



Press Release

Amlak Finance announces 2020 full-year financial results

- *FY20 Revenues from all business activities stand at AED 283 million*
- *FY20 Rental income stands at AED 42 million*
- *Total assets stand at AED 4 billion*
- *Repayment of AED 157 million to financiers (Tranche B) in 2020 and full settlement of liquidity support providers (Tranche A) in 2020*
- *Debt restructuring completed in 2020*
- *Debt settlement of AED 257 million and full settlement with three financiers*
- *Amlak's Egypt affiliate records 68% increase in profit from previous year*

Dubai, UAE; March 21, 2021: Amlak Finance PJSC, a leading specialised Islamic real estate financier in the Middle East, today announced its full-year financial results for the year ended December 31, 2020. The company focused on prudently managing its UAE operations and balance sheet, while realising strategic growth opportunities in key regional markets.

Amlak's revenues increased slightly to AED 283 million from AED 279 million in 2019 excluding fair value losses on investment properties and gain on debt settlement. Full year 2020 revenues from financing business activities were broadly in line with 2019 at AED 169 million in 2020 (FY19: AED 172 million), while rental income decreased by 27% during 2020 to AED 42 million (FY19: AED 57 million).

The company executed debt settlement arrangements during the year, a new initiative that enabled successful exit for three financiers.

Amlak's financial results for the year are reflective of pressure on real estate prices due to COVID 19 impact. Accordingly, the Group recorded an impairment charge of AED 204 million on financing assets and fair value loss of AED 463 million on investment properties. Amlak reported a net loss of AED 438 million for the year ending 31 December 2020, compared to AED 320 million net loss in 2019.

Amlak's focus on efficient operations in 2020 delivered a 4% reduction in operating costs to AED 112 million in 2020 (FY19: AED 117 million).

The company also continued to efficiently manage its obligations, including repayment of AED 157 million to financiers during 2020. To date, Amlak has paid 47% of its Islamic deposit liabilities and 25% of Mudaraba Instrument relating to financiers (Tranche B).



During 2020, the company paid AED 164 million to liquidity support providers (Tranche A) and with this payment Amlak fully settled AED 1.69 billion of its high cost exposure relating to Tranche A without any default over six years.

The company also recorded an amortisation cost of AED 123 million in 2020 compared to AED 96 million in 2019. The amount of amortisation represents the unwinding of fair value gains on initial recognition of investment deposits, and varies according to the level of repayment made to the financiers in any reporting period.

The profit distributed to financiers stood at AED 99 million for 2020 compared to AED 110 million for 2019.

Key milestones during 2020:

Amlak successfully renegotiated an agreement with all the financiers that governs the new terms of its debt restructuring. Amlak initiated the process to carry out the new terms of the agreement, which allow more flexibility to adapt to current market conditions enabling the company to achieve further business growth.

In the region, Amlak's subsidiary witnessed growth in Egypt recording 68% increase in profit from previous year.

The company sold 30% of its stake in an associate in Saudi Arabia through an Initial Public Offering (IPO) and recorded a subsequent gain of AED 7 million.

Commenting on the results, **Mr. Ali Ibrahim Mohammed, Chairman of Amlak Finance PJSC**, said: As expected, and communicated previously, the unprecedented economic challenges of Covid-19 negatively impacted Amlak Finance's 2020 financial results. However, we are already seeing signs of a global recovery as governments ramp up vaccination efforts. We expect this trend to filter through to the home financing and real estate sectors and support our financial and operational performance by the end of 2021. Revenues increased to AED 283 million in 2020 from AED 279 million in 2019, excluding fair value losses on investment properties and gain on debt settlement. Additionally, shareholder equity stands at AED 245 million as at 31 December 2020.

He added: "Amlak Finance remains focused on leveraging all opportunities to navigate this period and remain on course to meet our ambitious goals for 2021 and beyond. In doing so, we will continue to focus on delivering best-in-class shareholder value, customer service and prudent risk management to all stakeholders."

Mr. Arif Albastaki, CEO of Amlak Finance PJSC, said: "As the COVID-19 crisis took hold, Amlak Finance pivoted during 2020 to make a series of value-enhancing changes to its operating



model that mitigated the pandemic's negative impact on our business and positioned the company for further growth.”

“We successfully renegotiated an agreement with all the financiers as part of the debt restructuring. Further, in 2020, we concluded debt settlement arrangements resulted in three financiers exit, a total exposure of AED 257 million was settled with AED 206 million of investment deposits and AED 51 million of Mudaraba Instrument against cash consideration of AED 96 million. Furthermore, during the year we paid the last installments related to liquidity support providers and fully settled its exposure of AED 1.69 billion without any default over six years. We maintain our optimistic outlook, which is one reason why we recently launched a Business Realignment Roadmap that targets further growth, value-creation and financial sustainability.”

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About Amlak Finance PJSC:

Established in 2000, Amlak Finance is a leading specialised real estate financier in the Middle East. Amlak provides innovative, Shari'a-compliant property financing products and solutions designed to meet the ever-changing market demands. Amlak offers a range of customised financial solutions and products to investors and end-users for both ready and off-plan properties.

Amlak launched its first international office in Cairo in 2007. It also has business associations in Saudi Arabia.

For more information, please visit www.amlakfinance.com

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