



Press Release

Amlak Reports First Half Year of 2016 Results

- *Amlak H1 2016 net group profit stands at AED 87.4 million*
- *Total assets stand at AED 6.78 billion*

Dubai, UAE 8 August 2016 – Amlak Finance PJSC, a leading specialized real estate financier in the Middle East, today announced its financial results for half year ended 30 June 2016.

The company recorded a net group profit of AED 87.4 million in H1 2016, compared to AED 14.6 million for the same period last year. The H1 results were supported by strong revenue growth in Q1 generated from one-off sale of land plots. The results were also impacted by increased provisioning in Q2 caused by a number of customer accounts becoming delinquent as well as a general fall in real estate prices against mortgage assets giving rise to a reported net loss of AED 35.5 million in the second quarter of 2016.

Amlak's Total Revenue reached AED 465 million in H1 2016 compared to AED 214 million in H1 last year. The strong revenue performance was driven by income generated from the real estate investment business as the Company registered AED 134 million from the partial sale of land projects in Q1 and AED19.6 million in the 2nd quarter totaling AED153.7 million on the first half of 2016. Revenue from financing business activity fell 29% in H1 2016 to AED 104.6 million from AED147.4 million for the same period last year due to further decreasing of the real estate financing portfolio. Rental and Other Income and Share of Results from Associates improved by 5% to AED49 million compared to the same period last year.

Operating Costs remained the same as last year at AED68 million, and Distribution to Financiers improved by 12%, falling to AED64.7 million, as result of further repayments of the Financiers' facilities during the period.

The Company recorded a total impairment charge of AED 29.7 million recognized from non-performing accounts in H1 2016. The second quarter charge amounted to AED24 million adding to the first quarter charge of AED5 million. In comparison, last year the Company recorded a net reversal of provisions in the first half year of 2015 to AED34 million. Quarterly amortization of an initial fair value gain recognized earlier fell to AED57.6m in H1 2016 from AED 79.9 million for the same period last year as the Financiers facilities continue to be repaid.

Total assets stood at just under AED 6.8 billion in H1 2016 representing a 2% decrease from the same period last year. On the back of net retained profits, shareholders equity improved to AED1.63 billion from AED1.58 billion at the end of December 2015.

Commenting on the results Arif Alharmi, Managing Director of Amlak said "Our overall H1 profitability remains strong. We reported strong results in Q1, however the second quarter's operating performance was impacted by the higher than anticipated provisioning in Q2. We follow and strictly abide with a prudent provisioning policy to reduce balance sheet risk and enhance financial reporting transparency to the highest levels.



Experience shows that our collection efforts, processes and procedures, in addition to our innovative products offerings, help our delinquent customers return to a regular status, resulting in a significant part of the provisions to ultimately reverse helping to bolster our P&L performance. I am also pleased with our income generation from the Nad Al Hamar land project. Additionally, despite a marked slowdown in the real estate market particularly during the summer season, the project remains buoyant and we anticipate making further sales and recording additional income in the remaining part of 2016.

He added: "Our long term focus will firmly remain on growing our balance sheet and income from property financing which is a core business activity. We will also continue to enhance operational efficiency, risk management procedures and customer service. We will also remain committed pursuing new sources of funding as a key priority in our strategic plan."

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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 for the year 2014. Amlak is now well placed to resume normal business operations and work towards once again creating future value for its shareholders.

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

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