



## **Press Release**

### **Amlak Announces results for the first half of 2015**

- Net Group Profit of AED 14.6 million in H1 2015 and AED 8.5 million in Q2 2015
- Amlak outlines focused strategy on its real estate investment

**Dubai, UAE 12 August 2015** – Amlak Finance PJSC, a leading specialized real estate financier in the Middle East, today reported its financial results for first half ending 30 June 2015.

The company recorded a net group profit of AED 14.6 million for the first half of 2015 with AED 10.9 million attributable to its equity holders (after non-controlling interest) and a net group profit of AED 8.5 million in Q2 2015.

Total Revenue decreased by 7% to nearly AED 210 million for H1 2015, compared to the same period last year. Revenue from the financing business activity was recorded at AED 147 million, a 25% decrease over the same period last year, mainly as a result of the decreasing real estate financing portfolio. However, Rental and Other Income and Share of Results from Associates, improved to AED 41.3 million, up almost 41% compared to the same period last year.

Amlak recorded AED 20.8 million of revenue from the sales of real estate assets in Nad Al Hamar Development. The revenue has been recognized under early adaptation of IFRS 15 in Q2 2015, based on percentage of progress in development of the infra-structure works over the land.

Operating Costs, excluding AED13.8 million recorded as development costs of Nad Al Hamar land in Q2, decreased by 23% to AED 67.3 million as of end of June 2015 from AED 83.3 million as of end of June 2014.

Profit distributable to financiers decreased from AED 108 million to AED 73.4 million. This is the result of cash repayments of almost AED 2.7 billion made to the Financiers during the period between June 2014-June 2015 and issuance of AED1.3 billion Mudaraba Instrument to the Financiers, in lieu of a portion of their facilities.

Total assets increased by 5% standing at AED 7.7 billion in H1 2015 compared to the same period last year. Amlak's balance sheet equity position remained constant at almost AED1.7 billion.

Amlak recorded AED 29 million in total provisions by the end of June 2015, similar to the same period last year, reflecting improvements in the quality of the real estate financing and robust collections strategy.

The Company recorded an amortization cost of AED 51.4 million in Q2 2015, due to the unwinding of the initial fair value gains recognized on investment deposits at the time of restructuring, which reached a total of AED 80 million for the first half of the year. The amount of amortization may vary depending on the level of repayments payable to the Financiers, and will



be recognized and recorded at every quarter end, until the Financers have been fully repaid by the end of the restructuring period.

Commenting on the results Mr. Arif Alharmi, Managing Director and CEO of Amlak said “We are pleased with our first half year results which are on track with our 2015 expectations. We look forward to growing our profits for the remainder of the year through new business originations focusing on our target customer segments. We have already launched our Istithmari product, aimed at buy-to-let investors and we plan to develop innovative funding solutions to support our strategy of growth and long term value creation.”

Mr. Arif Alharmi added, “We have also developed a firm strategy for our real estate investment portfolio over the coming months and years. Our aim is to create value in this portfolio and ultimately sell these investments at certain prices, to repay our Financiers under the terms of our financial restructuring.

Amlak’s real estate investment portfolio consists of land parcels valued at AED 209 million, completed property units valued at AED 1,050 million and projects under development valued at AED 687 million all situated in the UAE, except Nasr City land which is located in Cairo, Egypt and is valued at AED 282 million.

#### **The company’s land bank developments:**

**Nad Al Hamar land** – Amlak is in the process of developing the infra-structure of this land plot with a total area of 3 million square foot for a mixed community jointly with a government developer throughout 2015 and 2016. Amlak has already started selling individual land parcels to investors and developers under the master community plan.

**Mirdiff Land** – Amlak will be launching a development project of this land with a size of 136,000 square foot, into a residential villas complex and expect value growth by the end of the project due in 2017. The project consists of building 54 villas for lease rentals which will ultimately be sold by year 2025.

Mr. Arif Alharmi commented: “We believe we generate enhanced returns and value from this project that will benefit all our stakeholders.”

**Khawaneej Land** – with a size of 811,000 square foot, Khawaneej land is a labor camp facility. The infra-structure work on the Khawaneej land has started by the developer and is expected to finish by end of 2016.

Mr. Arif Alharmi commented: “We have already witnessed value growth on the land plots which we expect to continue as the infra-structure progresses, and demand for this type of asset increases in the run up to EXPO 2020 Dubai.”

**Nasr City Land** – this land with a size of 460,000 square foot, is located in Cairo and is anticipated for development in near future once all planning permissions have been obtained. This development is anticipated to generate substantial value for the Group.

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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 demanding needs of the market. Amlak offers a range of customized financial solutions and products to investors for both ready and off-plan properties.

Amlak launched its first international office in Cairo in 2007, which operates under the name 'Amlak Finance & Real Estate Investment'. It also has business associations in Saudi Arabia under the name 'Amlak International for Real Estate Development and Finance Co'.

Following suspension of Amlak's shares in the Dubai Financial Market in 2008, the company undertook a comprehensive restructuring of its balance sheet and its business. In the third quarter of 2014, Amlak completed the financial restructuring, which was approved by its financiers. The company's shareholders approved the restructuring proposal at Amlak's EGM, held in September 2014. By pursuing a business strategy underpinned by prudence and austerity, the company reported profits for the year 2014. Amlak is now well placed to resume normal business operations and work towards once again creating future value for its shareholders.

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

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