



## **IIFM PRODUCT DESCRIPTION**

**ON**

***MUBADALATUL ARBAAH (PROFIT RATE SWAP: PRS)***

***FOR THE MU 'ADDAL RIBH THABIT (FIXED PROFIT RATE OR FPR)***

**&**

***MU 'ADDAL RIBH MUTAGHAYYER (FLOATING PROFIT RATE OR FLPR) LEGS***

***WA'AD BASED AND INVOLVING A SINGLE & TWO SALES STRUCTURES***

## 1. Product Description

The DFT Terms confirmation relates to a *Mubadalatul Arbaah (MA)* (Profit Rate Swap) whereby each party grants a *Wa'ad* (undertaking) to the other party to purchase, if the specified condition set out in the DFT Terms confirmation is satisfied, *Shari'ah* compliant assets from such other party on one or more specified future dates on the basis of *Murabaha* transactions to be entered into on each exercise of the *Wa'ad* (undertaking) by such other party, and where the purchase price payable is to be determined by reference to the cost price of the assets plus a profit amount. The DFT Terms confirmation contains the *Wa'ad* (undertaking) given by one party. Under a related DFT Terms confirmation, the other party grants or will grant a *Wa'ad* (undertaking) in respect of such *Mubadalatul Arbaah (MA)* (Profit Rate Swap).

Each party will represent that, if *Shari'ah* compliance is relevant for its purpose, then it has satisfied itself as to the *Shari'ah* compliance of the Transactions and DFT Terms Agreements entered into by it under the ISDA/IIFM *Tahawwut* Master Agreement.

## 2. DFT Means: Designated Future transactions.

**Explanation:** The parties may from time to time agree (the documents and other confirming evidence exchanged between the parties or otherwise effective for the purpose of confirming or evidencing any such agreement being a "**DFT Terms confirmation**" and each such agreement being a "**DFT Terms Agreement**") the terms of further transactions in each case being either (i) a transaction which, by such DFT Terms Agreement, the parties agree to enter into between them in the future under this Master Agreement or (ii) a transaction which, by such DFT Terms Agreement, one party (the first party) undertakes to the other (the second party) to enter into under this Master Agreement at the election of the second party at a future date (all of such further transactions being "**Designated Future transactions**"). Except as is expressly provided in this Master Agreement, Designated Future transactions shall not constitute Transactions for the purposes of this Master Agreement unless and until subsequently entered into, and when entered into they shall constitute Transactions, shall be confirmed by way of a Confirmation and shall cease to be Designated Future transactions.

### **Undertaking means:**

Where one party undertakes to enter into a transaction in the future at the election of the other party, that undertaking is a *wa'ad*. The agreement contemplates two distinct sets of *wa'ad* or undertaking. One will be the *wa'ad* to enter into Designated Future transactions; this *wa'ad* will usually be contained in the DFT Terms confirmation entered into at the time the parties agree the specific terms to apply to the specific Designated Future transaction. The other *wa'ad* is the *wa'ad* to enter into a *musawama*; each party separately enters into a *wa'ad* to enter into a *musawama* by virtue of Section 2(e) of the TMA Master Agreement.

### 3. Product *Shari'ah* Guidelines

In order to assist market participants with regard to the DFT Terms confirmation provided to market participants by ISDA and IIFM, the IIFM *Shari'ah* Advisory Panel have provide the following guidelines regarding *Shari'ah* compliance:

- Transactions should be entered into only for the purpose of hedging actual risks of the relevant party.
- Transactions should not be entered into for purposes of speculation, i.e. actual settlements of assets and payments must take place. No cash settlements without concluding actual transaction on deliverable assets.
- The asset must be Islamicly lawful (i.e. *Halaal*).
- No interest (whether called interest or an alternative name but which represents interest) is to be chargeable under a transaction.

## 4. Product Purpose

Profit rate swap (PRS) mechanism assist in the cash flow management of mismatches in the fixed versus floating profit rates risks, thus enhancing the risk mitigation of the Islamic financial institutions.

**Illustration 1**  
**PRS Two Sales Structure**

# Illustration in relation to Cash Flow Management

The following example illustrates the use of Mubadalatul Arbaah (PRS) for cash flow management

- Party A will issue an AED 10,000,000 Sukuk with a 12-month tenor on 1 February 2012: Sukuk pays out a capital amount at one year maturity and periodic (monthly) floating amounts to investors over the course of its tenor; A variable benchmark rate (in this case, one-month LIBOR) is used to calculate the periodic floating amount payable to investors; Party A is exposed to any changes in that benchmark rate. In this case, the Sukuk is benchmarked to one month LIBOR, so the 12 month Sukuk has twelve one-month calculation periods commencing on 1 February; Party A wishes to hedge itself against the possibility that the benchmark rate used to calculate the periodic floating amounts will increase. By entering into the PRS, it is looking to fix its exposure in relation to the Sukuk
- Party B is an Islamic bank which, for risk management purposes, wishes to hedge some of its floating rate income cash flows with floating rate cash flows
- PRS enables A to hedge its floating rate exposure under the Sukuk by converting it into a fixed rate exposure (i.e. A knows that by paying the fixed amounts to B, A will receive from B the floating amounts necessary to pay under the Sukuk). B is highly dependent on floating income and through the PRS is able to convert some of that into stable fixed income.
- Party A and Party B enter into a profit rate swap on 25 January 2012 (Trade Date)
- Party A will pay the fixed profit rate ("**FPR**") under the FPR leg of the PRS (and receive a floating profit rate under the other leg of the PRS)
- Party B will pay the floating profit rate ("**FLPR**") under the FLPR leg of the PRS (and receive the fixed rate under the other leg of the PRS)
- To achieve these payments, the parties will buy or sell different Assets to each other using Murabaha Sale
- FPR (or fixed profit rate) is a percentage rate which is applied to the Capital Amount (AED10,000,000) to calculate a "fixed" profit amount
- FLPR (or floating profit rate) is a percentage rate calculated by reference to a defined benchmark or reference rate, in this case one-month LIBOR, which is applied to the Capital Amount (AED10,000,000) specified for the PRS to calculate a "floating" profit amount

# Explanation of Trade Date and Effective Date

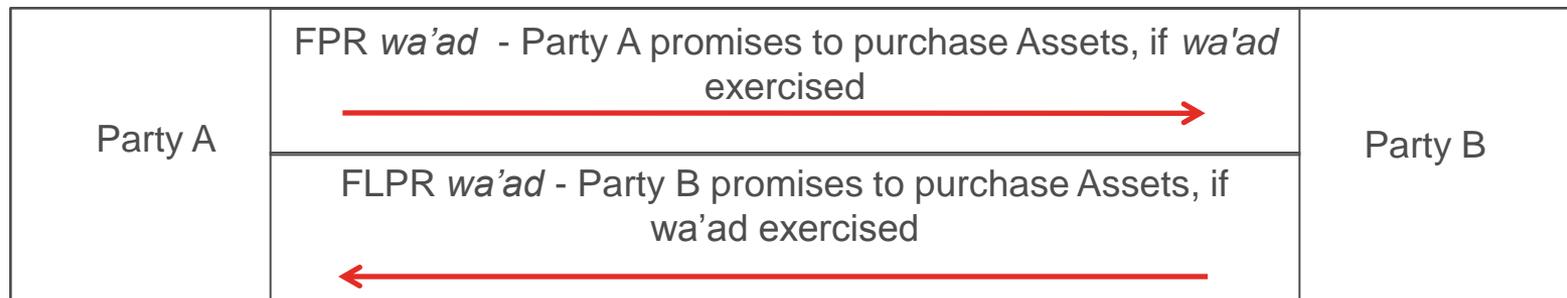
- **Trade Date** is the date on which the parties enter into a DFT Terms Agreement
- **Effective Date** is the date on which the DFT Terms Agreement becomes "live", i.e. the first day of the period of the hedging protection and the first day of the first Calculation Period in respect of that DFT Terms Agreement
- The Effective Date may be the same date as the Trade Date or it may be later than the Trade Date
- *Why do we need both a Trade Date and an Effective Date?*
  - Because, whilst the parties may enter into a DFT Terms Agreement on a given day, that agreement may be subject to the satisfaction of conditions precedent by a certain later date in order that the agreement can become effective; and/or
  - Because the parties may wish to have the "start date" of the DFT Terms Agreement coincide with the period for which hedging is required. Therefore, the Effective Date may fall on a later date than the Trade Date
- In our example, the Trade Date is 25 January 2012 – this is the date when the parties enter into their DFT Terms Agreements. However, Party A requires the hedging to run from 1 February 2012 (the Effective Date) as that is the day it will issue the Sukuk in respect of which it is looking for hedging protection. Also conditions precedent must be fulfilled before 1 February 2012 (the Effective Date) in order for the DFT Terms Agreements to become effective

# The Mubadalatul Arbaah (PRS) Documentation

- Party A and Party B have already entered into a Tahawwut Master Agreement
- To enter into the PRS, Party A and Party B enter into two separate **DFT Term Agreements** (each of which is documented in a separate **DFT Terms confirmation**: one in respect of the fixed rate leg of the PRS and one in respect of the floating rate leg of the PRS)
- Each DFT Terms confirmation contains a *wa'ad* (undertaking) to enter into one or more Designated Future transactions (if the *wa'ad* is exercised)
- The DFT Terms Agreements are entered into on 25 January 2012 (Trade Date). The PRS is to have a tenor of 12 months commencing 1 February 2012 (Effective Date), i.e. 1 February (the date on which Party A is to issue the Sukuk which it is looking to hedge) will be the first day of the period for which the PRS will provide Party A with the hedge. As the Sukuk to be issued by Party A will be benchmarked to one-month LIBOR, the PRS hedging period will have 12 Calculation Periods of one month each (to track the Sukuk).

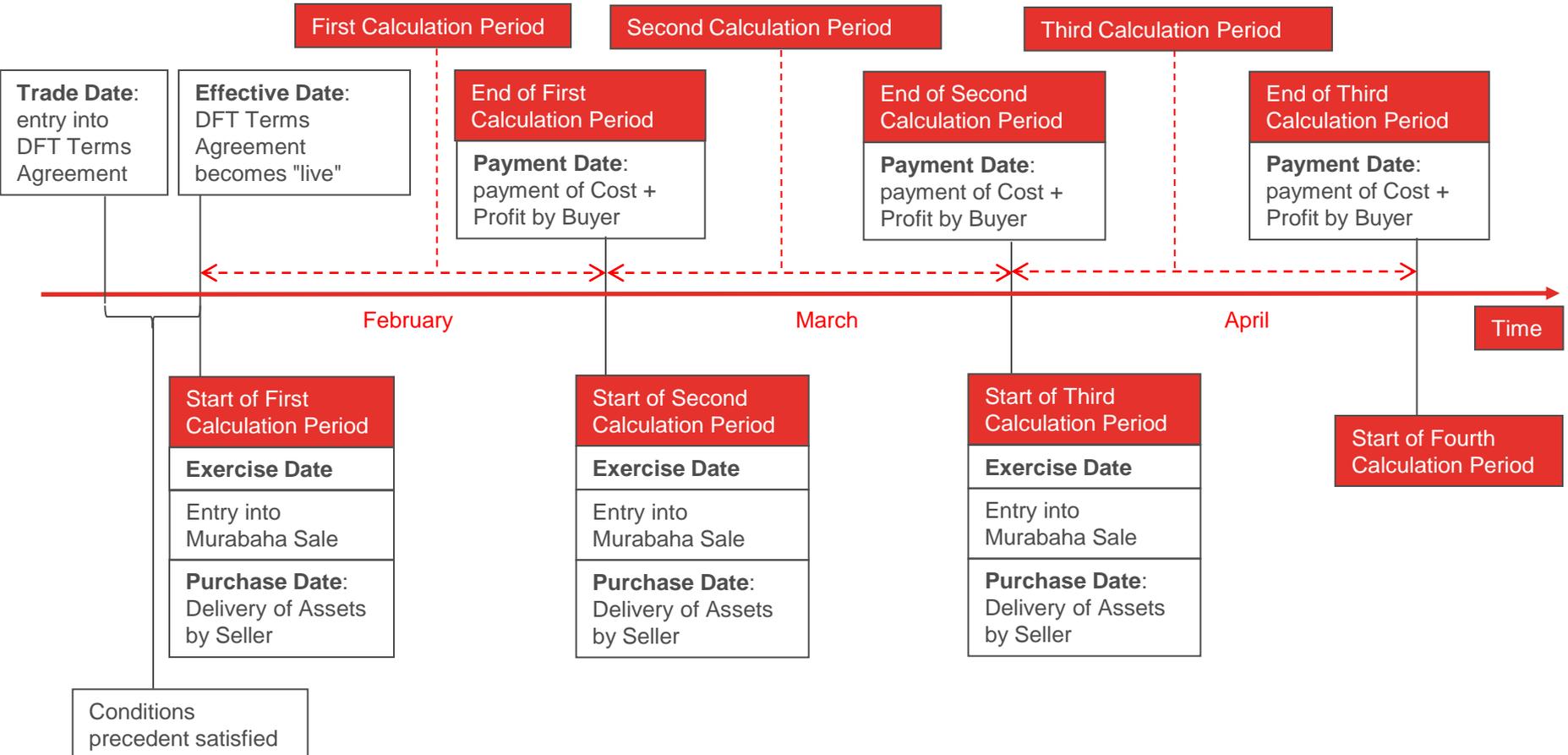
# Terms of the Mubadalatul Arbaah (PRS): *wa'ad* in each leg of the Mubadalatul Arbaah (PRS)

- Each DFT Terms Agreement contains a *wa'ad* granted by one party to the other (by “**Undertaking Party**” to “**Exercising Party**”)
- In the FPR DFT Terms Agreement, Party A is the Undertaking Party
- In the FLPR DFT Terms Agreement, Party B is the Undertaking Party
- Using *wa'ad*, the Undertaking Party undertakes to purchase Assets at an agreed price from the Exercising Party, if the Exercising Party exercises the *wa'ad* by notice on an Exercise Date



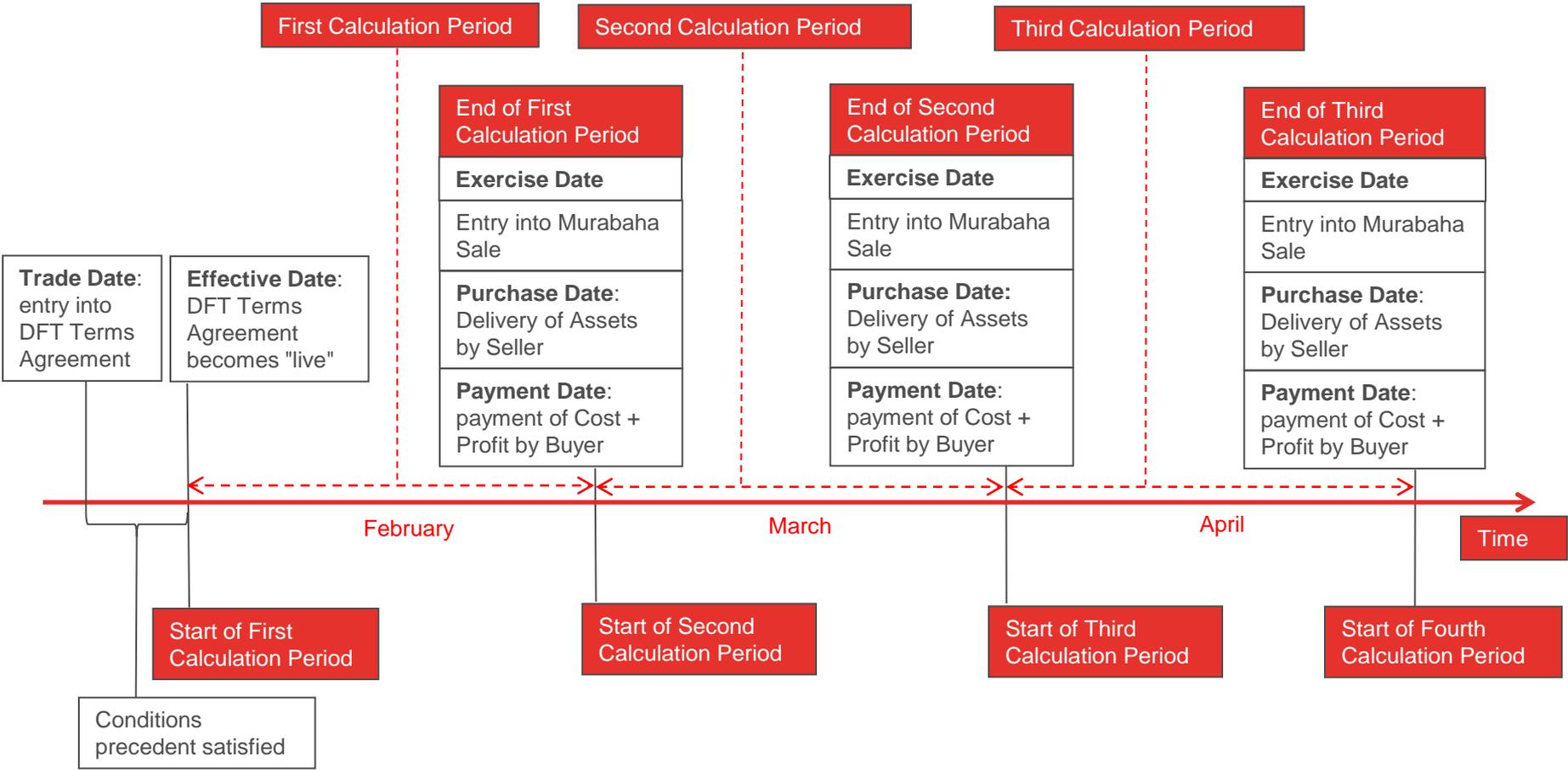
# Example Timeline of entry into Murabaha Sale at the start of each Calculation Period

- This diagram illustrates an **example of entry into Murabaha Sale at the start of each Calculation Period**:
  - Purchase Date at start of Calculation Period
  - Payment Date at end of Calculation Period

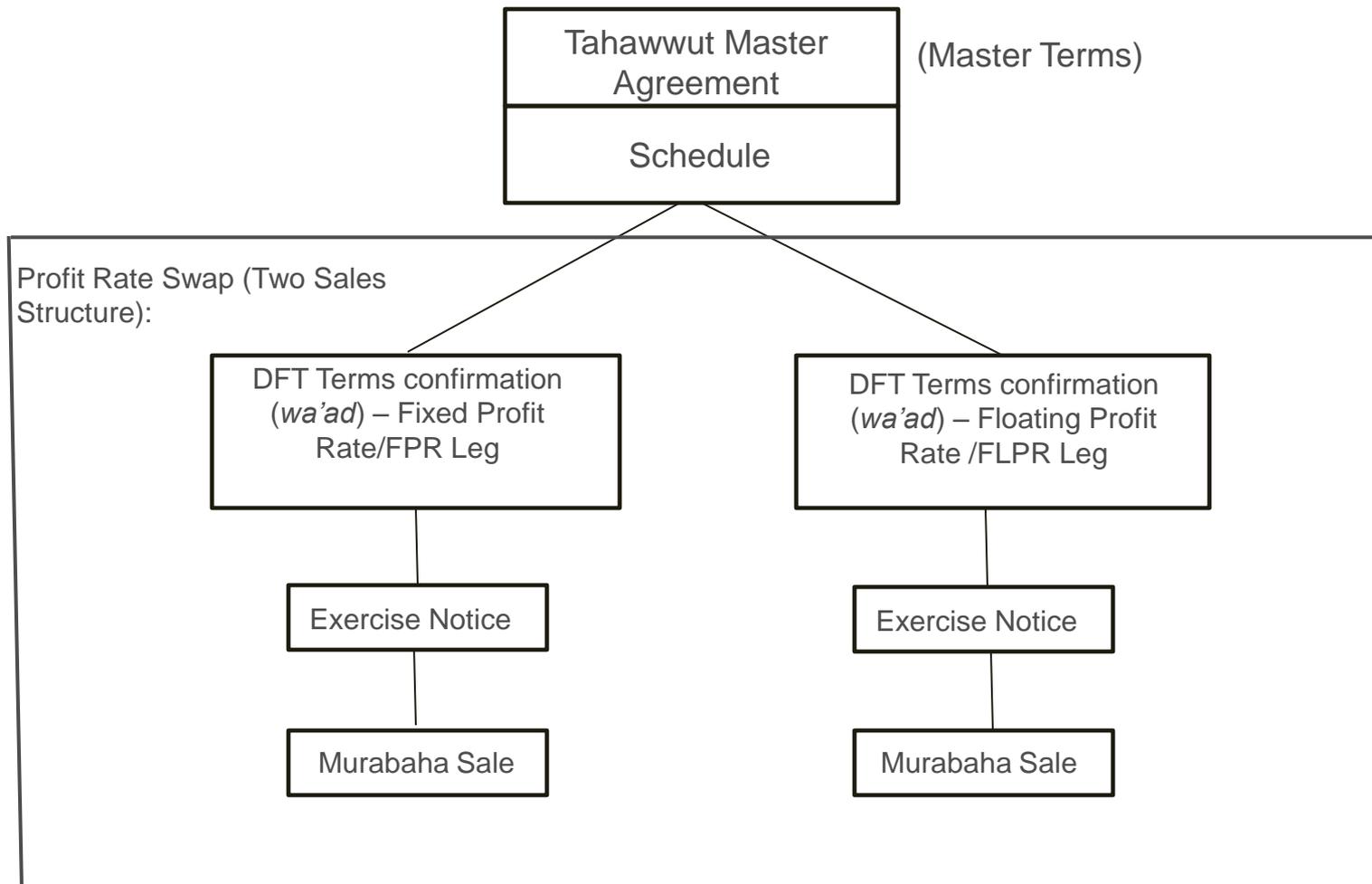


# Example Timeline of entry into Murabaha Sale at the end of each Calculation Period

- This diagram illustrates an **example of entry into Murabaha Sale at the end of each Calculation Period**:
  - Purchase Date at end of Calculation Period
  - Payment Date at end of Calculation Period



# Two Sales Structure documentation architecture



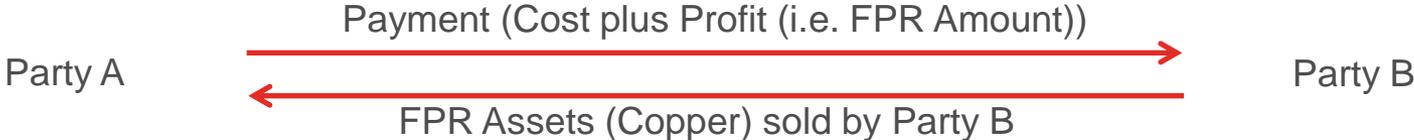
## Two Sales Structure: Exercise of *wa'ad*

- In the Two Sales Structure, each party may exercise the *wa'ad* granted to it by the Undertaking Party on an Exercise Date
- On any Exercise Date, both *wa'ads* may be exercised in respect of the PRS
- The *wa'ad* contained in the DFT Terms Agreement for the fixed rate leg is exercisable and the *wa'ad* contained in the DFT Terms Agreement for the floating rate leg is also exercisable
- If a *wa'ad* is exercised, the Undertaking Party must buy Assets from the Exercising Party and execute a Murabaha Sale Confirmation evidencing the Murabaha Sale between the parties: there are **two Murabaha Sales** in respect of each Exercise Date in respect of a PRS with a Two Sales Structure

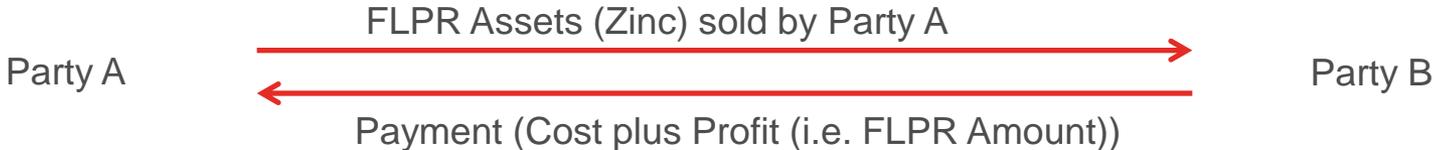
# Two Sales Structure: Exercise of wa'ad

- Party A and Party B have now entered into a PRS
- The Calculation Agent determines Profit in relation to each leg of the PRS in respect of the first Calculation Period

*If Party B exercises Party A's FPR wa'ad, the cash and asset flows will be as follows:*



*If Party A exercises Party B's FLPR wa'ad, the cash and asset flows will be as follows:*



# Two Sales Structure: Exercise of wa'ad: Example

## FPR leg

- Under FPR leg, Party B (Exercising Party) may exercise Party A's (Undertaking Party's) *wa'ad* in respect of the first Calculation Period
- The Calculation Agent determines the Profit as follows:
  - Profit = Capital Amount x [FPR x FPR Day Count Fraction]\***
  - Profit = 10,000,000 x [2% x 30/365]
  - Profit = 10,000,000 x [0.02 x 0.08219]
  - Profit = 10,000,000 x 0.00164
  - Profit = 16,438.36
- Therefore, Profit is **AED16,438.36** in respect of the FPR leg for that Calculation Period

\* This formula is set out in the DFT Terms Agreement for the FPR leg and we are using the figures set out in the table above (with LIBOR at 1%).

## FLPR leg

- Under the FLPR leg, Party A (Exercising Party) may exercise Party B's (Undertaking Party's) *wa'ad* in respect of the first Calculation Period
- The Calculation Agent determines Profit as follows:
  - Profit = Capital Amount x (FLPR + Spread) x FLPR Day Count Fraction\*\***
  - Profit = 10,000,000 x [LIBOR at 1% + 0.5%] x 30 days/365
  - Profit = 10,000,000 x [0.015 x 0.08219]
  - Profit = 10,000,000 x 0.0012328
  - Profit = 12,328.77
- Therefore, Profit is **AED 12,328.77** in respect of the FLPR leg for the first Calculation Period

\*\* This formula is set out in the DFT Terms Agreement for the FLPR leg and we are using the figures set out in the table above (with LIBOR at 1%).

# Two Sales Structure: Exercise of *wa'ad*: *Consequences*

## FPR leg of PRS

- In this example, if Party B exercises Party A's *wa'ad* in respect of the first Calculation Period, then the parties will proceed as follows:
  - Party B exercises Party A's *wa'ad* on the Exercise Date by notice to Party A
  - Party A and Party B enter into a Murabaha Sale (i.e. Party B sells assets to Party A)
  - Party A and Party B execute a Murabaha Sale Confirmation (on the Purchase Date – see next slide)
  - The Murabaha Sale pursuant to the FPR leg of the PRS becomes a “Transaction” under the TMA

## FLPR leg of PRS

- In this example, if Party A exercises Party B's *wa'ad* in respect of the first Calculation Period, then the parties will proceed as follows:
  - Party A exercises Party B's *wa'ad* on the Exercise Date by notice to Party B
  - Party A and Party B enter into a Murabaha Sale (i.e. Party A sells assets to Party B)
  - Party A and Party B execute a Murabaha Sale Confirmation (on the Purchase Date – see next slide)
  - The Murabaha Sale pursuant to the FPR leg of the PRS becomes a “Transaction” under the TMA

# Exercise of *wa'ad*: *Murabaha Sale under FPR leg*

- Exercise of the *wa'ad* under each of FPR leg leads to Party A and Party B entering into a Murabaha Sale, *i.e.* Party B sells **Assets (copper)** to Party A at a purchase price consisting of **Cost Price + Profit**
- **Delivery:** Party B (the Seller) delivers the **Assets** to Party A on the **Purchase Date**
  - **Assets** in respect of the FPR are Copper (see table above)
  - **Purchase Dates** are agreed between Party A and Party B on the Trade Date, and are to be specified in the DFT Terms confirmation
  - In our example, Purchase Date falls at the start of the each Calculation Period (see Timeline Example in slide 6 above)
- **Payment:** Party A (the Buyer) pays the deferred purchase price of **Cost + Profit** on the **Payment Date**
  - **Payment Dates** are agreed between Party A and Party B on the Trade Date, and are to be specified in the DFT Terms confirmation
  - In our example, Payment Date falls at the end of the each Calculation Period (see Timeline Example in slide 6 above)
- **Timeline Examples** in slides 6 and 7 above illustrate how the Trade Date, Effective Date, Purchase Dates and Payment Dates work in respect of the Calculation Periods for a PRS

# Exercise of *wa'ad*: *Murabaha Sale under FLPR leg*

- Exercise of the *wa'ad* under each of FLPR leg leads to Party B and Party A entering into a Murabaha Sale, *i.e. Party A sells **Assets (zinc)** to Party B at a purchase price consisting of **Cost Price + Profit**.*
- **Delivery:** Party A (the Seller) delivers the **Assets** to Party B on the **Purchase Date**
  - **Assets** in respect of the FLPR are Zinc (see table above)
  - **Purchase Dates** are agreed between Party B and Party A on the Trade Date, and are to be specified in the DFT Terms confirmation
  - In our example, the Purchase Date falls at the start of the each Calculation Period (see Timeline Example in slide 6 above)
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- **Timeline Examples** in slides 6 and 7 above illustrate how the Trade Date, Effective Date, Purchase Dates and Payment Dates work in respect of the Calculation Periods for a PRS

# Exercise of wa'ad: *Murabaha Sale: Cost Price + Profit*

- **Cost Price** is the cost of the Assets to Seller
- **Profit** is determined by reference to the FPR or the FLPR, which is applied to the Capital Amount for the relevant Calculation Period
- In this example, Profit under the FPR leg is the FPR Amount payable, i.e. **Profit = Capital Amount x [FPR x FPR Day Count Fraction]** (or AED16,438.36)
- In this example, Profit under the FLPR leg is the FLPR Amount payable i.e. **Profit = Capital Amount x (FLPR + Spread) x FLPR Day Count Fraction** (or AED 12,328.77)
- Matured payment obligations in respect of the two cash flows may be set-off against each other, but asset flows may not

# **Illustration 2**

## **PRS Single Sale Structure**

# Illustration in relation to Cash Flow Management

The following example illustrates the use of Mubadalatul Arbaah (PRS) for cash flow management

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- To achieve these payments, the parties will buy or sell different Assets to each other using Murabaha Sale
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# Explanation of Trade Date and Effective Date

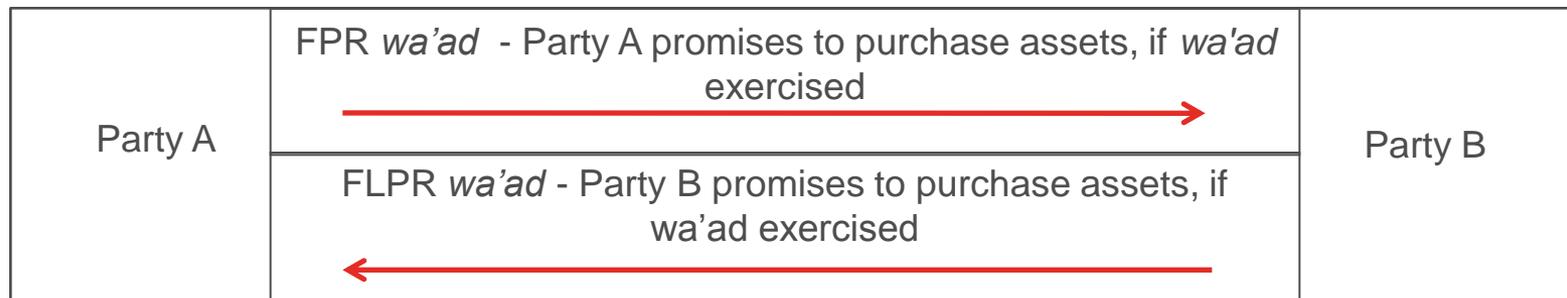
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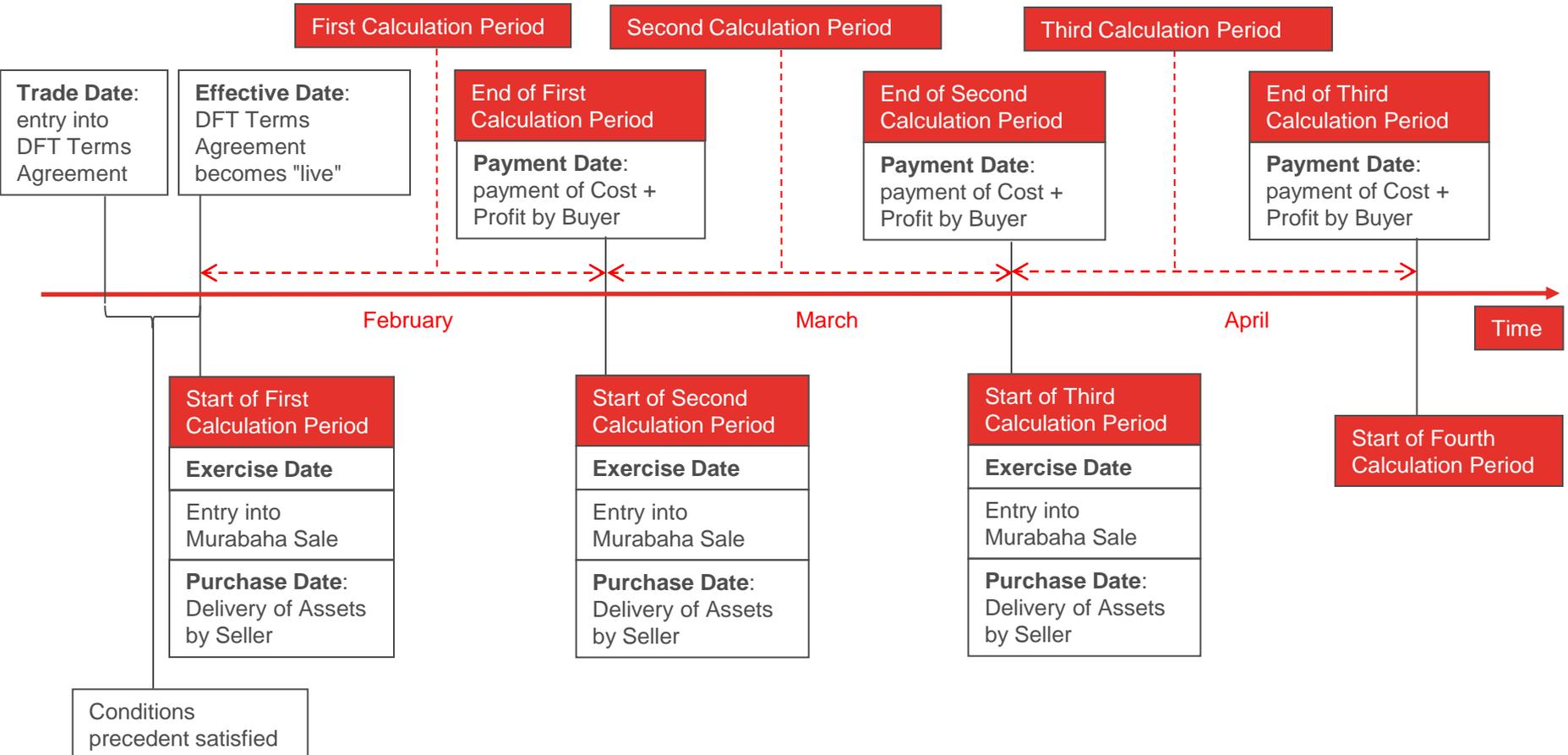
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- Using *wa'ad*, the Undertaking Party undertakes to purchase Assets at an agreed price from the Exercising Party, if the Exercising Party exercises the *wa'ad* by notice on an Exercise Date



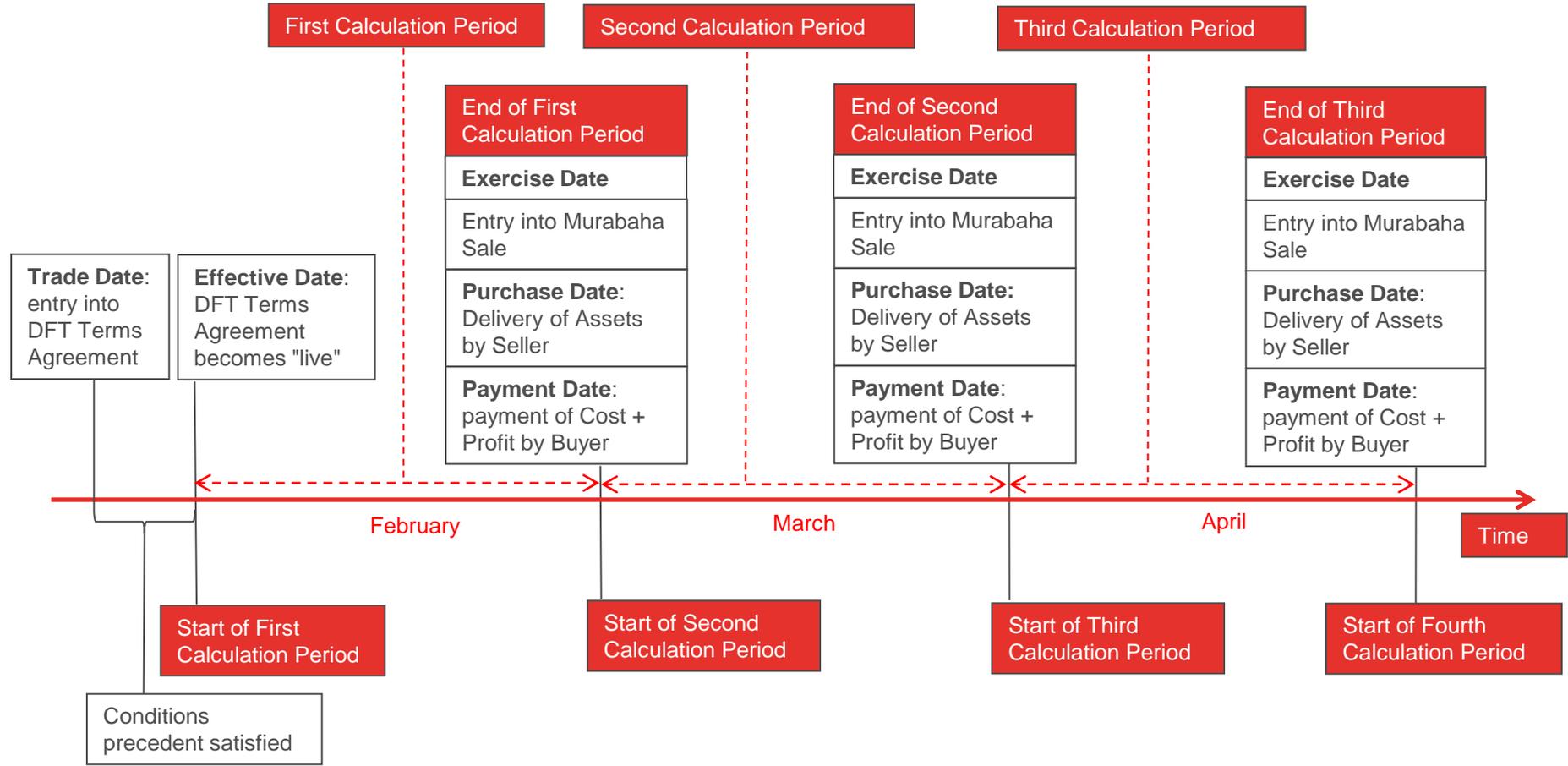
# Example Timeline of entry into Murabaha Sale at the start of each Calculation Period

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  - Purchase Date at start of Calculation Period
  - Payment Date at end of Calculation Period

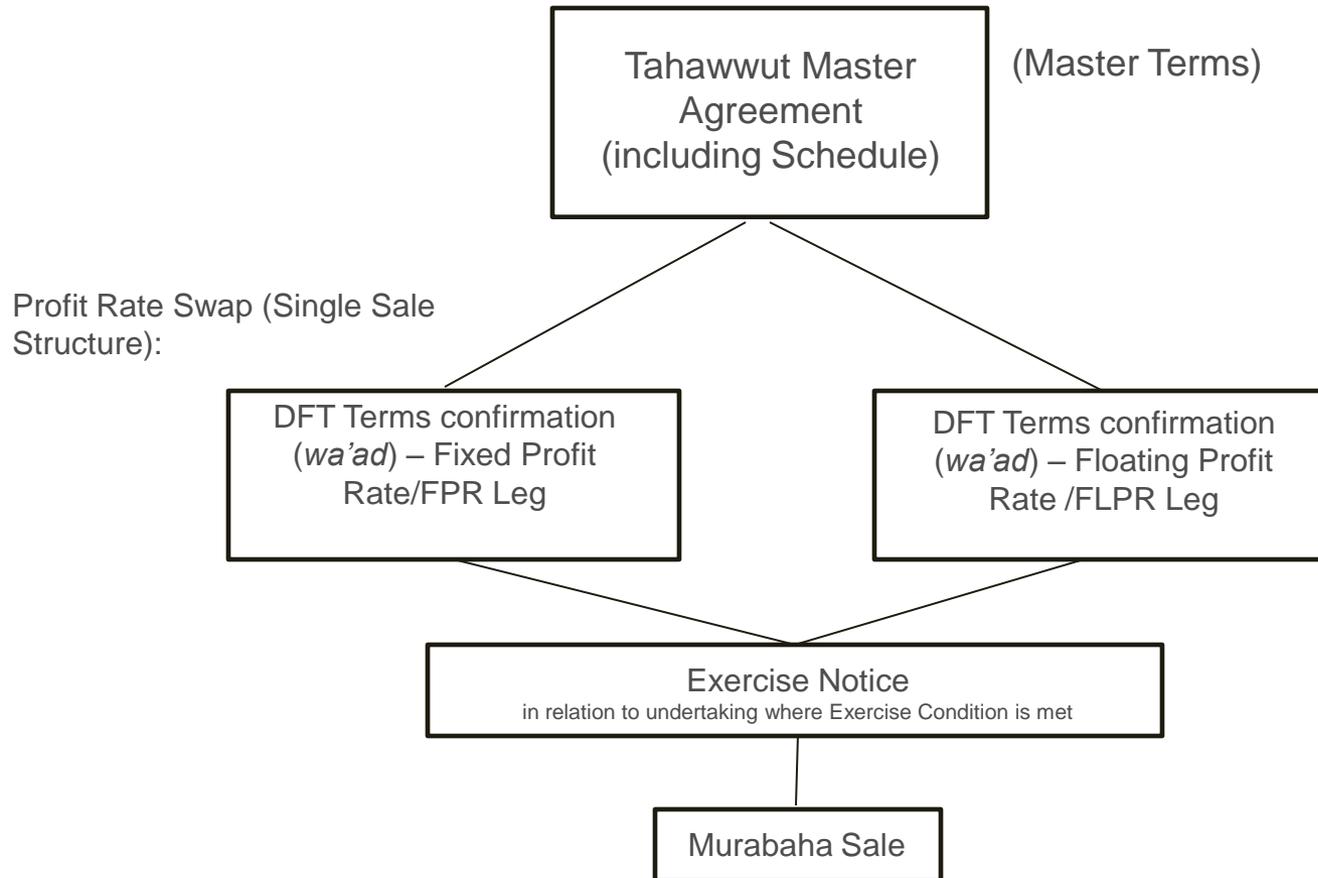


# Example Timeline of entry into Murabaha Sale at the end of each Calculation Period

- This diagram illustrates an **example of entry into Murabaha Sale at the end of each Calculation Period**:
  - Purchase Date at end of Calculation Period
  - Payment Date at end of Calculation Period



# Single Sale Structure documentation architecture



# Single Sale Structure: Exercise of *wa'ad*

- In the Single Sale Structure, a party may only exercise the *wa'ad* granted to it by the Undertaking Party on an Exercise Date if the Exercise Condition has been met
- It is possible for the Exercise Condition to be met only in relation to one of the two *wa'ads* on any Exercise Date: only one *wa'ad* may be exercised in respect of the PRS
- If the Exercise Condition is met in the fixed rate leg of the PRS (which means that it will not be met in the floating rate leg), the *wa'ad* contained in the DFT Terms Agreement for the fixed rate leg is exercisable (and the *wa'ad* contained in the floating rate leg will not be exercisable)

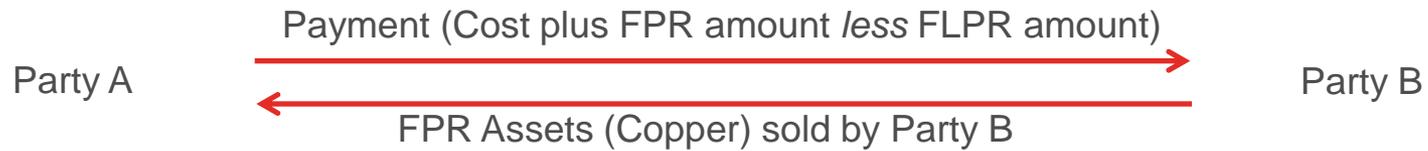
# Single Sale Structure: Exercise of wa'ad

- If the Exercise Condition is met in the floating rate leg of the PRS (which means that it will not be met in the fixed rate leg), the *wa'ad* contained in the DFT Terms Agreement for the floating rate leg is exercisable (and the *wa'ad* contained in the fixed rate leg will not be exercisable).
- If a *wa'ad* is exercised, the Undertaking Party must buy Assets from the Exercising Party and execute a Murabaha Sale Confirmation evidencing the Murabaha Sale between the parties: there is only one Murabaha Sale in respect of each Exercise Date in respect of a PRS with a Single Sale Structure.

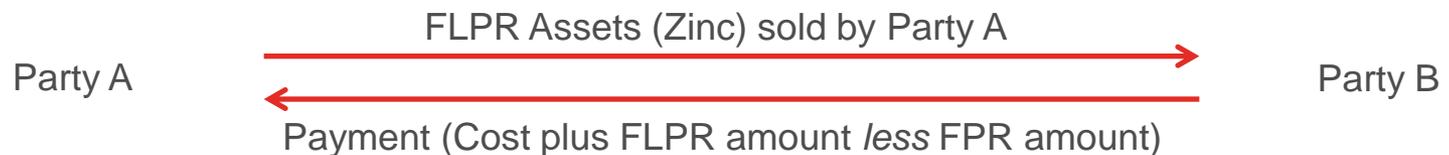
# Single Sale Structure: Exercise of wa'ad: *What is the Exercise Condition?*

- “The “Exercise Condition” is satisfied in respect of a Calculation Period if the Profit, as determined by the Calculation Agent in accordance with Paragraph 7, is greater than zero for that Calculation Period.”
- In other words, Profit in respect of that leg of the PRS for a Calculation Period must be greater than zero in order to be exercisable

*If FPR (fixed rate) amount exceeds FLPR (floating rate) amount, Party B can exercise Party A’s FPR wa’ad :*



*If FLPR (floating rate) amount exceeds FPR (fixed rate) amount, Party A can exercise Party B’s wa’ad :*



# Single Sale Structure: Exercise of wa'ad: *Which leg of PRS is exercisable? Example*

- Party A and Party B have now entered into a PRS
- The Calculation Agent determines Profit in relation to each leg of the PRS in respect of the first Calculation Period to determine whether Exercise Condition is met and which leg of the PRS is exercisable

## FLPR leg

- Under the FLPR leg, Party A (Exercising Party) may exercise Party B's (Undertaking Party's) *wa'ad* in respect of the first Calculation Period **if the Profit in respect of the first Calculation Period is greater than zero**
- The Calculation Agent determines Profit as follows\*\*:

$$\text{Profit} = \{\text{Capital Amount} \times [(\text{FLPR} + \text{Spread}) \times \text{FLPR Day Count Fraction}]\} \\ - [\text{Reference Rate Amount for FLPR}]$$

$$\text{Profit} = \{10,000,000 \times [\text{LIBOR at } 1\% + 0.5\%] \times 30 \text{ days}/365\} - \{10,000,000 \times [2\% \times 30/365]\}$$

$$\text{Profit} = \{10,000,000 \times [0.015 \times 0.08219]\} - \{10,000,000 \times [0.02 \times 0.08219]\}$$

$$\text{Profit} = \{10,000,000 \times 0.0012328\} - \{10,000,000 \times 0.00164\}$$

$$\text{Profit} = 12,328.77 - 16,438.36$$

$$\text{Profit} = \text{AED } -4,109.59$$

- Therefore, Profit is negative (**AED -4,109.59**) in respect of the FLPR leg for the first Calculation Period. (The Profit element can only be positive in relation to one leg of the PRS)
- As **Profit is less than zero**, Exercise Condition is NOT met in relation to the FLPR leg for the first Calculation Period
- Party B may NOT exercise Party A's *wa'ad* on the Exercise Date

\*\* This formula is set out in the DFT Terms Agreement for the FLPR leg and we are using the figures set out in the table above (with LIBOR at 1%)

# Single Sale Structure: Exercise of wa'ad: *Which leg of PRS is exercisable? Example*

## FPR leg

- Under FPR leg, Party B (Exercising Party) may exercise Party A's (Undertaking Party's) *wa'ad* in respect of the first Calculation Period **if the Profit in respect of the first Calculation Period is greater than zero**
- The Calculation Agent determines the Profit as follows\*\*:

**Profit = {Capital Amount x [FPR x FPR Day Count Fraction]} - [Reference Rate Amount for FPR]**

Profit = {10,000,000 x [2% x 30/365]} – {10,000,000 x [LIBOR at 1% + 0.5%] x 30/365 }

Profit = {10,000,000 x [0.02 x 0.08219]} – {10,000,000 x 0.015 x 0.08219}

Profit = {10,000,000 x 0.00164} - {10,000,000 x 0.0012328}

Profit = 16,438.36 – 12,328.77

Profit = AED 4,109.59

- Therefore, Profit is **AED4,109.59** in respect of the FPR leg for that Calculation Period
- As **Profit is greater than zero**, Exercise Condition is met in relation to the FPR leg for that Calculation Period
- Party B may exercise Party A's *wa'ad* on the Exercise Date

\*\* This formula is set out in the DFT Terms Agreement for the FPR leg and we are using the figures set out in the table above (with LIBOR at 1%).

# Single Sale Structure: Exercise of *wa'ad*: *Consequences*

## FPR leg of PRS

- In this example, Party A's *wa'ad* to Party B has now become exercisable in respect of the first Calculation Period
- Accordingly, the parties will proceed as follows:
  - Party B exercises Party A's *wa'ad* on the Exercise Date by notice to Party A
  - Party A and Party B enter into a Murabaha Sale (i.e. Party B sells assets to Party A)
  - Party A and Party B execute a Murabaha Sale Confirmation (on the Purchase Date – see next slide)
  - The Murabaha Sale pursuant to the FPR leg of the PRS becomes a Transaction under the TMA

## FLPR leg of PRS

- In this example, Party B's *wa'ad* to Party A did not become exercisable in respect of the first Calculation Period
- Accordingly, no Murabaha Sale is transacted between the parties in respect of the first Calculation Period pursuant to the FLPR leg of the PRS

# Exercise of *wa'ad*: *Murabaha Sale*

- Exercise of the *wa'ad* under FPR leg leads to Party A and Party B entering into a Murabaha Sale, *i.e. Party B sells **Assets** to Party A at a purchase price consisting of **Cost Price + Profit**.*
- **Delivery:** Party B (the Seller) delivers the **Assets** to Party A on the **Purchase Date**
  - **Assets** in respect of the FPR are Copper (see table above)
  - **Purchase Dates** are agreed between Party A and Party B on the Trade Date, and are to be specified in the DFT Terms confirmation
  - In our example, Purchase Date falls at the start of the each Calculation Period (see Timeline Example in slide 6 above)
- **Payment:** Party A (the Buyer) pays the deferred purchase price of **Cost + Profit** on the **Payment Date**
  - **Payment Dates** are agreed between Party A and Party B on the Trade Date, and are to be specified in the DFT Terms confirmation
  - In our example, Payment Date falls at the end of the each Calculation Period (see Timeline Example in slide 6 above)
- **Timeline Examples** in slides 6 and 7 above illustrate how the Trade Date, Effective Date, Purchase Dates and Payment Dates work in respect of the Calculation Periods for a PRS

# Exercise of wa'ad: *Murabaha Sale: Cost Price + Profit*

- **Cost Price** is the cost of the assets to seller
- **Profit** is determined by reference to the FPR or the FLPR
- In this example, Profit is the difference between (1) the FPR Amount payable under the FPR leg of the PRS and (2) the Reference Rate Amount (which corresponds to the FLPR amount payable under the FLPR leg),
  - i.e. **Profit = Capital Amount x [FPR x FPR Day Count Fraction] - [Reference Rate Amount for FPR]**
- In this example, the Profit payable by Party A in respect of the first Calculation Period is the positive amount (**AED4,109.59**) calculated above in slide 13 (in determining whether Exercise Condition is met)