



Press Release

Amlak Announces Full Year Results for 2018

- *Revenues from Sale of Properties under Development up by 16%.*
- *Rental income stands at AED 64 million up by 5%*
- *Revenues from all business activities stand at AED 342 million down by 6%*
- *Total liabilities decreased by 8%*
- *Total assets stand at AED 6 billion*
- *Advance payment of AED 684 million to financiers in January 2018*

Dubai, UAE: March 21, 2019 – Amlak Finance PJSC, a leading specialized Islamic real estate financier in the Middle East, today announced its Full Year Financial Results for the year ended December 31, 2018.

Amlak recorded a 16% increase in revenue from sale of properties under development compared to 2017; an increase related to the infrastructure development completion and sales of plots in Nad Al Hamar project.

Revenues from financing business activities witnessed a decrease by 9% to AED 173 million in 2018 compared to AED 191 million in 2017.

Rental Income increased by 5% during 2018 to AED 64 million, compared to AED 61 million in 2017.

Amlak reported net loss of AED 272 million at the end of December 2018 compared to AED 51 million net profit in 2017. The Company's total revenues including unrealized fair value loss related to investment properties decreased to AED 307 million in 2018, down by 29% compared to AED 432 million in 2017; a decrease due to a more conservative approach in assets valuation.

Operating costs increased by 17% to AED 146 million in 2018, compared to AED 125 million in 2017, including operating costs of joint ventures relating to real estate development. An increase mainly due to a one-off expenses related to renegotiation of existing restructuring terms and litigation expenses.

During 2018, the Group recorded an impairment charge of AED 206 million compared to an impairment reversal of AED 0.4 million for 2017. This is mainly related to advances paid towards



the acquisition of units in two under-development real estate projects. Both projects are delayed by a number of years and the date of completion is uncertain. The Company also recorded an amortization cost of AED 110 million similar to 2017.

The company made early payment of AED 684 million to financiers in January 2018, which is equivalent to 10 future scheduled monthly installments until December 2018. To date, Amlak has paid 42% of its Islamic deposits liabilities relating to financiers and 75% of its Islamic deposit liabilities relating to liquidity support providers.

The amount of amortization represents the unwinding of fair value gains on initial recognition of investment deposits, and varies according to the level of repayment made to the financiers in any reporting period.

The profit distributable to financiers stood at AED 112 million for 2018, a decrease of 10% compared to AED 125 million for 2017. This decrease is due to the early payment made to financiers in January 2018.

Following the repayment to financiers, Amlak's total liabilities decreased by 8% compared to year end 2017. Total assets stand at AED 6 billion, representing a 11% decrease from year end 2017.

The company approached its financiers to renegotiate funding conditions to allow it more flexibility in adapting to current market conditions. This will provide the company with the opportunity to grow its business resulting in balance sheet growth and increased shareholder value. The renegotiation is in progress and, subject to securing approvals from financiers and related authorities, is expected to be concluded by Q2 2019.

Commenting on the results, Mr. Ali Ibrahim Mohammed, Chairman of Amlak Finance PJSC, said: "2018 has been a challenging year for the real estate sector in the UAE and across the region. The on-going global trade concerns, fluctuating oil prices and softening of the real estate market has had an adverse impact on investors' sentiment. Despite these challenging circumstances, Amlak has and will continue to identify the right kind of opportunities that can co-exist with the changing environment focusing on our strategy and steering the company through new market realities. We have worked closely with all our stakeholders and are pleased with the execution and implementation of our projects. With a more positive outlook for the market anticipated for 2019 and beyond, we have put in place clear strategies to ensure maximum value for our shareholders, providing leading customer service, nurturing our employees as well as fulfilling our Corporate Social Responsibility (CSR)."

Mr. Arif Abdulla Alharmi, Managing Director & CEO of Amlak, said: "While investors' sentiment in the real estate market has dampened due to economic uncertainty, the UAE government has announced a number of new initiatives to improve the overall market sentiment and provide



tangible returns to investors. Aligned with these initiatives and despite the challenging property market, Amlak continued to provide our customers with innovative products and services that stimulate the local market. In 2018, Amlak faced a loss due to increased impairment driven by the adoption of a more prudent approach in valuing real estate assets, however, we were able to complete some key infrastructure projects including the sales of plots in Nad Al Hamar project which is a testament to our commitment and position in the market. We aim to continue working on our business goals and focus our trajectory in a positive direction.”

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About Amlak Finance PJSC:

Established in 2000, Amlak Finance is a leading specialized real estate financier in the Middle East. Amlak provides innovative, Shari’a-compliant property financing products and solutions designed to meet the ever-changing market demands. Amlak offers a range of customized financial solutions and products to investors for both ready and off-plan properties.

Following the completion of its highly successful financial restructuring in 2014, Amlak is pursuing a prudent business strategy that is also now well-placed to work towards continuous enhancement of value for its shareholders.

Amlak launched its first international office in Cairo in 2007. It also has business associations in Saudi Arabia.

To learn more about Amlak Finance, please visit our website: <http://www.amlakfinance.com/>

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