



Press Release

Amlak Releases Financial Results

For Nine Months Ended September 30, 2016

- *Amlak group net profit stands at AED 94 Million for the nine months period ending September 2016, an increase of 32% over the same period last year*
- *Total assets stand at AED 6.67 billion*

Dubai, UAE 13 November 2016 – Amlak Finance PJSC, a leading specialized real estate financier in the Middle East, today reported strong financial results for the nine months period ended 30 September 2016.

The company recorded AED 94 million profit for the first nine months ending September 2016, compared to AED 71 million, representing a 32% increase over the same period last year.

The Company reported profits of AED 6.7 million for Q3 2016. The Company has seen some volatility in current year quarterly results due to substantial revenue and profits recorded in the first quarter on the back of land plot sales which has not continued at the same pace in the following quarters.

Total revenue for the nine months period ended 30 September 2016, increased by 86% with Amlak recording AED 625 million compared to AED 335 million for the same period last year. Total revenue for the period included AED 193 million and AED 20 million from net results of sales of land plots and associate company business operation, respectively.

Revenue from financing business fell by 30% to AED 155 million for the nine months period ended September 2016 as a result of a decrease in the size of the financing assets. The trend for early settlements has eased in Q3 and this trend is expected to continue going forward helping to stabilize the financing asset portfolio.

Rental and all other income, improved slightly to AED 53 million for the period, up by 3% compared to the same period last year. The increase is a result of more rental income generation and recoveries from further foreclosed units.

Operating expenses for the first nine months period ended September 2016 increased by 9% to AED 111 million compared to AED 102 million for the same period last year. This excluded AED 21 million related to development costs of land plots. The increase, although marginal, was mainly relating to one off restructuring fees.

Profit distributable to financiers decreased from AED 108 million to AED 97 million for the nine months period ended September 2016. The decrease is a result of prepayment of scheduled payments made to financiers.



Amlak recorded AED 35 million of provision charge for the nine months period ended September 2016, compared to a reversal of AED 74 million in the same period last year. The Company recorded provision charges of AED 5 million, AED 24 million and AED 5 million in Q1, Q2 and Q3 respectively reflecting a fall in the underlying real estate assets financed as well as fresh delinquencies witnessed particularly in Q2.

The Company recorded a restructuring related amortization cost AED 26 million in Q3 2016, reaching a total of AED 84 million for nine months period ended September 2016. The amount of amortization will vary depending on the level of repayment of facilities made to the financiers in any reporting period. Amortization will continue until the financiers have been fully repaid.

Total assets fell by 3% to AED 6.67 billion as of end of September 2016 due to lower financing and investing assets portfolio. For the same period, Amlak's equity position increased from AED 1.59 billion to AED 1.64 billion, showing an increase of 3% on the back of robust earnings recognized since the beginning of 2016.

Commenting on the results Arif Alharmi, Managing Director & CEO of Amlak said, "We started the year on a strong note with Q1 showing significant profits generated from real estate investment portfolio particularly from the sale of land plots. However, Q2 proved to be somewhat challenging as we had to prudently take higher provisions to maintain a healthy balance sheet. I am pleased that in Q3 we have once again recognized a profit although this falls below our expectations for the quarter and period to date due to market conditions. We have embarked on a cost rationalization drive, which I confidently expect should yield positive results in the next quarter and beyond."

He added, "We have also started our corporate strategy development planning for 2017 where our focus will remain on core business development, product and service differentiation, driving profitability and value for our shareholders."

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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/>

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