



Press Release

Amlak Announces Full Year 2015 Results

- *Net profits of AED 139 Million for the year ending December 2015*
- *Profit growth of 130% for equity holders compared to 2014*
- *Total Assets stand at AED 6.9 billion*

Dubai, UAE 28 February 2016 – Amlak Finance PJSC, a leading specialized real estate financier in the Middle East, today reported strong financial results for the year ending 31 December 2015.

The company recorded a net profit attributable to the equity holders of AED 135 million for the full year 2015, compared to AED 59 million for the same period 2014, representing a growth rate of 130%. The company has reported exceptionally strong results for Q3 and Q4 2015 as the company has resumed business operations after its shares were re-admitted to trading on the DFM in June 2015. Amlak reported net profits of AED 57 Million for Q3 and AED 68 Million for Q4 2015.

Mr Ali Ibrahim Mohammed Chairman of Amlak Finance PJSC stated: “I am pleased to announce our exceptionally strong results for 2015, which is a reflection of the growth we experienced during the past year that has allowed us to create value for our shareholders despite a market slow down.

He added: “Our long term goal is to continue sustainable growth for Amlak. This will be achieved by developing viable business strategies, attracting suitable funding and offering innovative products and services designed specifically for our target markets. Whilst we will continue with our prudent business and growth strategy, we recognize that growth requires exploring potential business opportunities as well as investing in our people, infrastructure and customer service delivery platforms.”

Commenting on the results Mr Arif Alharmi, Managing Director & CEO of Amlak said, “2015 was a significant year in Amlak’s development and progress on multiple fronts – following our successful restructuring, our shares were readmitted to DFM witnessing a very strong market interest in our brand and stock, and most importantly we surpassed financiers expectations under the terms of our financial restructuring through the repayments we have made. We also won multiple awards that were a testament to the success of our complex restructuring. In 2015, we also embarked on a focused real estate strategy that saw us make great progress in terms of the development of one of our land projects.

I am very pleased that we have surpassed our target results for the year 2015. Our clear and focused strategy developed last year has borne fruit, creating value for our shareholders, whilst delivering on our financial commitments to our financiers. We have achieved strong growth with net profits increasing by more than two folds compared to full year 2014. Additionally, by the



end of 2015, we have repaid an overall amount of AED 3.3 billion to our financiers and another AED 200 million for redemption of the Mudaraba Instrument within the first year of our financial restructuring.

Mr. Alharmi added: “Despite record low oil prices, tight liquidity conditions and other geopolitical difficulties, I am confident that Amlak is now entering a period of steady growth over the next few years and my hope is to be able to mirror the success of Dubai in our own performance. Our strategy for 2016 will continue to focus on our target markets, offering unique and innovative products and services to customers as well as pursuing new funding initiatives. Our customers are fundamental to our growth which is why we are investing in technologies that will allow us to enhance our customer service delivery through targeted product development, robust risk management, and robust human capital. Through this, we aspire to further grow our brand and what Amlak represents today and in future”

Total revenue increased by 5.5% to AED 476 million for the full year 2015, compared to AED 451 million for the same prior year period. Q4 2015 total revenue reached AED133 million registering a 24% increase compared to the same quarter of the previous year which stood at AED 107 million.

Revenue from financing business activities decreased by 21% to AED 297 million from the prior year which stood at AED 376 million. However, profit distribution to financiers for 2015 also decreased by 39% to AED 141 million compared to AED 230 million for the full year 2014, reflecting improved net profit income from the core business activity of the company.

Rental and all other income, improved to AED 79 million for the full year 2015 period, up by 52% compared to the same period for 2014 which stood at AED 52 million. The increase was a result of increased rental income generation as well as other income from recoveries relating to further foreclosed units and old debts during 2015.

Most notably, as part of total revenue Amlak recorded AED 74 million from the sales of real estate assets in Nad Al Hamar land as of the end of 2015. Nearly AED 30 million were recorded in Q4 2015 as infra-structure development progress reached 52%. During the year 37% of land plot areas were sold to investors.

Operating Costs decreased by 8% to AED 166 million for the full year 2015 compared to AED 181 million for the full year 2014. This excluded the full year AED 33 million related to infra-structure development costs of Nad Al Hamar land during the 2015 period. Cost rationalization across support functions and other efficiency generating initiatives contributed to cost savings throughout 2015.

Profit distributable to financiers decreased from AED 231 million in 2014 to AED 141 million in 2015. The decrease was due to the issuance of AED 1.3 billion Mudaraba Instrument to the financiers, in lieu of a portion of their facilities which reduced the overall deposit liabilities as a result of the financial restructuring last year. In addition, nearly AED 3.3 billion in repayments were made to the financiers towards their facilities as at the end of 2015.



Amlak recorded AED 70 million of provision reversals for full year 2015, compared to a reversal of AED 77 million in 2014. These substantial reversals of provisions for a second consecutive year reflected marked improvement in the quality of financing assets and is also impacted by the re-activation of a number of under-construction real estate projects during 2015. Further reversal of provisions in the future are anticipated but not to the same extent, given the cautious sentiment in the economic environment and particularly real estate markets.

The company recorded an amortization cost of AED 132 million in 2015, amounting to an average of AED 33 million in each quarter of 2015. The amount of amortization which represents the unwinding of fair value gains on initial recognition of investment deposits 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.

Total assets decreased by 6 % recording nearly AED 6.9 billion by end of 2015 from AED 7.3 billion last year predominantly due to a decreasing financing and investing assets portfolio, and partly offset by an increase of AED 246 million in real estate assets resulting from an inflow of foreclosed units, additional recognition of real estate assets from development progress made in Nad Al Hamar and net fair value gains.

Amlak's balance sheet equity position also decreased by 7% from AED1,699 million to AED1,587 million, having paid for AED 200 million of Mudaraba Instrument redemption (recognized in shareholders' equity).

Amlak's land bank developments for 2016: Amlak aims to develop land parcels in conjunction with suitable partners in an effort to faster fulfil its restructuring commitment to financiers. 2016 plans are:

- Complete the infrastructure development works in Nad Al Hamar land during 2016 and sell the remaining available plots to investors.
- Complete Al Khawaneej land infrastructure works in 2016, and explore possibility of developing a certain number of plots in partnership with investors.
- Develop especial construction finance to be offered to existing investors in our Al Khawaneej labor camp land plots.
- Start the construction of 54 villas in Mirdiff land in 2016 to be available for leasing in the medium term.

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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 Finance Co'.

After successfully completing its financial restructuring in 2014, Amlak has launched a number of innovative products and services to its customers and won a number of prestigious awards such as Innovation in Islamic Finance, Best Sharia Compliant Property Finance Company UAE 2015, and Best Islamic Finance CSR Company UAE 2015 amongst others. Amlak is now well poised to recapture its leading position as a specialized real estate financier, and focused on creating value for its shareholders.

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

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