AMLAK

Press Release

Amlak Finance announces 2021 full-year financial results

- *Amlak FY21 net group profit stands at AED 1.06 billion and total assets stand at AED 4 billion*
- *The Company successfully concluded the settlement of the arbitration with a net value of approximately AED 875 million*
- *Debt settlement arrangements yielded AED 465 million gain and contributed in total debt reduction of AED 1,139 million (including Mudaraba Instrument of AED 235 million).*

Dubai, UAE: 11 March 2022: Amlak Finance PJSC today announced its full-year financial results for the year ended December 31, 2021. The company focused on prudently managing its UAE operations and balance sheet.

Amlak reported a net profit of AED 1.06 billion for the year ended 31 December 2021 as compared to net loss of AED 438 million for the year ended 31 December 2020.

Amlak's income for the year 2021 increased by 215% to AED 1,298 million as compared to AED 412 million during last year excluding fair value losses on investment properties. Increase in income is mainly related to the settlement of the arbitration and the gain resulted from the debt settlement arrangements. Revenues from financing business activities for the year 2021 are marginally lower by 2% as compared to 2020 and stand at AED 165 million in 2021 (FY20: AED 169 million).

The Company successfully concluded the settlement of the arbitration ruling in Amlak's favour with a net value of approximately AED 875 million including both plots and partial cash instalments to be paid over 24 months.

The company's debt settlement arrangements, through cash and real estate assets swap, remained successful during the year, and enabled four financiers to fully settle and two financiers to partly settle their exposure during the year ended 31 December 2021. The company recorded a gain of AED 465 million on debt settlement arrangements and was able to reduce its debt burden by AED 1,139 million (including Mudaraba instrument of AED 235 million)

Amlak's operating costs in 2021 increased by 28% to AED 144 million as compared to previous year (FY20: AED 112 million) due to recording of acquisition cost of newly acquired plots in settlement of arbitration.

The company also continued to efficiently manage its obligations, including repayment of AED 181 million to financiers during 2021 and full settlement with four financiers. To date, Amlak has settled 69% of its Islamic deposit liabilities relating to financiers.

The company also recorded an amortisation cost of AED 141 million in 2021 compared to AED 123 million in 2020. 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 and settlements made to the financiers in any reporting period.

As a result of debt settlement arrangements and repayments, the profit distribution to financiers decreased by 12% and stood at AED 87 million for 2021 as compared to AED 99 million for 2020.

In the region, Amlak's investment in Egypt witnessed growth of 10% in profit as compared to the previous year. In KSA, the investment yielded a consistent income of AED 19 million.

Commenting on the results, **Mr. Ali Ibrahim Mohammed, Chairman of Amlak Finance PJSC**, said: "In the last year, we have witnessed remarkable resiliency and growth across the country thanks to the directives of the country's wise leadership to combat COVID-19, and our results are in line with this growth strategy. With the significant profits for 2021, Amlak Finance strengthened its equity position and solidified its financial position, which is testament to the robustness of our business strategy and the hard work of all our employees. It is noteworthy to mention the successful conclusion of the arbitration case in favour of Amlak Finance was a key milestone during the year."

"This year, we remain focused on leveraging all opportunities to navigate this period and remain on course to meet our ambitious goals for 2022 and beyond. In doing so, we will continue to focus on delivering superior shareholder value, customer service and prudent risk management to all stakeholders."

Mr. Arif Albastaki, CEO of Amlak Finance PJSC, said: "While 2021 showcased the resiliency and strength of Amlak Finance, we have achieved a number of important milestones over the course of the year. In 2021, our debt management initiatives resulted in full settlement of four financiers and gaining AED 465 million. Further, our teams worked closely in concluding successfully the long-running arbitration case in favor of Amlak Finance and we continued our focus on maintaining and enhancing the quality of Amlak's portfolio through providing solutions that meet our customers' needs. Furthermore, we remained focused on enhancing the value of our Egypt operations which showed a steady growth of 10% in net profit throughout the year. We maintain our optimistic outlook and focus on targeting further growth, value-creation and financial sustainability."

- Ends -

Amlak Finance PJSC

Since its establishment in November 2000 as the region's pioneer financial services provider, Amlak Finance has provided its customers with innovative, Sharia-compliant property financing products and solutions designed to meet the rapidly evolving market demands.

For more information, please visit www.amlakfinance.com

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