



Press Release

Amlak Releases First Half 2017 Results

- *Amlak H1 2017 Net Profit stands at AED 15.5 million*
- *Revenue from financing business activities stands at AED 96 million*
- *Drop in Operating Cost by 18% compared to H1 2016*
- *Drop in Financing Cost by 5% compared to the same period last year*
- *Total Assets stand at AED 6.6 billion*

Dubai, UAE 7 August 2017 – Amlak Finance PJSC, a leading specialized real estate financier in the Middle East, today announced its financial results for the first half ended 30 June 2017.

Amlak reported Net Profit of AED 15.5 million for the first half ended June 30 2017. The Company reported profit of AED 8.1 million for Q2 2017 compared to loss of AED 35.5 million in Q2 2016 mainly due substantial savings in Operating Cost and Reversal of Impairments.

Revenue from financing business activities also decreased by 9% to AED 96 million in H1 2017, compared to AED 105 million for the same period last year. This was due to a decrease in the financing portfolio. The drop in revenue from sales of real estate is underpinned by a softening in general market conditions.

Rental Income increased by 11% during H1 2017 to AED 30 million, compared to AED 27 million in H1 2016. Rental Income recorded in Q2 2017 stood at AED 15 million compared to AED 14 million in the same period last year, representing an increase of 7%. This was mainly due to increased Rental Income generation and recoveries from larger pool of foreclosed units.

Other Income including Share of Results from Investment in Associates increased by 64% in H1 2017 to AED 36 million compared to AED 22 million in H1 2016. This was mainly due to fair value gains recorded on Investment Properties.

Operating Costs decreased by 18% to AED 56 million for H1 2017 compared to AED 68 million reported in H1 2016. In Q2 2017, Operating Costs stood at AED 27 million compared to AED 38 million in Q2 2016, representing a 29% decrease. This was a result of Amlak's ongoing cost management strategy. These figures exclude Operating Costs of joint venture relating to real estate development.

An Impairments reversal of AED 8 million was recorded during H1 2017 compared to an impairment charge of AED 30 million in H1 2016. The Company recorded an impairment



reversal of AED 1 million in Q2 2017 compared to an impairment charge of AED 24 million in Q2 2016 reflecting improvement in portfolio quality.

The Company also recorded an Amortization cost of AED 55 million in H1 2017. 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 62 million in H1 2017, compared to AED 65 million in the same period last year. The slight decrease was due to a reduction in overall Islamic deposit liabilities between the comparable periods.

Total Assets reached slightly over AED 6.5 billion in H1 2017, representing a 2% increase from year end 2016. A marginal increase of 1% in Equity Attributable to Shareholders was also seen in H1 2017 when compared to year end 2016.

Commenting on the results, Arif Alharmi, Managing Director and CEO of Amlak, said: "H1 2017 proved to be somewhat challenging, as we continue to face uncertainty in the market. Amlak will continue to focus on core business development, product and service differentiation, and driving profitability and value for our shareholders. We will also continue with our strategy and efforts to develop the infrastructure and sale of the Nad Al Hamar land plots which will support the overall revenue and profitability of the Company. While there may be challenges ahead, I am confident 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/>

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