

Detailed analysis of accumulated losses

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| Date: | 30 March 2020 |
| Listed Company Name: | Amlak Finance PJSC |
| Define the period of the financial statements: | FY 2019 |
| Accumulated losses: | AED 1,779 million |
| Accumulated losses to capital ratio: | 119% |
| The main reasons leading to these accumulated losses: | <p>The accumulated losses are mainly due to fair value loss on investment properties recorded in 2014.</p> <p>During the period from 2009 to 2013 the group held certain investment properties amounting to AED 2,942 million which have been carried at cost since acquisition. These investment properties were fair valued as at 31 December 2014 and a fair value loss on these properties of AED 1,761 million was recorded during 2014.</p> |
| Measures to be taken to address accumulated losses: | <p>Amlak held an extraordinary general meeting in September 2014 where financial restructuring plan was approved by the shareholders of the Company.</p> <p>Since 2014, the company has been implementing the restructuring which allowed for the resumption of normal business activity that enabled successful repayment of 48% of Amlak's total debt over a period of 4 years under the 12 years restructuring plan.</p> <p>In January 2019 the Company announced entering into renegotiations with its financiers on the restructuring terms agreed in 2014 and subsequently revised in 2016. Once concluded, this will allow Amlak more flexibility in adapting to current market conditions and will provide the Company with the opportunity to grow its balance sheet and shareholder value. The Company has succeeded in obtaining the approval of all the financiers on the new terms and is well advanced in documentation phase regarding the funding terms with its financiers.</p> <p>On October 01, 2019 the Company announced that it has been awarded AED 780 million in an arbitration administered by the Dubai International Arbitration Centre. Amlak will proceed with the legal proceedings to execute the ruling and recover the</p> |

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| | amounts due according to the judgment. The execution would have a positive impact on the Company's financial position. |
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Authorized to signatory

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**Lama Takieddin
Company Secretary**