



Press Release

Amlak Announces Full Year Results for 2016

- *Robust Revenue growth of 46% compared to 2015*
- *Drop in Operating Cost by 6% compared to 2015*
- *Net profits of AED 107 Million for the year ended December 2016*
- *Total Assets stand at AED 6.5 Billion*

Dubai, UAE 08 March 2017 – Amlak Finance PJSC, a leading specialized real estate financier in the Middle East, today announced its Full Year Financial Results for the year ended 31 December 2016.

Amlak reported net profits of AED 107 million at the end of December 2016, a decrease of 20% compared to AED 135 million in 2015. The Company's total revenues, however, reached AED 778 million in 2016, up by 46% compared to AED 532 million in 2015.

Revenue from financing business activities specifically decreased by 31% to AED 207 million in 2016, compared to AED 297 million in 2015. Revenue from sales of real estate assets saw a significant increase of 480%, reaching AED 429 million, compared to AED 74 last year. This increase was mainly due to higher sales and transfers of real estate land plots to customers.

Rental Income also increased by 23% in 2016 reaching AED 57 million, compared to AED 46 million reported in 2015. Other Income was reported at AED 86 million for the year 2016, a 25% decrease when compared to 2015, which stood at AED 114 million. This decrease was mainly due to a drop in fair value gains on investment properties.

Mr. Ali Ibrahim Mohammed, Chairman of Amlak Finance PJSC, stated: "Despite a challenging global economic environment, I am pleased that Amlak has reported good results. These results reflect our overall positive operational performance and, with a more positive outlook for the UAE economy in 2017, Amlak is well-positioned to capitalize on an improving economic backdrop and continue its growth trajectory. 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)."

Commenting on the results Mr. Arif Alharmi, Managing Director & CEO of Amlak said, "2016 was an eventful year for Amlak. We successfully re-negotiated our restructuring terms with financiers, allowing us a greater operational flexibility. The past year's results are the outcome of a clear and focused strategy across our business operations. As we move forward into 2017, we will continue to focus on core business development, product and service differentiation,



driving profitability and value for our shareholders. While there may be challenges ahead for us, I am confident that there will be exciting opportunities for Amlak as well. I look forward to seizing these prospects together as we continue to build our Company's story of growth and success.

Operating Costs decreased by 6% to AED 149 million for the year 2016 compared to AED 158 million for the year 2015. This excludes operating costs of joint venture relating to real estate investment's development. Cost rationalization initiatives across Amlak contributed to cost savings in 2016 and will be witnessed in 2017 as well.

Impairments charge of AED 66 million recorded during 2016, compared to an impairment reversal of AED 81 million in 2015 reflecting embedded prudence in company strategy considering the fall in the underlying real estate assets financed as well as new delinquencies in 2016.

The company recorded an amortization cost of AED 110 million in 2016. The amount of amortization represents the unwinding of fair value gains on initial recognition of investment deposits, and 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 127 million in 2016, a slight decrease when compared to AED 141 million in 2015. The decrease was due to an advance payment of AED 137 million paid to the financiers which has reduced the overall Islamic deposit liabilities.

Total assets decreased by 6% recording AED 6.5 billion by end of 2016 compared to AED 6.9 billion last year predominantly due to the impact of devaluation of the Egyptian Pound coupled with the decline in Real Estate Finance assets (financing portfolio) and drop in Real Estate Investment assets (sale of real estate land plots).

Amlak will continue to develop land parcels to enhance real estate value in an effort to pre-pone its restructuring commitment to financiers and create value for shareholders. 2017 plans include continuing the infrastructure development project in Nad Al Hamar, continue and possibly complete the development of Amlak plots in Mirdif community and start development of certain plots in Al Ttay.

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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:

Rawan El Saleh

Tel: 04-4454251

Email: relsaleh@webershandwick.com