



Press Release

Amlak announces 2019 full-year financial results

- *FY19 total revenues stand at AED 279 million*
- *FY19 rental income reach AED 57 million*
- *Total assets stand at AED 5.3 billion as of 31 December 2019*
- *Repayment of AED 258 million to Tranche A financiers in 2019*
- *Amlak's Egypt affiliate records 92% increase in profit from last year*
- *Debt restructuring approval reached 100%*

Dubai, UAE: March 30, 2020 – Amlak Finance PJSC, a leading specialised Islamic real estate financier in the Middle East, today announced its full-year financial results for the year ended December 31, 2019. The company focused on prudently managing its operations and balance sheet in the UAE, while realising strategic growth opportunities in key regional markets.

Including unrealised fair value loss related to investment properties, total revenues reached AED 260 million for the year ending 31 December 2019 due to softening of real estate prices and a more conservative approach in assets valuation. This was lower than the equivalent 2018 figure of AED 307 million.

Full year 2019 revenues from financing business activities were broadly in line with 2018 at AED 172 million in 2019 (FY18: AED 174 million), while rental income decreased by 11% during 2019 to AED 57 million (FY18: AED 64 million).

Amlak's focus on efficient operations in 2019 delivered a 20% reduction in operating costs to AED 117 million in 2019 (FY18: AED 146 million).

The company also continued to efficiently manage its obligations, including making a payment of AED 258 million to Tranche A financiers in 2019. To date, Amlak has paid 42% of its Islamic deposit liabilities relating to financiers, and 90% of its Islamic deposit liabilities relating to liquidity support providers.

Amlak reported a net loss of AED 320 million for the year ending 31 December 2019, compared to a AED 272 million net loss in 2018. The Group recorded an impairment charge of AED 257 million in 2019, mainly related to advances paid towards the acquisition of under-development real estate projects.



The Company also recorded an amortisation cost of AED 96 million in 2019 compared to AED 110 million in 2018. 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 distributed to financiers stood at AED 110 million for 2019 compared to AED 112 million for 2018.

Key milestones during 2019:

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. Amlak secured 100% approval for its debt restructuring from financiers and related authorities in Q1, 2020 and is well advanced in documentation phase.

The company completed the development of its labour camp project in Al Ttay which consists of eight labour camps. The project was completed on time and represents the diversification of Amlak's portfolio. The Al Ttay project also further enhances the value of the Company's real estate investments across the country.

Another key milestone of 2019 was the awarding of AED 780 million in an arbitration administered by the Dubai International Arbitration Centre. Amlak Finance won the arbitration and was also awarded all legal costs along with additional compensation. Amlak has proceeded with the legal proceeding executed and will recover the amounts due according to the judgement.

In the region, Amlak's affiliates witnessed growth with Egypt in particular recording a 92% increase in profit from last year and The Saudi Capital Market Authority (CMA) approved Amlak International for Real Estate Finance Company's initial public offering (IPO) of 27.18 million shares, representing 30% of the company's capital.

Commenting on the results, Mr. Ali Ibrahim Mohammed, Chairman of Amlak Finance PJSC, said:

“While the past 12 months posed its share of challenges, we are pleased to say that Amlak Finance navigated its way through these often-tumultuous times with resilience and steady progress, achieving several milestones. Despite challenging market conditions in 2019, our income from financing business activities remained stable, while we delivered a 20% reduction in operating costs. I am equally pleased to announce that Amlak's subsidiaries and associates having performed well and yielded good dividends. Additionally, Amlak has just 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. This will provide Amlak with the opportunity to grow its business resulting in balance sheet growth. In order to further enhance efficiency and



reduce operational costs, we introduced active strategies to increase automation levels, leverage technology and move towards a variable cost model. We remain steadfast in our effort to grow our business in a sustainable manner – both internally and externally – by consolidating our core business, offering innovative and market leading products and services with an aim to increase profitability and value for our shareholders. We are equally dedicated to enhancing our employees' welfare, training and career development.”

Mr. Arif Abdulla Alharmi Albastaki, Managing Director & CEO of Amlak, said:

“Following the finalisation of the debt restructuring negotiations, we aim to further strengthen the company through thoughtful planning and the launch of new strategic initiatives to diversify our portfolio and build our capabilities: our people, products and systems. We will launch a fresh efficiency-enhancing drive across the organization, where work-teams will collaborate to enhance company policies and procedures, improve customer satisfaction and the overall experience with Amlak, and look at increasing business. We have full confidence in the positive long-term outlook for the UAE economy, as well as in our strong internal processes and measured approach will enable us to leverage the opportunities that lie ahead of us.”

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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 and end-users for both ready and off-plan properties.

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

For more information, please visit www.amlakfinance.com

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