



Press Release

Amlak Announces Full Year Results for 2017

- *Decrease in Operating Cost by AED 27 million representing a drop of 18% compared to 2016*
- *Net profit of AED 51 Million for the year ended December 2017*
- *Total Assets stand at AED 6.6 Billion*
- *Redeemed an additional AED 100 million of the Mudaraba Instrument in Nov 2017*
- *Further advance payment of AED 684 million to financiers in Jan 2018*

Dubai, UAE 12 March 2018 – 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 31 December 2017.

Amlak reported net profits of AED 51 million at the end of December 2017, a decrease of 52% compared to AED 107 million in 2016. The Company's total revenues including sale of properties under development decreased to AED 432 million in 2017, down by 44% compared to AED 778 million in 2016 due to reduction of sale of properties under development. Total assets increased by 1% at AED 6.6 billion by end of 2017 compared to AED 6.5 billion last year predominantly due to increase in Real Estate Investment assets (fair value gain) set off against a decline in Real Estate Finance assets (financing portfolio).

Revenue from financing business activities decreased by 8% to AED 191 million in 2017, compared to AED 207 million in 2016. Revenue from sales of real estate assets decreased by 88%, reaching AED 52 million, compared to AED 429 million in 2016. This decrease was mainly due to higher sales and transfers of properties under development to customers in 2016.

Rental Income increased by 7% in 2017 reaching AED 61 million, compared to AED 57 million reported in 2016. Fair Value Gain on Investment Properties increased by AED 52 million from AED 18 million for full year 2016 to AED 70 million for full year 2017 mainly due to the completion of real estate development in Mirdif community.

Other Income reported at AED 59 million for the year 2017 compared to AED 68 million for the year 2016. The marginal drop is due to certain one off income in 2016 not recurring in 2017.

Operating Costs decreased by 27 million from AED 149 million for full year 2016 to AED 122 million for full year 2017 registering a decrease of 18% for the comparative period. This excludes operating costs of joint venture relating to real estate investment's development. Cost



rationalization initiatives across Amlak contributed to cost savings in 2017, and it is expected to continue in 2018 as well.

Impairments reversal of AED 0.5 million recorded during 2017, compared to an impairment charge of AED 66 million in 2016 which reflects embedded strength in the quality of credit on its financing portfolio.

The company recorded an amortization cost of AED 110 million in 2017. The amount of amortization represents the unwinding of fair value gains on initial recognition of investment deposits, and it will vary depending on the level of repayment made to the financiers in any reporting period. Amortization will continue although expectedly at a lower rate in the future until the financiers have been fully repaid by the end of the restructuring period.

Profit distributable to financiers stood at AED 125 million in 2017, a slight decrease when compared to AED 127 million in 2016. The decrease was due to the base effect of higher Islamic deposits during 2016 as compared to 2017.

Amlak will continue to develop land parcels to enhance real estate value in an effort to expedite fulfilling its restructuring commitment to financiers and create value for shareholders. 2018 plans include continuing the infrastructure development project in Nad Al Hamar, continue development of certain plots in Al Ttay, and planning the potential development of Nasr City Land (Egypt).

Amlak redeemed an additional AED 100 million of the Mudaraba Instrument in 2017, reaching AED 309 million in total, representing 21% of the Mudaraba Instrument. The instrument is fully convertible into company shares, if not redeemed, by the end of the 12th year of the restructuring period from monetization of Amlak's real estate assets value growth.

In January 2018, Amlak made further advance payments to financiers amounting to AED 684 million which is equivalent to 10 future scheduled monthly installments until December 2018. Hence, Amlak till date has paid 42% of its Islamic deposits liabilities relating to financiers and 75% of its Islamic deposit liabilities relating to liquidity support providers.

Mr. Ali Ibrahim Mohammed, Chairman of Amlak Finance PJSC, stated: "Despite a challenging global economic environment, our 2017 results reflect an overall positive operational performance which is in keeping with our strategy and efforts over the past year. For 2018, we have clear strategies in place for creating more value for our shareholders, providing leading customer service, nurturing our employees as well as fulfilling our Corporate Social Responsibility (CSR). With a more positive outlook for the UAE economy in the coming year, we are certain that Amlak will continue its growth trajectory in the right direction.



He added further: “A number of key initiatives were undertaken in the UAE in 2017. Among these was the UAE Federal Governments ‘Year of Giving’ focusing mainly on giving back to the community through Corporate Social Responsibility, volunteering and by serving the nation. Amlak has always aligned its vision and values with the UAE government’s policies. I am confident that Amlak Finance will continue to strengthen its position and support the UAE’s goals and vision, contributing further to the economic and social environment.”

Commenting on the results Mr. Arif Abdulla Alharmi, Managing Director & CEO of Amlak, said, “Keeping in view the current challenged economic scenario, our results in 2017 reflect focus on core business development, product and service differentiation, and driving profitability and value for our shareholders. Our strategy for 2018 is to continue our efforts to develop the infrastructure and sale of various land plots. We are confident that our strategy will continue to support the overall revenue and profitability of the Company, and we are certain that Amlak is well-positioned to capitalize on the improving economic backdrop in the UAE and I look forward to seizing these opportunities.”

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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 since then. Amlak is now well placed to pursue normal business operations and work towards continuous enhancement of value for its shareholders.

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

Media Inquiries:

Sasha Pinto

Tel: 04-4454248

Email: slpinto@webershandwick.com