disabled by covering the costs of speech and occupational therapy sessions for three students for an entire year, demonstrating our dedication to empowering individuals with disabilities.
5	Noor Training Centre for Children with Special Needs	Community	In our ongoing efforts to nurture learning and development, Amlak has sponsored two critical items from the Robotics wish-list of the Noor Training Centre for Children with Special Needs, furthering our commitment to inclusive education.
6	Water bottles for Staff	Environment	Emphasizing our commitment to sustainability, Amlak Finance has procured additional eco-friendly water bottles for our staff, promoting environmental consciousness in the workplace.
7	Umrah	Community	Amlak is proud to sponsor the Umrah pilgrimage for six employees, selected based on specific criteria. This initiative reflects our dedication to supporting our team's spiritual and personal growth.
8	Palestine Relief Efforts	Community	Demonstrating our commitment to global humanitarian efforts, Amlak Finance made a financial contribution to the MBR Global initiatives, supporting relief efforts in Palestine, particularly in Gaza.
9	Dubai Fitness Challenge 30 x 30	Workplace	During the Dubai Fitness Challenge, the company facilitated the use of the FITZE app for 70 employees, encouraging health and fitness in the workplace. The challenge included prizes for the Most Valuable Player in both the Female and Male categories.

12- General information:

a. Statement of the company's share price on the market (closing price, highest price, lowest price) at the end of each month during fiscal year 2023:

Month	High Price AED	Low Price AED	Closing Price AED
January	0.625	0.559	0.576
February	0.919	0.556	0.805
March	0.810	0.606	0.655
April	0.890	0.635	0.846
May	0.890	0.742	0.742
June	0.848	0.722	0.815
July	0.986	0.796	0.920
August	0.923	0.850	0.872
September	0.885	0.811	0.840
October	0.881	0.526	0.795
November	0.830	0.746	0.778
December	0.810	0.747	0.805

b. Statement of the comparative performance of the company's shares with the General Market Index and the sector index to which the company belongs during 2023:

Month	Amlak Finance PJSC - AED	DFMGI	Financial Services Sector Index
January	0.576	3,303.27	2,336.18
February	0.805	3,437.76	2,489.72
March	0.655	3,406.72	2,330.57
April	0.846	3,544.79	2,486.88
May	0.742	3,576.63	2,498.11
June	0.815	3,791.99	2,623.58
July	0.920	4,059.27	2,830.14
August	0.872	4,082.87	2,806.39
September	0.840	4,163.58	2,873.74
October	0.795	3,838.76	2,725.04
November	0.778	3,992.36	2,793.62
December	0.805	4,059.80	2,823.68

c. **Statement of the shareholders ownership distribution as on 31/12/2023 (individuals, companies, governments) classified as follows: local, Arab and foreign.**

		Percentage of shares owned			
Sr.	Shareholder rating	Individuals	Companies	Government	Total
1	Local	537,856,253	766,957,798	-	1,304,814,051
2	Arabic	96,942,707	22,727,410	-	119,670,117
3	Foreign	39,062,706	36,453,126	-	75,515,832
Total		**673,861,666**	**821,622,599**	-	**1,500,000,000**

d. **Statement of shareholders owning 5% or more of the Company's capital as on 31/12/2023 according to the following schedule:**

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

e. **Statement of how shareholders are distributed according to the volume of property as on 31/12/2023 according to the following schedule:**

Sr.	Equity ownership (shares)	Number of shareholders	Number of shares owned	Percentage of shares owned by capital
1	Less than 50, 000	20,335	121,258,049	8.084%
2	From 50,000 to less than 500,000	1,373	176,053,378	11.737%
3	From 500,000 to less than 5,000,000	172	203,905,205	13.594%
4	More than 5,000,000	24	998,783,368	66.586%

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

The company is keen on ensuring a timely and proper response to shareholders' inquiries addressing their requests.

The integrated report for the year 2022 was disclosed to enable shareholders and other investors to easily access and obtain detailed information about the company.

The name of the investor relations officer, Mr. Amor Ben Abdelwahed

g. **Investor Relations Communication Data:**

Name: Amor Ben Abdelwahed
Email: Investorrelations@amlakfinance.com
Phone: +97144274575
Mobile: +971507157078

h. **The electronic link to the Investor Relations page on the company's website:**
https://www.amlakfinance.com/investor-relations

i. **Statement of special resolutions presented at the 2023 General Assembly and actions taken:**

The General Assembly meeting was held on April 18, 2023, and the following special resolutions were issued:

- It was resolved to transfer the balance of the General Reserve amounting to AED 276,228,625.21 to offset the accumulated losses partially.
- It was resolved the continuity of the Company's operations according to the requirements of article no 309 of the Federal Decree-Law No. 32 of 2021 on Commercial Companies.
- It was resolved to approve voluntary contributions for the year 2023 not exceeding 0.022% of the net profit of the year 2022.The decision was implemented.

j. **Company Secretary of the Board meetings.**

Ms. Lama Takieddin was appointed as the company's secretary on February 2, 2020, and she holds a bachelor's degree in economics and a bachelor's degree in law, and she is a certified board secretary by the Hawkamah Institute. She plays a key role in ensuring the implementation of a good governance culture within the company and compliance with applicable corporate governance requirements and regulations.

k. **Detailed statement of major events and important disclosures that the Company encountered during 2023.**

- The company continued the successful execution of the debt management program enabling seven financiers to fully settle during the period ended 31st Dec 2023. The Debt settlement arrangements yielded a net gain of AED 174 million and contributed to a total debt reduction of AED 531 million.
- In May 2023, the company started the negotiations with its financiers to exit the Common Terms Agreement and submitted settlement offers for such exit which has imposed some conditions and restrictions on the company. The negotiations are still ongoing.
- The Company is currently exploring all the available options including exiting the real estate financing sector.

l. **Statement of the transactions that the Company has carried out with related parties during the year 2023, which are equal to 5% or more of the Company's capital:**

Nil

m. **Statement of Emiratisation percentage in the Company at the end of 2021, 2022, 2023**

2021	2022	2023
4%	11%	16%

n. **Statement of innovative projects and initiatives carried out by the company or being developed during 2023.**

Amlak initiated migration of key applications to cloud in 2023 and the project will be completed in 2024 which will result in reduced operational expenses and provide more flexibility.

AMLAK FINANCE PJSC

SUSTAINABILITY REPORT 2023

AMLAK

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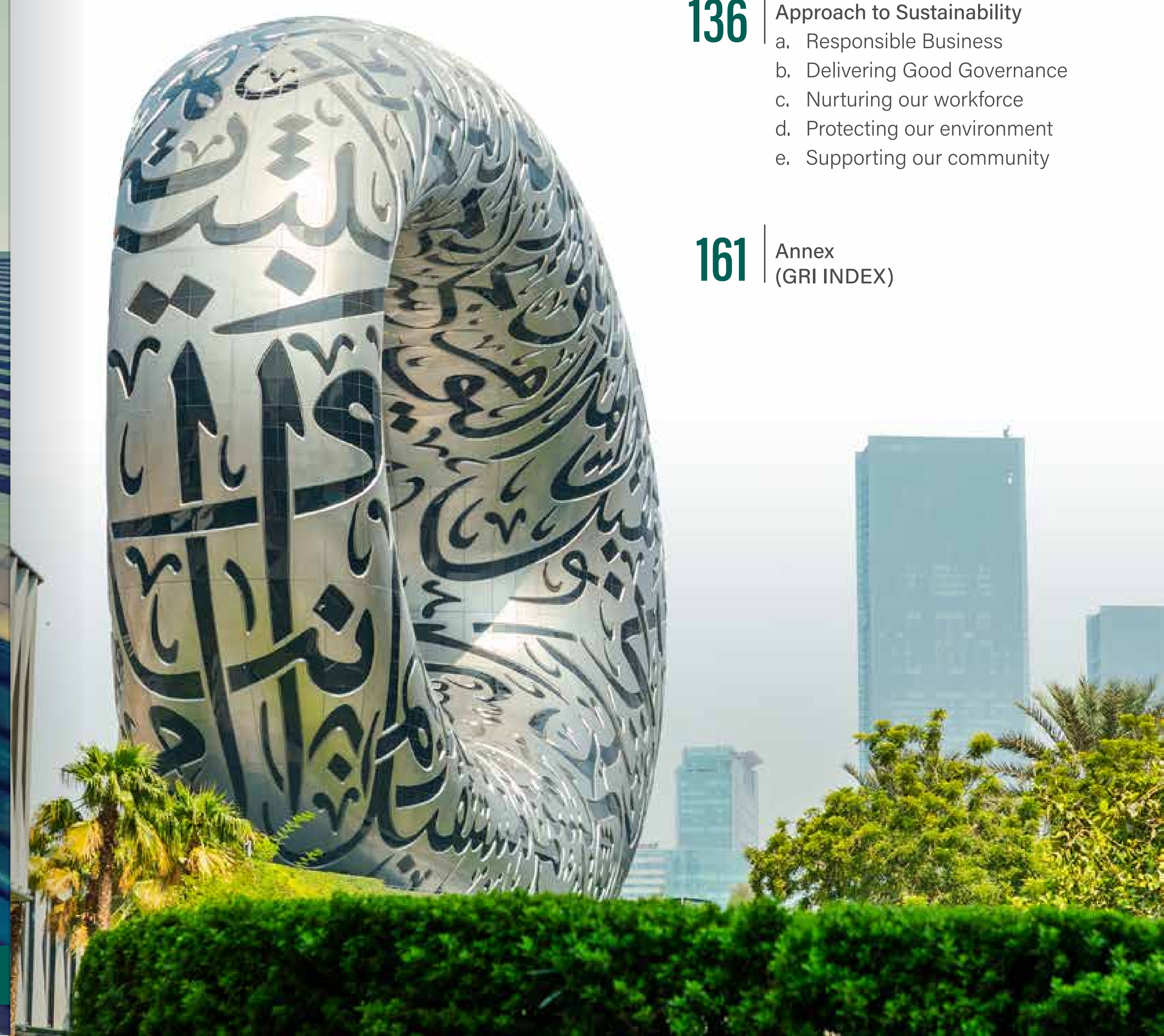


SECTION 1

BOUNDARIES - REPORTING SCOPE

Headquartered in Dubai, United Arab Emirates, Amlak Finance operates as a finance company licensed by the UAE Central Bank, with our activities guided by Islamic Sharia principles.

This report covers the period from January 1 to December 31, 2023, with a specific focus on Amlak Finance's operations in the UAE, accounting for 91% of our consolidated revenues during the year. The report includes all UAE subsidiaries and excludes two non-UAE subsidiaries in Egypt and our associate entity in the Kingdom of Saudi Arabia representing the remaining 9%.

Subsidiary	Country	Percentage of Ownership (2023)	Business
Amlak Sky Gardens LLC	UAE	100%	Investment in Commercial Enterprises & Management
Amlak Holding Limited	UAE	100%	General Trading
Warqa Heights LLC	UAE	100%	Investment in Commercial Enterprises & Management, Investment in industrial Enterprises & Management, Investment in Agricultural Enterprises & Management
Amlak Capital LLC	UAE	100%	Investment in Commercial Enterprises & Management
Amlak Property Investment LLC	UAE	100%	Own, Leasing & Management of self - Owned Property Real Estate
Amlak Limited	UAE	100%	General Trading

Basis of Preparation

This report has been prepared in reference to the Global Reporting Initiative (GRI) Standards and is aligned with the Dubai Financial Market's (DFM) ESG metrics as well as the Sustainable Development Goals (SDGs). For a complete overview of our reporting, please see the GRI Content Index at the end of the report, which includes our alignment with the DFM's ESG disclosures.

Assurance

This report has undergone a thorough review by relevant internal departments and our financial statements have been independently audited by a reputable international firm.

Communication and Feedback

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

SECTION 2

MESSAGE FROM CEO

In 2023, a pivotal year for us, Amlak deeply considered its vision and strategy for the future. In the forthcoming days, we look forward to sharing these insights with our valued shareholders. Nevertheless, we have continued to focus on creating sustainable, forward-thinking value for all stakeholders.

As a Sharia-compliant financial institution, we have stayed true to our commitment to an ethical and sustainable approach in all business activities and these principles continue to be integrated throughout the organization, ensuring all our operations adhere to the highest of standards.

Recognizing the profound significance of maintaining stakeholder trust in the financial industry, we pride ourselves on the successful implementation of good governance practices across our organization establishing a foundation for long-term sustainable value at Amlak.

Alongside our business relationships, we understand that Amlak's workforce is integral to our growth and resilience. We proudly cultivate a positive and supportive work environment that actively encourages employee engagement. Reinforcing these values, the company has successfully implemented initiatives fostering a workplace culture centered on the professional growth and development of its employees.

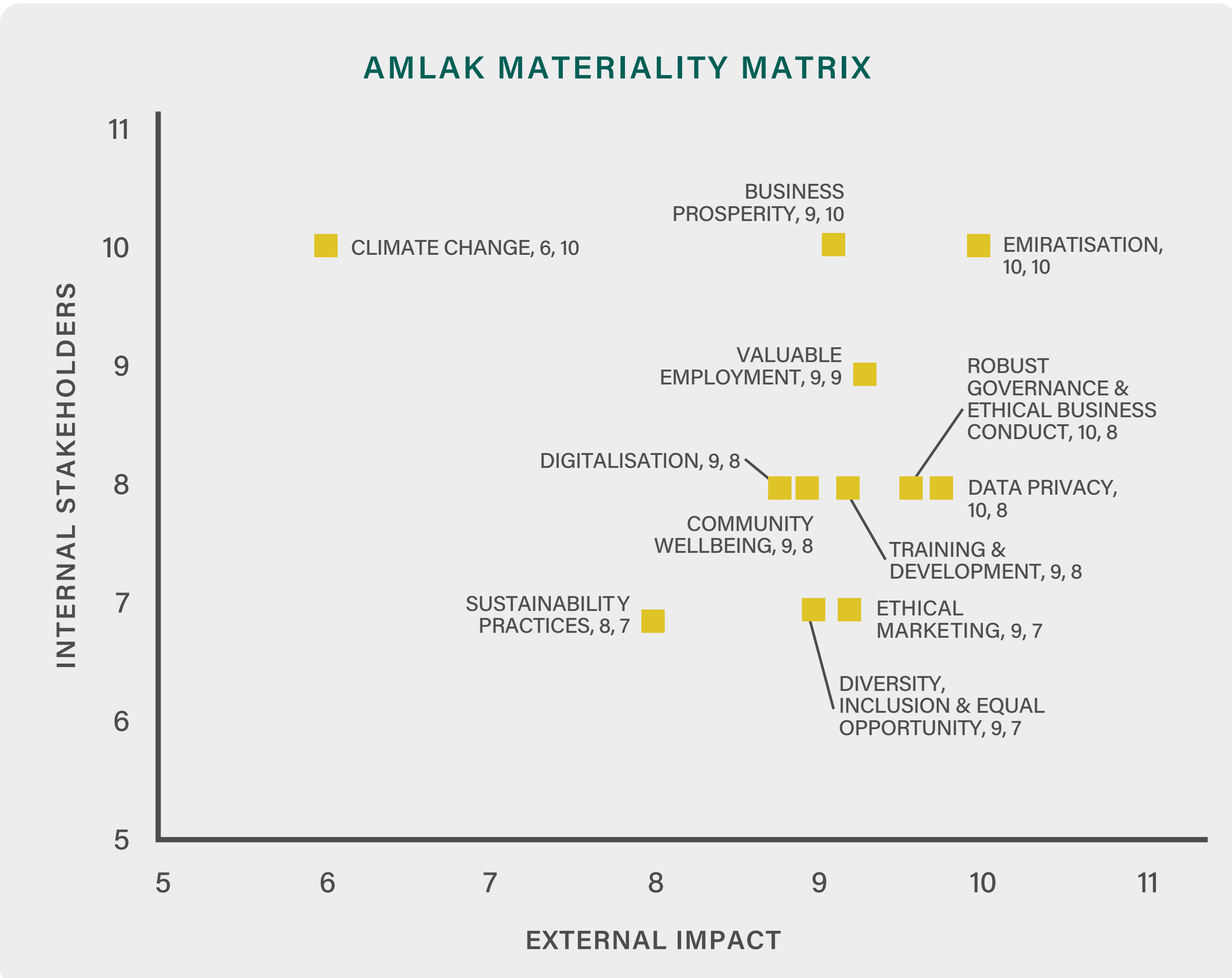
Moreover, our commitment to our community remains central to our activities. Throughout 2023, we continued to conduct initiatives that foster and strengthen this relationship.

Looking to the year ahead, we remain dedicated to implementing our ESG pillars and reinforcing our commitment to sustainable and responsible business practices. This empowers us to create a greater impact on our stakeholders and the environment.

Arif Alharmi Albastaki
Chief Executive Officer

SECTION 3
MATERIALITY ASSESSMENT

We have continued to focus on the materiality topics that we have identified in 2022 using a combination of existing stakeholder engagement methods, peer analysis and internal discussions.



The material topics are set out below in the order of their importance to the stakeholders:

No.	Material Topic	GRI Correspondence	DFM Correspondence	Pages No.
1	Emiratization	N/A	S11: Nationalization	154, 155
2	Business Prosperity	GRI 201 – Economic Prosperity	N/A	138
3	Robust Governance, Ethical Business Conduct	GRI 205 – Anti-Corruption	N/A	145, 149

No.	Material Topic	GRI Correspondence	DFM Correspondence	Pages No.
4	Digitalization Data Privacy	GRI 418 – Customer Privacy	G6: Data Privacy	138, 139
5	Valuable Employment	GRI 401 – Employment	S3: Employee Turnover S5: Temporary Worker Ratio	150, 151
6	Training & Development	GRI 404 – Economic Prosperity	N/A	151, 152, 153
7	Community Wellbeing	GRI 413 – Local Communities	S12: Community Investment	157, 158, 159, 160
8	Ethical Marketing	GRI 417 – Marketing & Labelling		146, 147
9	Diversity, Inclusion & Equal Opportunity	GRI 405 – Diversity and Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity S6: Non-Discrimination	154, 155
10	Sustainability Practices	GRI 302 – Energy GRI 305 – Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation	156, 157
11	Climate Change	GRI 302 – Energy	E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation	156, 157

SECTION 4

APPROACH TO SUSTAINABILITY

As a Sharia-compliant institution providing investment in and financing for the real estate sector we are committed to use our influence on our stakeholders for doing good. Our sustainability framework focuses on five pillars which we aligned with relevant Sustainable Development Goals. These pillars include the following:

1. Practicing Responsible Business
2. Delivering Good Governance
3. Nurturing our workforce
4. Supporting our community
5. Protecting our environment

These pillars cover all our stakeholders and also deal with the material sustainability topics we have identified in Section 3-Materiality Assessment in relation to the three key aspects: prosperity, people and planet.

Relationship with Stakeholders

Maintaining good relationships with stakeholders is crucial for the success and sustainability of any company. It is essential to understand and acknowledge the contributions and influence of each stakeholder in order to effectively manage these relationships. By mapping stakeholders based on their level of contribution and influence, companies can prioritize their engagement efforts and tailor communication strategies accordingly.

Amlak identifies key stakeholders and their respective roles to allocate resources and attention appropriately. Stakeholders who have a high level of contribution, such as investors or strategic partners, are given special consideration and provided with regular updates. Their feedback can greatly impact decision-making processes and the overall direction of the Company.

Similarly, stakeholders with significant influence, such as regulators, are engaged proactively to ensure compliance and maintain positive relationships. Understanding their priorities and concerns enables Amlak to address potential issues and mitigate risks effectively.

On the other hand, stakeholders with lower levels of contribution still play a role in the success of the Company, therefore building and maintaining positive relationships with these stakeholders foster goodwill and potentially lead to future opportunities or collaborations.

Regular communication and transparency are key elements in maintaining good relationships with stakeholders. By actively seeking their input, addressing their concerns, and keeping them informed about relevant developments, the Company can demonstrate its commitment to collaboration and mutual success.

Approach to the SDG's

As a Sharia compliant institution, we apply an ethical and sustainable approach to everything we do, in the way we do business and the way we engage with our stakeholders. We therefore realise that we are able to contribute to many of the Social Development Goals. For example, by not funding activities related to the arms industry, alcohol, tobacco, adult entertainment or gambling sectors we may be contributing to a number of Social Development Goals (SDGs) namely SDG 3, Good Health and Well Being, SDG 16 Peace, Justice and Strong Institutions and SDG 8 Decent Work and Economic Growth.

We also understand that SDGs are inter-connected and that achieving one SDG may help achieve one or more others. In order to focus our impact and maximise the use of our resources we are focused only on a few SDGs. These are:

SDG 8 Economic Growth and Decent Work covers many aspects under several of our pillars such as responsible and ethical business, good governance and employee wellbeing. It also impacts, indirectly, both our community and the environment.

In addition, through our CSR activities that stem from both our Sharia compliant nature and our commitment to our local communities, we create impact under several SDG's such as SDG 1 (no poverty), SDG 2 (Zero hunger), SDG 4 (Quality Education), and SDG 10 (Reduced inequalities) (See section 4E – Supporting Our Community-CSR Activities)

A. Responsible Business

We pride ourselves on being a responsible business by focusing our business activities in the following ways:

- Following Sharia principles and the exclusion of unethical and socially harmful activities.
- Following a robust governance framework and policies that aim to reduce risks related to our business activities as a Sharia compliant real estate finance provider.
- Engaging with customers in relation to our product offering and our commitment to designing simple and transparent products.
- Engaging with our community on various social issues. We are committed to giving back to the community. We do this through corporate giving, volunteering and other CSR activities.
- Focus on generating value for all stakeholders.

Islamic Finance

Amlak is a provider of Sharia-complaint real estate financing products. This means that we follow a set of principles, derived from Islamic teachings which promote fair play and ensure that our customers' financial affairs are handled responsibly.

We have developed policies, procedures and products that ensure our activities fulfill Sharia criteria, including for example not financing the arms industry, alcohol, tobacco, adult entertainment or gambling. The ultimate objectives of Islamic finance principles are to encourage trading and enterprise that generates wealth for the whole community and protect mankind from harmful and unethical activities so as to preserve the general wellness of human beings.

Sharia compliance permeates through the whole organisation. All our operations and business are Sharia compliant. This is ensured through 3 levels of bodies: The Sharia Committee; the Sharia Control Department and the Internal Sharia Audit Department. The composition and function of each of these bodies is further described in section 4B-Delivering good governance - Sharia compliance.

Business Prosperity and Contributions to Shareholders and Stakeholders

The ability to generate shareholder and stakeholder value is important to the continuity of our business.

Our Economic Impact

As a company specialized in real estate financing and real estate investments, we provide access to capital for real estate acquisition and development to generate economic value for all our stakeholders. As such, we continue evaluating the way we work, and we are currently exploring all options and activities that may achieve further growth including exiting the real estate financing sector in the future.

We understand the importance of the flow of capital among different stakeholders through sharia compliant and ethical means to ensure that we are creating sustainable value for all by accurately reporting and monitoring our economic value generated and distributed. We can make informed decisions and take appropriate actions to create sustainable value for all.

Our direct economic value generated includes revenue from our financing portfolio as well as income from our real estate investments. Our economic value distributed includes payments to the financiers, and salaries to the employees. To that end, we have computed Amlak Finance's economic value generated and distributed during 2023 as indicated below.

- Government: During 2023 we paid AED 1,626,366.38 in the form VAT and other government fees and subscriptions to the UAE government.
- Employees: During 2023 we have paid a total amount of AED 40,854,691.29 as salaries and benefits to our employees. To understand more how we create value and valuable employment to our team, please see section 4C - Nurturing Our Workforce
- The community: To understand more how we create value and community engagement please see section 4E - Supporting Our Community
- Financiers: During 2023, we have paid a total of AED 400,687,097.49/ to our financiers in the form of principal, profit and by debt settlement arrangements.

Digitization Data Privacy

Digitization & Innovation

We continued the progress on our digitalization journey and improved several processes. Examples include, creating financial calculators, improving customer related processes such as, statement of account consolidation as well as operational processes improvements relating to HR.

In today's digital age, to stay competitive companies need to provide convenient, easy-to -use products and services that are also secure. At Amlak we continue to transfer many operations where we can to paperless operations and optimize use of resources as well as improve customer experience. Thus saving time, effort and optimizing use of resources.

The digitization and transformation efforts are led by a strategic IT transformation steering committee that approves such projects with a clear objective of eliminating human errors, improve efficiency, optimizing use of resources and improve customer service.

We continue to improve on delivering our commitment to increase the percentage of our documents digitally signed in the future. This year the percentage of the documents digitally signed has increased from 47% on Jan to 64% by Dec 2023, considering that some documents have to be signed only physically such as (Liability letters, settlement letters, DDAs, etc.)

We made significant strides in our digital journey that started in 2021 by implementing a number of initiatives that have improved our operations, systems, processes, and customer service generally.

Data Privacy

We have a duty to protect customers' data. In a digital society, financial transactions are increasingly conducted digitally, and cybercrimes are on the rise. In protecting Amlak's credibility, it is critical to protect customers' data and privacy by having strong safeguards from cyberattacks.

Failing to prevent cybersecurity breaches and loss of customers' data could lead to reputational damage and loss of trust and potentially disrupt business operations. To this end we have assigned an information security policy that sets out safeguards to support our commitment to collect, use and protect customer and stakeholder data.

Our Data Privacy Measures include:

Data Loss Prevention	Access Control	Rights Review	Security Training
A system is in place to monitor and prevent data leakage	Restrict access to records and files containing confidential information to those who need it to perform their duties	Periodic review of users' rights to ensure that no user or group has excessive privileges, based on the role requirements	Regular training and on-the-job inputs to all employees to guard against potential cyber-attacks such as ransomware or others

We continue to have zero leakage or data theft in 2023 and monitor these metrics as follows:

Year	Total number of complaints received from outside parties and substantiated by the organization	Total number of complaints raised through regulatory bodies (Central Bank)	Total number of identified leaks, thefts, or losses of customer data
2023	54	3	0
2022	59	3	0
2021	81	7	0

Digital Signature Solution

We are constantly looking for ways to improve our processes and make them more efficient. We continued our digital signature project that started in 2021. In 2023 we have achieved a 135% increase in digital signatures thus saving approximately 27586 pieces of A4 size paper.

Responsible Products

Our Offering

(1) Ijarah

The financing product offered to end-users and investors who want to replace rent with finance can be achieved through utilizing the Ijarah method, where the company purchases the property from the developer/seller and lease it to the customer. This lease agreement includes monthly rentals consisting of fixed, variable, and supplementary components. Ultimately, at the end of the lease term, the company will sell the property to the customer based on the promises made in the beginning. As such, the company enables individuals to replace their rent with a financing option and secure a long-term asset through the process of Ijarah.

(2) Istithmari

A professional Buy-to-Let Ijarah Finance and Investor Finance product specifically tailored for investors who possess a high level of activity and confidence within the rental property market of the UAE.

(3) Private Construction Finance

We offer this solution to individuals or corporates undertaking construction of private properties.

(4) Tatweer (Off-Plan)

A financing solution for under-construction properties aimed at both investors and end users. It includes a full suite of property management services post completion and handover.

(5) Edaara

Amlak facilitates the process of renting for customers as the opt for 'Edaara', it's the non-financial value-added off-shoot product of Ijarah to offer the option of property management services to clients as an additional revenue stream for Amlak.

(6) Double your property

Finance product targeted towards increasing the portfolio of ready properties through new investors who fully own properties, or through existing and tested clients in our books by offering them additional property with no fresh equity investment.

Our documentation is structured on a Sharia compliant basis and therefore include provisions such as donating any late fees to charity and not charging rental in the case of non-delivery of a property that was under construction. Please also see section 4B good governance relating to Fair marketing.

Amlak contracts follow robust Sharia principles, clear and easy for the customers to understand its terms , rights and obligations. Amlak is not currently underwriting any new financing under the Islamic real estate financing products however, we continue to manage a portfolio of these products for existing customers.

Collection & Recovery

Maintaining the financial health of our company requires paying attention to timely debt collection. By implementing effective collections practices to recover debt, minimize losses, and ultimately improve our cashflow, risk management and overall financial performance.

To achieve these benefits, Amlak Finance has implemented best practices in our collections processes. We utilize data analytics, offer flexible payment options, and adopt a customer-centric approach. We continually review and improve our collections practices to ensure that they are efficient and effective in achieving our goals.

Customer Satisfaction & Service Excellence

At Amlak Finance, satisfaction of our customers has been our top priority and forms a core part of our business model. We understand that buying a home or investing in real estate is a significant decision and we strive to make the process as smooth and stress-free as possible for our customers. We consistently engage with potential homebuyers and the real estate market to maintain an up-to-date understanding of their financing requirements and to continuously evolve our solutions accordingly. Our commitment to customer service excellence extends throughout the entire purchasing process as well as within our organisation.

Our customer satisfaction process comprises of a number of key components:

(1) Complaints management

Our Complaints Management Unit was formed to handle customer complaints in a timely and professional manner. This team operates independently and reports directly to the head of Strategy, ensuring that customer concerns are given the highest level of attention.

Customers can easily file complaints through our website via an online form, or by email. The Unit ensures that complaints are addressed and resolved within a maximum period of six working days.

Total Number of Substantiated Complaints Received from Customers

Year	Branch	Customer Service Agent
2023	42	-
2022	64	3
2021	81	7

(2) Quality Control

Once a complaint is resolved, Amlak Quality Control team sends a survey email to the customer post closure of the complaint.

In addition, there are many processes that include scoring of the customer calls to ensure key requirements are met such as customer identification and other key aspects and procedures that must be followed on each customer call.

(3) Annual Customer Satisfaction Surveys

We are committed to providing our customers with the highest level of service and satisfaction. In addition to the previous steps and to measure our progress in this area, we conduct customer satisfaction survey on an annual basis.

The survey results demonstrate our consistent achievement of high customer satisfaction in recent years. In 2023, Amlak sustained a satisfaction level similar to previous years, maintaining a score that surpasses the market average.

Overall Customer Satisfaction Percentage

Year	%
2023	71.6%
2022	75%
2021	57%

(4) Training

To ensure that we are equipped to deliver effective customer service, we provide regular need-based training to all our agents, call centre and complaints department to establish clear communication channels and have systems in place to handle customer complaints efficiently.

(5) Reporting

Our complaints management department prepares annual reports that are presented to the board as well as periodic reports to the UAE Central Bank relating to complaints received, their nature, how they were resolved and other relevant information.

B. Delivering Good Governance

Good governance serves as the foundation for creating long-term sustainable value and is the cornerstone of any successful business. Our robust governance structure is built on strict policies and procedures designed to prevent regulatory violations and instances of non-compliance, while supporting prudent risk management and protecting our brand and reputation. Good governance is essential for us to maintain the trust of our stakeholders and continue to create value for all.

Our Governance Structure

We maintain high standards of corporate governance in line with the regulations set by the UAE Central Bank and the Securities & Commodities Authority. Our company currently comprises of a 7-member board of directors, all of whom are non-executive; 6 are independent members and include 1 female. Each of our board members brings a wealth of experience and reputation as well as proven leadership skills.

Board of Directors:

Mr. Ali Ibrahim Mohamed Ismail, (Chairman)
Mr. Khalid Salim Alhalyan, Vice Chairman).
Mrs. Fatima Ahmed Rashid Qasimi, (Member)
Mr. Rashed Mohammad Ali Abdulrahman, (Member)
Mr. Ayad Hammad Alharazeen, (Member)
Mr. Mastafa Ismail Karam, (Member)
Mr. Shaker Fareed Zainal Karmastaji, (Member)

Board Training

In compliance with the UAE regulations our board members go through annual training. In 2023, Amlak conducted board training that covered the following topics:

- Resilience, risk and crisis management
- The rise of ESG
- Stewardship by international institutional investors
- The human element
- Stakeholder management
- The importance of disclosure

Our Board Committees

To effectively exercise its oversight responsibilities, our Board of Directors has established specialized committees to address key matters. Our current committees include:

Audit committee: This Committee provides oversight of the financial reporting and audit processes and ensures that the company's internal controls and compliance policies are effectively implemented.

Risk committee: The focus of this Committee is to exercise oversight of the company's risk management practices through specific policies and procedures. Additionally, the Committee ensures an integrated approach to identifying, managing, reporting, and monitoring risk across the organization.

Nomination and Remuneration Committee: This Committee periodically reviews the structure of the Board to ensure diversity and inclusion of individuals with the necessary reputation, leadership skills and industry-specific expertise. They also ensure appropriate remuneration policies for both the Board of Directors and the senior management.

Our Management Committees

Our management committees play a key role in overseeing and managing the company's operations and compliance with risk parameters. They also work towards achieving Amlak Finance's strategic goals and monitoring the company's performance. Our current management committees include:

Management Committee (MANCO): The MANCO is responsible for implementing the company's strategic direction by overseeing and monitoring the performance of the business, to ensure the achievement of the company's objectives.

Assets and Liability Committee (ALCO): The ALCO manages the company's balance sheet, including assets, liabilities, asset allocation, liquidity, and capital adequacy.

Credit Committee: The committee's main purpose is to evaluate the finance requests referred to the Committee in accordance with the approved Credit Authority Matrix. The Committee also reviews the credit policies to ensure compliance with the relevant regulations.

Internal Control

Internal control is driven by two independent measures. The first is the annual compliance risk assessment that compliance unit must conduct jointly with the management of business unit. The second is Internal Audit which is considered as an additional third line of defense that provides independent assurance of effectiveness of compliance monitoring framework and its implementation by the compliance and business units.

Policies review

All our internal policies are reviewed annually, and in some cases earlier if there are significant changes, such as regulatory requirements.

Risk management

It is essential to identify, evaluate and mitigate potential risks that may impact our ability to meet our financial and operational objectives. By effectively managing risks, we can protect our assets, maintain the confidence of our customers and shareholders, and comply with regulatory requirements.

Risk management also allows us to identify and capitalize on new business opportunities. This is a key element in ensuring the long-term stability and success of a financial institution like ours.

Enterprise risk management policy

Our Enterprise Risk Management (ERM) policy establishes a framework of guidelines for the management of risks. It aims to provide a consistent and comprehensive approach to identify, evaluate, and manage the risks that Amlak is exposed to. The ERM policy has the following objectives:

- Integrate risk management into the company's culture and decision- making process
- Define the overall risk appetite of the company
- Identify risks in various departments and plan ways to mitigate them
- Analyze the impact and likelihood of risks at an inherent and residual level
- Identify and implement relevant risk strategies
- Monitor and report risks to the Risk Committee and Board to facilitate management decision-making
- Assign responsibilities for risk management at all levels of the organization

The ERM framework that guides our approach to risk management is composed of four key pillars: Risk Monitoring and Reporting, Risk Identification, Risk Measurement, and Risk Mitigation.

Risk governance structure creates several layers of defense that are outlined below:

Board of directors:	that establishes risk appetite and strategy.
Business units:	that identify, manage and report on risks and perform risk assessments to ensure they remain within acceptable risk appetite.
Enterprise Risk Management Team:	supports business unit, and at the same time develops risk management methodology and monitors adherence to ERM framework and strategy.
Internal Audit:	the final line of defense that provides independent verification of compliance with the risk appetite and strategy.

The ERM and Internal audit departments are independent and they both report directly to the Board.

Through our ERM framework, we strive to achieve an optimal balance between risk and return. This means that we aim to create sustainable value while also ensuring financial stability. By continuously monitoring and reporting on risks, identifying potential risk, measuring the impact of these risks, and taking appropriate measures to mitigate them, we can make informed decisions that will help us achieve our business objectives.

Compliance

As a financial institution, it is essential that we maintain a strong culture of ethical conduct conducive to preserving the trust of our customers and the community. We have a robust compliance policy in place to cover all regulatory requirements related to our business, such as those set by the UAE Central Bank, The Securities and Commodities Authority, and the Dubai Financial Market. Given our focus on the real estate sector, we also comply with regulations from Dubai's Real Estate Regulatory Agency (RERA) and the Dubai Land Department (DLD).

Our compliance policy covers topics such as customer KYC, Anti-money Laundering, ethics and conduct, fair market conduct, data protection and other consumer protection policies. It is designed to ensure that our compliance and control department can effectively monitor all departments and ensure compliance with all regulatory requirements. The compliance officer has the necessary authority to perform monitoring over all business units and reports directly to the Board Risk Committee to maintain independence.

To ensure proper implementation of these policies, we provide regular training to all employees (including new employees) across all functions and job categories. This includes training on AML and CFT risks, both online and internally. We continuously monitor our policies and procedures to ensure that they are always in compliance with the latest regulations. As such, they are updated at least annually and additionally when any changes are introduced in the regulations.

Anti-money Laundering and Combating the Financing of Terrorism

Money laundering and the financing of terrorism (AML/CFT) are key risks to financial institutions. We have put in place robust policies and procedures to ensure that our services are not tainted with any such risks and have put in place compliance and control policies that are effective and efficient. These policies take into account applicable UAE Central Bank and other federal regulations as well as applicable FATF (Financial Action Task Force) recommendations and generally adopt additional best practice regarding risk management.

Amlak has robust KYC policies that cover applicable regulations and apply CDD (Customer Due Diligence) on each customer. We have a zero-tolerance policy for fraud and corruption and are fully committed to adhering to local and international anti-corruption and anti-bribery laws.

Whistleblowing policy

The whistleblowing policy aims to foster a culture of honesty, trust and responsibility within Amlak. It establishes a secure and confidential avenue for employees and stakeholders to report any concerns or violations as well as disclosures related to fraud or corruption to the relevant internal authorities.

The policy sets out the rules governing escalation and reporting of concerns and unethical practices by Stakeholders. It equally empowers the company to effectively deal with disclosures from whistle-blowers in a way that will protect the anonymity of the whistleblower and secure the information provided.

It extends to all individuals associated with the company, including employees, directors, officers, third party, contractors, and suppliers, encouraging them to adopt the same principles in their interactions with us.

All stakeholders of Amlak have a responsibility to report any concerns they may have. This includes a list of concerns that should be escalated, such as financial reporting issues, fraudulent activity, breaches of policies and procedures, breaches of the company's code of conduct, breaches of laws and regulations, and retaliation or retribution for reporting concerns. Matters of significance that could impact Amlak's activities or financial position should also be reported. Additionally, other complaints related to customer dissatisfaction, communication errors, collections issues, and various other matters should be reported in writing or through the complaint management system.

Principles of Fair marketing at Amlak Finance

We are committed to fair marketing and contractual practices and believe that these practices are essential for building trust and long-term relationships with our customers ultimately contributing to our financial goals.

Our Advertising and Marketing Policy aims to not only drive financial success but also to promote consumer awareness, protect against financial crime, and prevent fraud. More importantly, the policy ensures that our advertising and promotions align with the regulations and standards set forth by the Central Bank for Consumer Protection. Through a unified, focused, proactive, and sustained approach, we strive to establish a common methodology that upholds these principles in all our advertising efforts.

To ensure responsible promotion of our solutions, we have developed the Amlak Finance Principles of Fair Marketing which include a number of key guidelines to ensure the achievement of the above objectives. The principles includes providing customers with clear and accurate information about our products and services, and ensuring that all contracts are fair, transparent, and easy to understand. This includes clarity on details of the offering such as profit rates, and all key terms. Advertisements must not be deceptive or inaccurate and must warn customers of the consequences of failing to meet conditions and requirements.

All advertisements must be Sharia compliant and be reviewed by the Internal Sharia Control Department.

The implementation of the Amlak advertising and marketing policy involves multiple departments within the organization. These departments include Product Marketing and Portfolio Management, Corporate Communications & CSR, Legal, Internal Sharia Supervision Committee through Internal Sharia Control, Compliance, Sales & Distribution, Customer Service, and Collections.

This policy applies to all Amlak employees and covers all advertising and marketing channels, including mailers, posters, displays, outdoor advertising, and social media advertising. To ensure its effectiveness, the policy undergoes regular review by the concerned department.

Incidents of non-compliance concerning product and service information and labeling

Year	Number of Incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty
2023	Nil
2022	Nil
2021	Nil

Incidents of non-compliance concerning marketing communications

Year	Number of Incidents of non-compliance with regulations or voluntary codes, resulting in warning, fine or penalty
2023	Nil
2022	Nil
2021	Nil

Amlak is not currently underwriting any new financing under the Islamic real estate financing products however, we continue to manage a portfolio of these products for existing customers.

Data Privacy

We have a duty to protect customers' data. In a digital society, financial transactions are increasingly conducted digitally, and cybercrimes are on the rise. In protecting Amlak's credibility, it is critical to protect customers' data and privacy by having strong safeguards from cyberattacks.

Failing to prevent cybersecurity breaches and loss of customers' data could lead to reputational damage and loss of trust and potential disrupt business operations.

For more information about our data privacy policy and measures, please see Section 4A – Responsible Business – Data Privacy.

Sharia Compliance

To ensure that Amlak's operations, business affairs and activities are Shariah compliant at all times, we abide by our Sharia governance policies that are created and supervised through the following 3 bodies:

Internal Sharia Supervision Committee (ISSC)

Comprised of 3 Sharia scholars that convene quarterly to consider all Sharia matters brought to them by the Internal Sharia Control Department.

Internal Sharia Control Department (ISCD)

The Internal Sharia Control Department has a number of roles within Amlak including:

- Act as a liaison between the various business functions and the ISSC to seek Sharia approvals needed.
- Act as Sharia board secretary to coordinate with the ISSC on the distribution of information or any reports to the management and any other parties within Amlak.
- Prepare the quarterly Sharia compliance report, which is presented to the risk committee and the ISSC.
- Day-to-day review of all documents or activities of Amlak from a Sharia point of view.
- Provide training twice a year to all employees on Sharia matters and principles.
- Follow up on implementation of Sharia compliance report.

Internal Sharia Audit

Internal Sharia Audit is the third line of defense to provide independent assurance of compliance of all Amlak's activities to Sharia principles as determined by the internal Sharia supervision committee and the Sharia control function.

C. Nurturing Our Workforce

At Amlak Finance, we view our workforce as a valuable asset, with their commitment and diligence being the driving force behind our corporate achievements. Recognizing the need for adaptability and resilience in a dynamic market, we consistently pursue innovative approaches to enhance the well-being of our employees.

With a total of 72 employees in 2023, our team is made up of skilled and dedicated professionals who support us in achieving our strategy and objectives. Grounded in strong values, our workplace offers a solid foundation to nurture an environment that engenders employee engagement and development.

Valuable employment

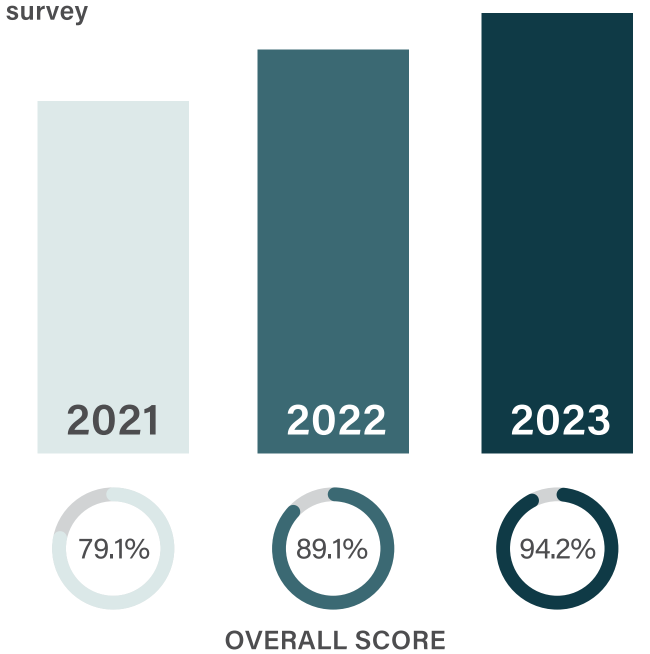
Amlak Finance is committed to cultivating a positive and supportive work environment conducive to employee engagement and retention. This commitment involves implementing strategies to both attract and retain top talent, with continual initiatives aimed at cultivating a workplace culture centred on appreciation, talent development, and leadership. The significance of a positive work environment is acknowledged for its direct impact on enhancing employee engagement, enablement, motivation, and overall productivity.

To highlight the value we place on our employees, this year we introduced the Long Service Awards to recognize the loyalty and dedication of our long serving employees. This practice aims to honor employees with 5-10 years and above of service, formally recognizing and expressing the company's deep appreciation for the loyalty and commitment demonstrated by these individuals throughout their tenure with the organization.

Employee engagement

We are committed to cultivating a dynamic and inclusive work environment that nurtures growth, creativity, and job satisfaction. Amlak's workforce consistently exhibits increased engagement with the company, as evidenced by the annual Amlak Employee Engagement Survey conducted by a research organization of international repute. In 2023, Amlak achieved an overall engagement score of 94.2%, marking a significant increase of 5.1% points compared to the previous year and 15.3 % points from the Norms (aggregate of UAE National Norm & Global Financial Services norm – 78.9 %). This survey serves as a valuable instrument, providing insights that steer us towards identifying our strengths and areas for improvement. Key highlights from the survey include employee satisfaction with the learning and training opportunities provided by Amlak. The figure below illustrates the outcomes of our annual employee satisfaction surveys over the past three years.

Employee engagement survey



We firmly believe in conducting business through robust teamwork, where every employee is expected to collaborate, support, and work collectively to achieve the company's business goals, as outlined in the code of conduct. This dedication to teamwork resonates in the collaborative atmosphere and community spirit prevalent within our workplace. Consistent with our commitment to upholding ethical standards, Amlak has established a comprehensive disciplinary procedure designed to address any incidents reporting a violation under the Code of Conduct.

Conversely, there is a structured Grievance Handling Procedure to address employee grievances:

Employee Filed Grievances		
Year	Number of grievances filed	Number of these grievances addressed or resolved
2023	11	11
2022	3	3
2021	3	3

To further engage employees and engender a positive work environment, we launched an integrated Reward and Recognition platform, i.e. the **Cerra App** in September this year. This application allows employees to give each other appreciation/thank you points under defined criteria, including Peer-to-Peer Manager-to-Team member and Internal Customer-to-Supplier within the organization. The number of points gathered by each employee can be redeemed at major merchant outlets in the UAE. This initiative results from innovative strategies aimed at maintaining a supportive work environment while providing additional benefits to our employees.

Talent management

Promoting a dynamic and enriching work environment is the cornerstone of cultivating a skilled workforce essential to achieving our business objectives and propelling future growth. Our focus is on establishing a dynamic and fulfilling work environment that fosters not only innovation but also the professional growth of our valued employees. This commitment is reinforced by our metrics, with a turnover rate of 14% for the current year and an absenteeism rate of 2%, both falling within the norms.

Year	Turnover Rate	Total New Hires Rate	Absenteeism Rate
2023	14%	14%	2%
2022	12.5%	17.5%	0.09%
2021	15.15%	0.09%	2.9%

The talent management strategic approach not only fortifies our commitment to fostering a welcoming workplace but also reinforces our position as an employer of choice, essential for sustaining our business momentum and realizing our future aspirations.

In line with our enduring commitment to fostering our employees' success, we continue to follow a 5-year HR strategy that encompasses initiatives aimed at consistently drawing in highly qualified candidates. In the year 2023, we welcomed 10 new employees, ensuring a diverse distribution across age ranges and genders. Female representation comprises a 30% of our latest recruits.

Total new hires, by gender*				
Year	Female	Male	Female	Male
2023	4	8	18.18%	15.09%
2022	3	9	13%	18%
2021	3	3	14%	7%

*Percentages represent the ratio of newly hired female and male employees to the total number of female and male employees, respectively.

Total new hires, by age group*						
Year	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2023	2	8	2	28.57%	14.03%	18.18%
2022	4	5	3	66.67%	8.47%	37.5%
2021	0	6	0	0%	9.09%	0%

*Percentages represent the ratio of newly hired employees within each age group to the total number of employees in the respective age group.

Total employees that left, by gender*				
Year	Female	Male	Female	Male
2023	5	5	24%	10%
2022	2	7	9%	14%
2021	7	3	33%	7%

*Percentages represent the ratio of female and male employees that left to the total number of female or male employees.

Total Employees that Left, by Age Group*						
Year	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2023	1	8	1	20%	14%	10%
2022	1	8	0	16.67%	13.56%	0%
2021	0	10	0	0%	16.67%	0%

*Percentages represent the ratio of employees that left within each age group to the total number of employees in the respective age group.

Performance Management & Fair Appraisal

Our performance management system incorporates a comprehensive appraisal process annually. The system design ensures that our employees are held accountable for achieving their goals and objectives, offering them regular feedback and support to enhance their performance.

The appraisal process begins with an objective setting exercise at the start of the calendar year, followed by three quarterly reviews at the end of Q1, Q2, and Q3 to assess progress against objectives set at the beginning of the year and provide constructive feedback The annual review is conducted to evaluate the overall performance of employees. Over the past few years, all Amlak Finance employees have consistently undergone the appraisal process, leading to a positive impact on overall performance and productivity.

Our performance management system is designed to foster a culture of continuous learning and improvement, we are committed to providing the necessary support and resources for our employees to not only meet but exceed their goals.

Total Number of Employees Receiving Regular Performance and Career Development Review, By Gender

Year	Female	Male	Total	Percentage of total workforce
2023	22	53	75	100%
2022	23	50	73	100%
2021	21	45	66	100%

Total Number of Employees Receiving Regular Performance and Career Development Review, By Job Category

Year	Entry-Level	Mid-Level	Senior-To-Executive Level
2023	39	19	17
2022	39	22	12
2021	45	10	11

Learning and development

At Amlak finance we are dedicated to fostering the professional growth and development of our employees. This commitment manifests through a diverse array of carefully designed training and development programs, coupled with ongoing assessments to enhance both technical and soft skills. We prioritize keeping our workforce competitive in the ever-evolving professional landscape. Fair and transparent performance evaluations and comprehensive career development reviews further underscore our commitment. These measures not only guarantee that our employees possess the requisite skills for their current roles but also provide the necessary support for their career advancement within our organization.

This strategic investment in our employees not only aims to elevate their job satisfaction, motivation, and productivity but also contributes to the long-term success of our company.

Recognizing the indispensable role of employee investment in our company's sustained success, and in response to the evolving requirements of the industry and the specific needs of our employees, we provide continuous learning and development opportunities to facilitate career advancement. learning needs are identified at the beginning of the year, and we develop a comprehensive learning plan accordingly. This plan includes leadership training for our department Heads and job-specific training for all other employees, aiming to enhance their skills and competencies. Our yearly schedule for training is split between regulatory, soft skills, and leadership training.

Through our commitment to continuous learning and development, we are actively shaping a culture of excellence at Amlak Finance. In our pursuit of more agile and forward-thinking practices, we have been encouraging more and more needs to be addressed through **E-learning**. In 2023, we implemented a new learning model through **Coursera**, a global online learning platform that provides access to courses and degrees from leading universities, institutions, and companies. Under this innovative model, employees are assigned specific training programs tailored to the different department's requirements. Currently, 69 employees have actively participated in at least one course on the platform, spanning approximately 33 universities and institutes worldwide. 47% of initiated courses have been successfully completed, reflecting our team's commitment to continuous learning and professional development.

Total Training Hours by Gender

Year	Female	Male	Total
2023	1,270	815	2,085
2022	673	1,477	2,150
2021	302	971	1,273

Total Training Hours, by Job Category

Year	Entry-Level	Mid-Level	Senior-to-Executive Level
2023	1,196	589	300
2022	1,387	416	348
2021	854	114	305

Diversity Inclusion and Equal Opportunities

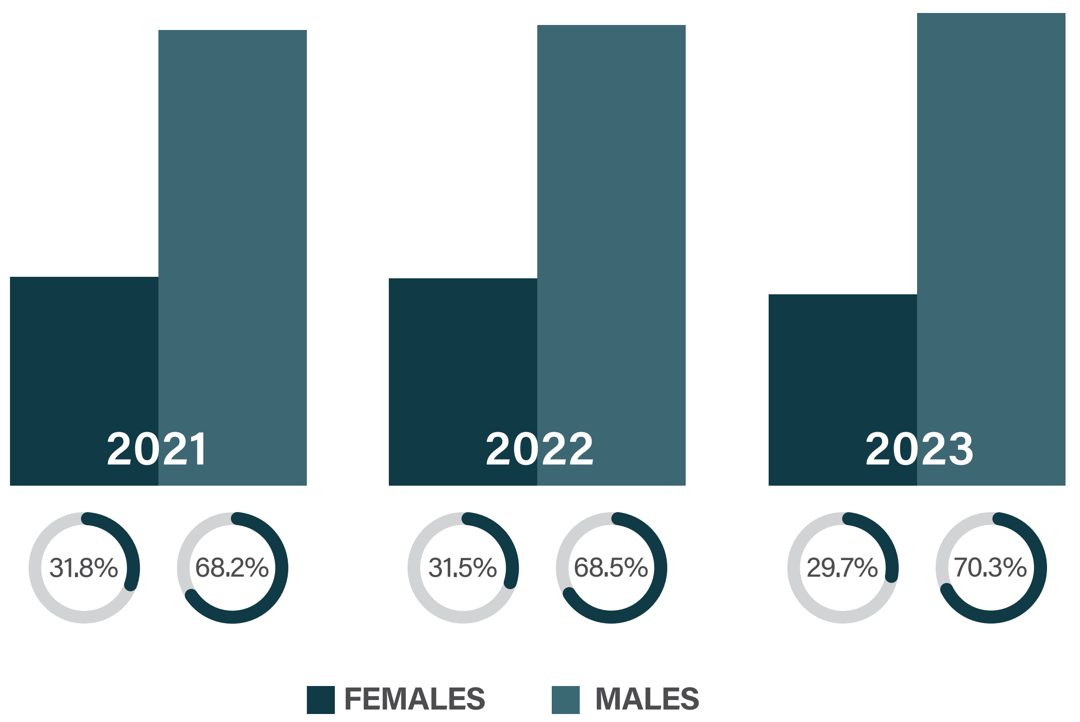
We consistently strive to cultivate an inclusive and equitable workplace culture at our organization, in compliance with the UAE labour law. This dedication extends to fostering a diverse and supportive environment that values the well-being of every employee. We emphasize diversity, inclusion, and equal opportunity, irrespective of factors such as gender, age, nationality, or job level. This aligns with our overarching commitment to promoting a workplace where every individual feels respected, valued, and supported.

Our HR policy and practices ensure that all employees receive equal pay, determined by job experience and position without discrimination. We also strictly uphold a Zero Tolerance for Discrimination and have established a grievance mechanism for employees to report any violation of our Code of Conduct. Our employee demographics increasingly reflect this commitment, with representation from 16 different nationalities.

This commitment is further illustrated in our senior to executive management positions, where we currently have two female employees, including the Head of Corporate Governance and Company Secretary, holding pivotal leadership positions overseeing governance, compliance, and strategic direction. Additionally, our board of Directors includes one female member who also serves as the Chairperson of the Risk Committee.

Total Number of Nationalities	
Year	Rate
2023	16
2022	18
2021	20

Total Employees



Governance body		
Year	Female	Male
2023	14%	86%
2022	14%	86%
2021	14%	86%

Total Employees by Job Category & by Gender						
Year	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Male	Female	Male	Female	Male	Female
2023	50%	50%	72.97%	27.02%	93.75%	6.25%
2022	53.85%	46.15%	78.57%	21.43%	90.91%	9.09%
2021	60.00%	40.00%	90.00%	10.00%	81.82%	18.18%

Total Employees by Job Category and by Age Group									
Year	Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2023	27%	63%	10%	3%	90%	7%	0%	63%	37%
2022	28.38%	64.86%	6.76%	2.22%	88.89%	8.89%	0%	84.62%	15.38%
2021	0%	100%	0%	0%	100%	0	0%	100%	0%

Emiratisation

In Amlak Finance, we endeavor to empower the UAE nationals and have made it a priority to ensure their inclusion in our workforce. We are committed to following the Annual Emiratisation Target (AET) in accordance with the Central Bank guidance. With a current representation rate of 16% for UAE nationals, we are aligned with the Central Bank's goal of achieving a UAE national ratio of 30% by the end of 2027. Moreover, we foster Emirati development by providing our nationals with training, development opportunities, and avenues to advance their careers, enabling them to achieve their full potential.

Total Number of UAE Nationals						
Year	Female		Male		Total	
	Number	%	Number	%	Number	%
2023	6	50%	6	50%	12	16%
2022	3	38%	5	63%	8	10.96%
2021	1	33%	2	67%	3	4.55%

UAE national Percentage by Job Category			
Year	Entry-Level	Mid-Level	Senior-to-Executive Level
2023	50%	33%	17%
2022	75%	0%	25%
2021	33%	0%	67%

Employee Health and Wellbeing

At Amlak Finance, we work diligently to ensure our employees' well-being and health. By fostering a culture of care and implementing comprehensive well-being programs, we strive to create an environment where our valued workforce can thrive both personally and professionally.

Through our program 'Amlak Saha,' we have implemented a diverse range of initiatives that involve fostering regular health checkups and promoting positive habits for our employees' physical and mental health. We constantly look for ways to enhance our medical insurance benefits. We value our workforce's well-being and understand that maintaining a healthy and well-balanced workforce is key to the success of our business.

D. Protecting Our Environment

At Amlak Finance, we are committed to implementing practical measures that actively monitor and address the environmental impact of our activities. This commitment aligns with both local and global environmental legislation. Our initiatives include water reduction and recycling programs, energy consumption reduction, promotion of a paperless environment, and integrating circularity in the workplace.

In our ongoing efforts to reduce the environmental impact of our organization, we actively pursue initiatives that align our environmental goals with overall operational impacts. To boost efficiency in our processes, we have adopted a digitalization strategy that reduces our carbon footprint by minimizing paper and ink consumption demonstrating our dedication to implementing sustainable practices and solutions (See section 4A – Responsible Business – Digitalization & Innovation).

Climate change

We recognize the importance of the risks that climate change may presents to financial institutions. As a response, we have included it as one of our material topics since 2022. We continue to explore how it may be integrated into our business approach.

As we navigate the challenges posed by climate change, we maintain our commitment to incorporating sustainable practices in our operations. This enduring approach reflects our dedication to environmental responsibility and aligns with our overarching goal of contributing positively to the well-being of both local and global communities.

For the past 3 years, we have been measuring and managing our greenhouse gas (GHG) emissions as part of our commitment to sustainable practices and addressing climate change. To guide us in this effort, we have employed the GHG Protocol as a framework for calculating our emissions. In terms of our reporting scope, we have focused on accounting for our Scope 1, Scope 2, and certain elements of Scope 3 emissions relevant to our office at Grosvenor Business Tower.

Energy Consumption	Scope	Unit	2023	2022	2021
Fuel from Owned Vehicles	Direct (scope 1)	GJ	378.12	307.58	420.35
Electricity	Indirect (scope 2)	GJ	323.05	325.99	327.74
Total energy consumption	Direct and Indirect (scope 1 &2)	GJ	701.17	633.57	748.09

Energy Intensity (GJ/employee)	Scope	2023	2022	2021
Fuel from Owned Vehicles	Direct (scope 1)	5.25	4.21	6.37
Electricity	Indirect (scope 2)	4.48	4.47	4.97
Total energy consumption	Direct and Indirect (scope 1 &2)	9.73	8.68	11.33

GHG emissions (MT CO_2e)	2023	2022	2021
Scope 1 (Fuel)	23.08	19.82	27.51
Scope 2 (Electricity)*	37.50	36.59	38.77
Scope 3 (water, Waste, Business travel, Paper & Tissue consumption)	2.12	22.39	25.80
Total	62.70	78.80	92.08

Water consumption	Scope	Unit	2023	2022	2021
Water consumption	Scope 3	m3	231.66	243.55	243.55
Water intensity (M3/employee)	Scope 3	m3	3.21	3.69	3.08

In addition to our attempts above to be conscious of our consumption, and as part of our Corporate Social Responsibility (CSR) and Human Resources (HR) activities, we consistently involve our employees in initiatives aiming to protect the environment. As part of our CSR initiatives, we have distributed reusable water bottles to our employees, thereby contributing to the reduction of plastic usage within our office environment. Moreover, we've established partnerships with non-profit marine conservation organizations, enabling us to participate in planting and restoration efforts of the UAE's mangrove forests (For more details, refer to section 4E – Supporting Our Community- CSR Activities). These initiatives underscore our commitment to minimizing the environmental footprint of our operations and nurturing environmentally responsible habits among our team.

E. Supporting our community

At Amlak Finance, we are committed to supporting the well-being of local communities. Our dedication to this cause reflects our Sharia compliance and our commitment to being responsible corporate citizens, contributing to the sustainable development of the communities we are a part of. Amlak Finance actively engages in initiatives that go beyond financial contributions, emphasizing a hands-on approach to community development. We are dedicated to fostering meaningful relationships with local stakeholders and actively participating in projects that address pressing social and environmental issues.

Local Procurement

Supporting local suppliers through our procurement practices is an effective way to contribute to the local community. We are committed to supporting the UAE economy by sourcing all our needs locally. By prioritizing local suppliers, we not only meet our organizational needs but also contribute to the growth and development of the community where we operate. This commitment is an integral aspect of our dedication to supporting our community, and we will continue to prioritize it in our procurement practices.

Year	Total Number of Suppliers	Local Suppliers Percentage
2023	178	100%
2022	261	100%
2021	273	100%

Year	Total Procurement Spending (AED)	Total Procurement Spending on Local Suppliers (AED)
2023	35.65M	35.65M
2022	39.00M	39.00M
2021	51.35M	51.35M

Community Wellbeing

Through our CSR activities, driven by both our Sharia-compliant nature and commitment to local communities, we generate impacts across several Sustainable Development Goals (SDGs), including SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 4 (Quality Education), and SDG 10 (Reduced Inequalities). By aligning our CSR strategy with the UAE's priorities and the UN's Sustainable Development Goals we ensure that our initiatives not only have a local impact but also contribute to broader global objectives. To implement our commitment effectively, we develop an annual CSR strategy that outlines the budget and prioritized activities. These initiatives aim to actively engage with local communities, support local businesses, and undertake impactful projects.

Through collaborative efforts with local organizations, our goal is to support local community development and provide opportunities for our employees to be involved and contribute positively to the community. We extend an invitation to our employees to voluntarily engage in these activities, and we actively encourage their participation. This reflects our commitment to creating a culture of giving within our organization, and we take pride in seeing our employees actively engaging in these activities.

Our 2023 CSR Activities

As an Islamic organization, we place a strong emphasis on social activities that empower us to make meaningful contributions to communities in need and that are related with our corporate values. In alignment with this commitment, the CSR activities that we carried out in 2023 encompass a range of initiatives aimed at fostering positive social impact.

One Billion Meals Campaign

The One Billion Meals Endowment Campaign builds upon the UAE's previous Ramadan campaigns—One Billion Meals, 100 Million Meals, and 10 Million Meals—organized in 2020, 2021, and 2022, respectively, under the directives of H.H. Sheikh Mohammed bin Rashid Al Maktoum. Through an integrated food supply ecosystem, the One Billion Meals campaign aims to provide sustainable food aid to underserved populations. Amlak has contributed financially to this campaign, playing a part in securing food aid for vulnerable communities.

Supporting victims of Human Trafficking and abuse – DFWAC

Dubai Foundation for Women & Children (DFWAC) is a renowned nonprofit organization that offers shelter and counseling care for women and children exposed to various forms of violence and abuse. The organization also provides support and care for rescued victims of human trafficking, both adults and minors, in collaboration with Dubai Police. The services offered by DFWAC include legal, sheltering, educational, medical, immigration, and helpline support. As part of our commitment to contribute towards the community we serve in, Amlak Finance supported DFWAC with a donation of 30 Majid Al Futtaim (MAF) Gift cards. Each Gift card was used to provide immediate and direct support to victims of human trafficking, domestic violence and child abuse who are under the care of the shelter. These cards can be used at any MAF malls for purchasing essentials such as medicine, children's clothes, blankets, food items,

Rashid Center for the Disabled

The Rashid Centre is a not-for-profit humanitarian organization dedicated to providing quality education and therapy services to children of determination. The center's mission is to enhance children's abilities to function and learn within their environments, encompassing home, school, and community, while fostering maximum independence and participation in these settings.

Amlak has sponsored speech and language therapy sessions for three students, covering the duration of one year. The speech and language therapists at the Rashid Centre specialize in working with students who have mild to complex communication difficulties, providing tailored support to help them develop language, communication, and socialization skills. These specialists address all aspects of communication, including the development of non-verbal communication, play, vocalization, and language development.

Al Noor Training Centre for Children with Special Needs

Al Noor Training Centre is a not-for-profit Organization registered with the Dubai Chamber, that provides a special curriculum aligned with the U.N. Conventions on Rights for Persons that places great emphasis on the use of technology to maximize students' potential. HH Sheikh Mansoor bin Mohammed bin Rashid Al Maktoum, Chairman of the Higher Committee for the Protection of the Rights of Persons with Disabilities, serves as the honorary patron of Al Noor.

Amlak has sponsored two items from Al Noor's Robotics training program, benefiting 170 students initiating training in the basics of Robotics. These items include the Learning Resources Code & Go Robot Mouse, a Coding STEM Toy with a 31-piece coding set, suitable for ages 4+ and featuring multicolor material, and Coding with AWBIE for iPad apps. Robotics not only encourages children to acquire critical learning skills but also fosters creative and practical thinking, teaching them how to devise solutions when problems arise. Additionally, it lays the foundations for future interests in science, technology, engineering, the arts, and math.

Palestine Relief Efforts

Amlak Finance has made a financial contribution as a humanitarian donation to Mohammed bin Rashid Global Initiatives in support of the Palestinian people in Gaza. This reflects our commitment to addressing humanitarian needs and promoting a positive impact in regions facing challenges. We take pride in being part of efforts that align with our values and contribute to making a meaningful difference in communities that require support.

Umrah

Amlak is proud to sponsor the Umrah pilgrimage for six employees who have been selected based on specific criteria. We believe that sponsoring the Umrah pilgrimage not only enhances the well-being of our employees but also strengthens a sense of community within the organization.

Moreover, as underscored in section 4D – Protecting our environment, we are dedicated to implementing sustainable practices as part of our environmental commitment. In line with this dedication, some CSR initiatives have been introduced to promote more sustainable habits among our employees. Through these endeavors, our objective is not only to contribute to environmental conservation but also to cultivate a culture of sustainability within our organization.

Mangroves Planting – Partnered with Azraq

Azraq is a non-profit marine conservation organization registered with the Community Development Authority in the UAE, dedicated to safeguarding and protecting the oceanic ecosystem. Azraq's mission involves educating through awareness programs and community presentations, motivating individuals, organizations, and communities at large to make a positive impact, and activating them through a range of activities on, in, and around the ocean. The UAE has intensified its commitment to expand its mangrove cover by increasing the mangrove-planting target in its second Nationally Determined Contribution (NDC) under the Paris Agreement from 30 million to 100 million by 2030. In alignment with this initiative, Amlak Finance partnered with Azraq to plant 100 Mangrove trees. Amlak's support directly contributes to the restoration efforts of the UAE's mangrove forests.

Water bottles for Staff

In our ongoing efforts to cultivate more environmentally friendly habits among our employees, we recently acquired reusable water bottles for our employees. The primary goal of this initiative is to minimize plastic usage within the workplace. These newly purchased bottles are not only reusable but also crafted from high-quality food-grade steel and BPA-free polypropylene. By opting for these sustainable alternatives, we aim to contribute to the reduction of our carbon footprint by preventing plastic from entering landfills. This initiative aligns with our commitment to promoting sustainable practices within our organization and fostering a culture of environmental responsibility among our employees.

As we look ahead, we will continue to find ways to align our CSR activities with the Islamic nature of our business, the UAE priorities and the Sustainable Development Goals (SDGs). We recognize that sustainable development is a global challenge that requires the collective efforts of all stakeholders. Therefore, we will continue to work with our stakeholders to identify opportunities to create shared value and contribute to the sustainable development of our communities.

SECTION 5
ANNEX - GRI INDEX

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