

# Amlak Finance PJSC

Investor Presentation

March 2017

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# Amlak at a Glance

## Company Profile



### Background

- Amlak Finance PJSC was incorporated in Dubai, United Arab Emirates, on 11 November 2000 as a Private Shareholding Company.
- At the constituent shareholders meeting held on 9 March 2004, a resolution was passed to convert the Company to a Public Joint Stock Company.
- Amlak Finance is a leading specialized real estate financier in the Middle East.
- The activities of the Company are conducted in accordance with Islamic Sharia'a,
- Amlak offers a range of customized financial solutions and products to investors/clients for both ready and off-plan (under-construction) properties.
- Amlak expanded its presence to Kingdom of Saudi Arabia (KSA) in 2006 through investment in 'Amlak International for Real Estate Development and Finance Company'.
- Amlak launched its first international office in Egypt in 2007, which operates under the name 'Amlak Finance & Real Estate Investment (S.A.E.)'.

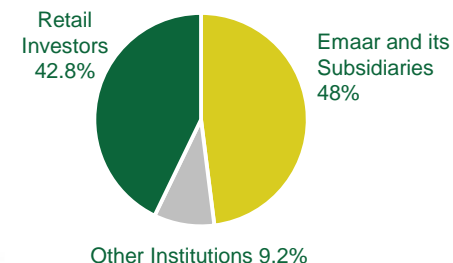
### Subsidiaries and Associates

• Amlak Properties Investment LLC	UAE	100%
• Amlak Finance & Real Estate Investment (S.A.E.)	Egypt	100%
• Amlak International for Real Estate Development and Finance Company	KSA	26.39%

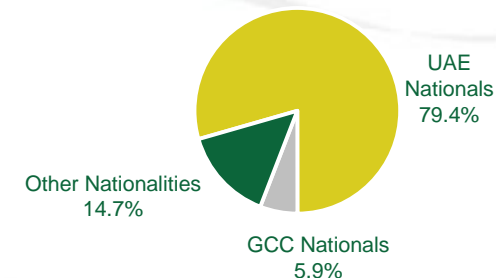
### Geographic Presence



### Ownership Structure

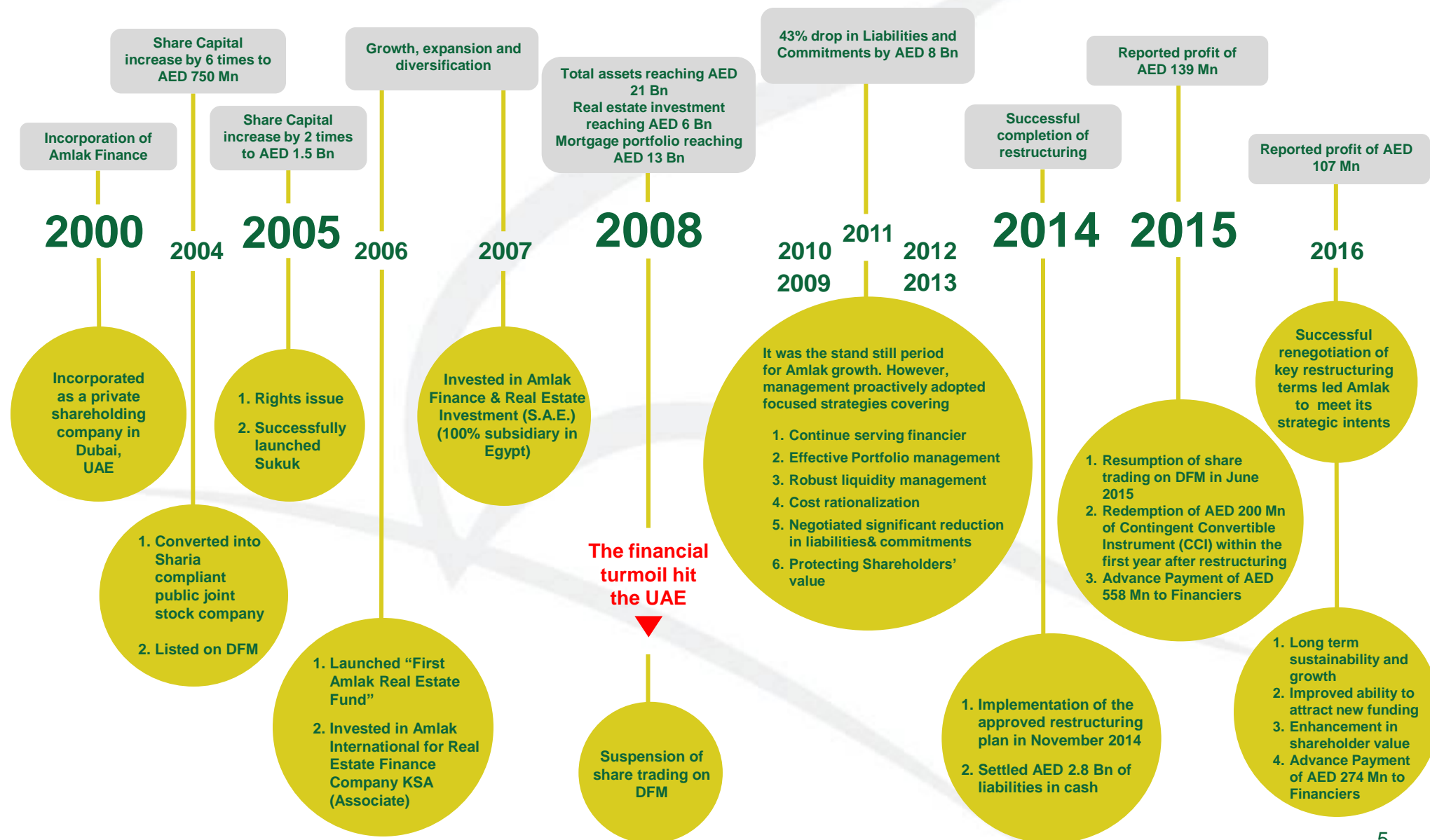


### Nationality of Ownership



# Amlak at a Glance

## Through The Years







## Strategic Focus

# Strategic Focus

## Key Strategies



Strategic Priorities	Strategic Intent	Strategic Metrics
Adherence to Restructuring Agreement	<ul style="list-style-type: none"><li>Ensuring full compliance with and adherence to restructuring agreement signed with financiers</li><li>Flawless implementation of restructuring milestones</li></ul>	Compliance
Profitability and Growth	<ul style="list-style-type: none"><li>Build up real estate finance business comprising of both ready and under-construction properties for growth in core revenue streams</li><li>Create long term value from real estate portfolio through development of land parcels</li><li>Enhance shareholder profitability through improved margins and sustained operational efficiencies</li></ul>	Remain Profitable
Sustainable Funding	<ul style="list-style-type: none"><li>Develop a sustainable model and continue to secure long-term funding subject to parameters and covenants agreed with financiers</li><li>Develop a range of financing options both off and on balance sheet which are best suited keeping in view liquidity gap and refinancing needs</li></ul>	Funds Availability
Value Proposition	<ul style="list-style-type: none"><li>Offer differentiated and targeted products, superior lead generation through attractive product marketing strategies, sales and service execution</li></ul>	Product Innovation New Customer Segments
Organizational Capability	<ul style="list-style-type: none"><li>Improving customer service experience through effective use of technology, robust risk management, staff and talent development as well as boosting corporate brand.</li></ul>	Customer Satisfaction
Cost Rationalization	<ul style="list-style-type: none"><li>Ensure cost rationalization to maintain and align efficiency ratios in line with industry best practices</li></ul>	Efficiency

Enhance shareholder value whilst adhering to restructuring obligations

# Strategic Focus

## Strategic Enablers



**Our Vision** (*What we aim to become?*)

*"To be a specialized and customer centric real estate financing institution in the UAE"*

**Our Mission** (*What is our purpose?*)

*"To provide niche financial solutions, customized to fit our customers' needs, while maximizing shareholder value and nurturing our employees"*

**Our Corporate Values** (*What we stand for?*)

*Customer Focus*

*Innovation*

*Value Creation*

*Integrity*

*Nurturing People*

*Social Responsibility*





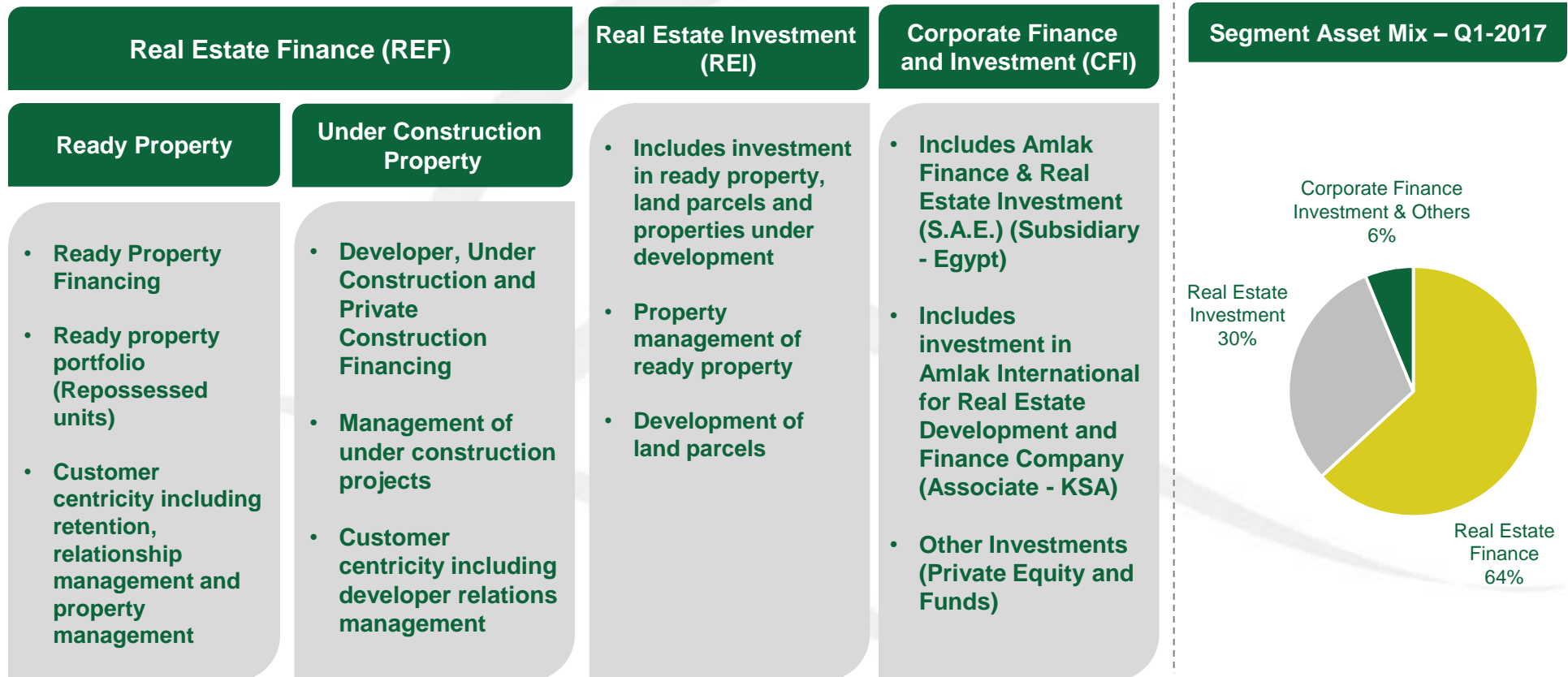
# Strategic Focus

## Business Overview



Amlak's overall business is being managed by way of 3 segments

### Business Segments



# Strategic Focus

## Segment Strategy - REF



### Real Estate Finance (REF)

#### Ready Property

- Continue to pursue investors through investor related products
- Cross-sell to existing customers
- Offer innovative products and address under-served segments
- Ensure superior service to customers
- Utilize targeted marketing approach to reach identified client segments, utilizing alliances where appropriate
- Continue to sell Amlak Finance Investment Unit (AFIU) repossessed assets selectively with home finance package
- Improve portfolio quality

Key Metrics	Year End 2016	Year End 2017	Indicator
Profit Rate	6%	6%	Maintain
Portfolio Level	AED 2.7 Bn	AED 2.5Bn	Maintain
Delinquency Rate	4.4%	4.4%	Maintain
Efficiency Ratio	40%	38%	Improve
Rental Income	AED 26 Mn	AED 30 Mn	Improve

#### Under Construction Property

##### Developer Finance

- Focus on transactions with high margin after fully applying robust risk management

##### Private Construction

- Focus on higher-margin business with aim to capture larger market share of this untapped segment

##### Off Plan Financing

- Focus on building a healthy off-plan business
- Identification of new projects to ensure targeted off-plan business

Key Metrics	Year End 2016	Year End 2017	Indicator
Financing Income	AED 13 Mn	AED 16 Mn	Improve
Profit Rate	8%	8%	Maintain
Portfolio Level	AED 146 Mn	AED 578 Mn	Growth
Efficiency Ratio	55%	40%	Improve

# Strategic Focus

## Segment Strategy - REI



### Real Estate Investment (REI)

- Focus on exit from REI after full redemption of Mudaraba Instrument (Contingent Convertible Instrument - CCI). This is expected to be achieved through enhancement of land parcel values by development and sale of ready property once Target Price agreed with financiers is reached
- Continue leasing ready property to maintain or improve yield until target price reached
- Focus on redemption of Mudaraba Instrument (CCI)
- Explore consolidation and enhancement of property management offering

Key Metrics	Year End 2016	Year End 2017	Indicator
Rental Income	AED 30 Mn	AED 31 Mn	Improve
Rental Yield	6%	6%	Maintain
Mark to Market (MTM) on real estate assets	AED 18 Mn	AED 50 Mn	Growth
Development Completion % - Nad Al Hamar	70%	79%	Progress
Development Completion % - Mirdiff	16%	90%	Progress
Development Completion % - Al Ttay	Nil	10%	Progress
Sale % of Real Estate Assets – Nad Al Hamar	52%	56%	Improve
Cost to Income Ratio	51%	41%	Improve

### Real Estate Portfolio

Ready Property	Under Construction Property	Land Parcel
<ul style="list-style-type: none"> <li>Sky Gardens</li> <li>Remraam</li> <li>Discovery Gardens</li> <li>Waha Villas</li> <li>Al Ghadeer</li> </ul>	<ul style="list-style-type: none"> <li>Meydan</li> <li>Nad Al Hamar</li> <li>Mirdif</li> </ul>	<ul style="list-style-type: none"> <li>Al Ttay</li> <li>Nasr City Land (Egypt)</li> </ul>

# Strategic Focus

## Segment Strategy - CFI



### Corporate Finance and Investment (CFI)

- Focus on enhancing the value of core assets (especially Amlak KSA) by holding these performing investments for a longer duration with the view to sale as and when appropriate sale transaction crystalized
- Exit non-core, non-performing investments

Key Metrics	Year End 2016	Year End 2017	Indicator
Dividends	AED 16 Mn	AED 12 Mn	Expected
Efficiency Ratio	37%	23%	Improve
Return on Investment (ROI)	8%	8%	Maintain





## 2017 Quarterly Financial Highlights

# 2017 Quarterly Financial Highlights

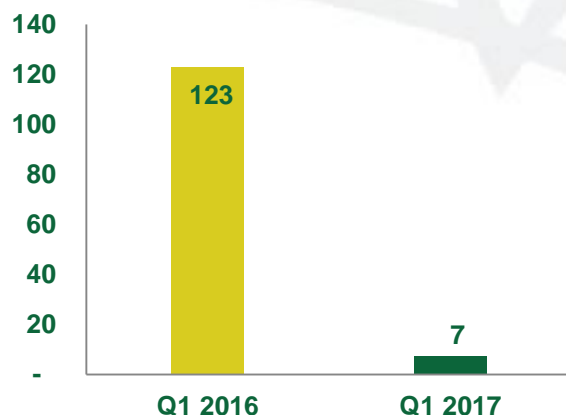
## Group Income Statement



AED in Mn

Particulars	Q1 2017	Q1 2016	Q1 2017 vs. Q1 2016	
			Variance	Change in %
Income from Financing and Investing assets	47	59	(12)	-20%
Rental income	15	13	2	15%
Share of results of an associate	4	6	(2)	-33%
Sale of properties under development	23	280	(257)	-92%
Other Income	10	4	6	150%
<b>Total Income</b>	<b>99</b>	<b>362</b>	<b>(263)</b>	<b>-73%</b>
Reversal of impairments / (impairments)	6	(5)	11	-220%
Fair value adjustment on Mudaraba Instrument	(27)	(26)	(1)	4%
Operating Expenses	(29)	(30)	1	-3%
Cost of sale of properties under development (including related operating expenses)	(11)	(146)	135	-92%
<b>Profit Before Distribution to financiers / investors</b>	<b>38</b>	<b>155</b>	<b>(117)</b>	<b>-75%</b>
Distribution to financiers / investors	(31)	(32)	1	-3%
<b>Profit / (Loss) for the year</b>	<b>7</b>	<b>123</b>	<b>(116)</b>	<b>-94%</b>

Profit / (Loss) for the period



Highlights

- Drop in Income from Financing and Investing assets is due to normal attrition on financing portfolio.
- Rental Income increased during comparable periods due to increase in Property portfolio.
- Reversal of impairments between comparable periods reflects improvement in portfolio quality.
- Drop in Operating Expenses is due to continuing cost rationalization strategy.
- Drop in profit distributable to financiers mainly due to reduction in overall Islamic deposit liabilities between comparable periods.

# 2017 Quarterly Financial Highlights

## Group Balance Sheet



AED in Mn

Particulars	Q1 2017	FY 2016	Q1 2017 vs. FY 2016	
			Variance	Change in %
Cash and Balances with Banks	629	621	8	1%
Islamic Financing and Investing Assets	3,266	3,220	46	1%
Real Estate Investments	2,197	2,167	30	1%
Corporate Investments	306	301	5	2%
Other Assets	143	184	(41)	-22%
<b>Total Assets</b>	<b>6,541</b>	<b>6,493</b>	<b>48</b>	<b>1%</b>
Investment Deposits and Other Islamic Financing	4,770	4,740	30	1%
Other Liabilities (Incl Non-Controlling Interest)	266	260	6	2%
Equity	1,505	1,493	12	1%
<b>Total Equity &amp; Liabilities</b>	<b>6,541</b>	<b>6,493</b>	<b>48</b>	<b>1%</b>

### Highlights

**Slight increase in total assets,  
remains above AED 6.5 Bn**

Key Ratios	Q1 2017	FY 2016	Indicator
Net Financing to Deposit Ratio	68%	68%	↔
Non-Performing Financing Asset to Total Asset Ratio	8%	9%	↑
Liquid Assets to Total Assets	14%	11%	↑
Return on Equity	1.5%	7%	↓
Return on Assets	0.3%	2%	↓
Net Profit Margin	2%	2%	↔
Cost to Income Ratio	37%	43%	↑



## Full Year 2016 Financial Highlights



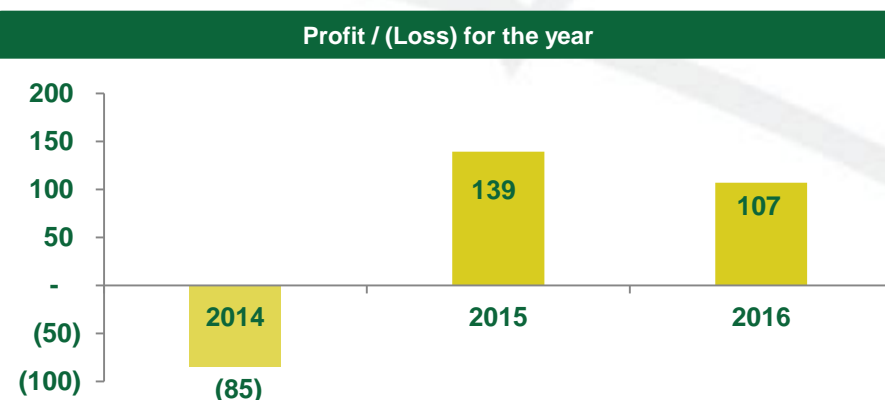
# Full Year 2016 Financial Highlights

## Group Income Statement



AED in Mn

Particulars	FY 2016	FY 2015	FY 2014	Change in %	
				2016 vs. 2015	2015 vs. 2014
Income from financing and Investing assets	207	297	377	-30%	-21%
Rental income	56	46	34	22%	35%
Share of results of an associate	28	25	22	12%	14%
Sale of properties under development	429	74	-	480%	N/a
Fair value gain / (loss) on investment properties	18	67	(2,115)	-73%	103%
Other Income	40	23	19	74%	21%
<b>Total Income</b>	<b>778</b>	<b>532</b>	<b>(1,663)</b>	<b>46%</b>	<b>132%</b>
Reversal of impairments / (impairments)	(66)	81	77	-181%	5%
Fair value adjustment on Mudaraba Instrument	-	-	1,027	N/a	-100%
Amortization of initial fair value gain / (Fair value gain) on investment deposits	(110)	(132)	886	-17%	-115%
Operating Expenses	(149)	(158)	(181)	-6%	-13%
Cost of sale of properties under development (including related operating expenses)	(219)	(43)	-	409%	N/a
<b>Profit Before Distribution to financiers / investors</b>	<b>234</b>	<b>280</b>	<b>146</b>	<b>-16%</b>	<b>92%</b>
Distribution to financiers / investors	(127)	(141)	(231)	-10%	-39%
<b>Profit / (Loss) for the year</b>	<b>107</b>	<b>139</b>	<b>(85)</b>	<b>-23%</b>	<b>264%</b>



- Highlights**
- 1) 2014 loss is a result of restructuring adjustments
  - 2) Amlak reported robust profits in the first year post restructuring
  - 3) Reported profits in 2016 in spite of slow down in the markets

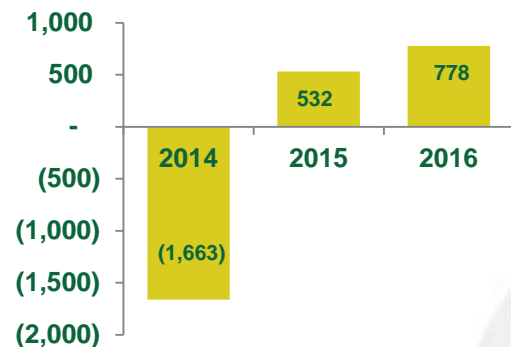
# Full Year 2016 Financial Highlights

## Group Income Statement (cont'd)



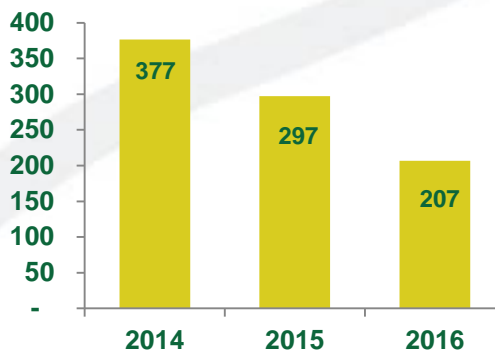
AED in Mn

### Total Income



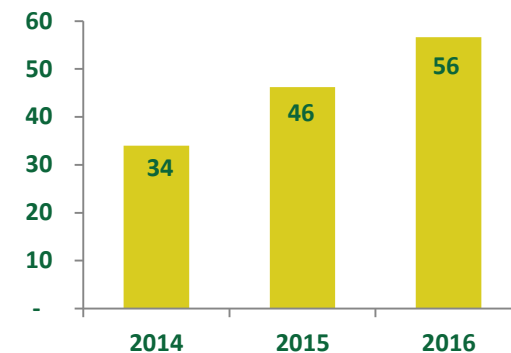
- 2014 - impacted due to restructuring
- 2015/16 - mainly due to net gains recorded on sale of properties under development

### Income from Financing and Investing Assets



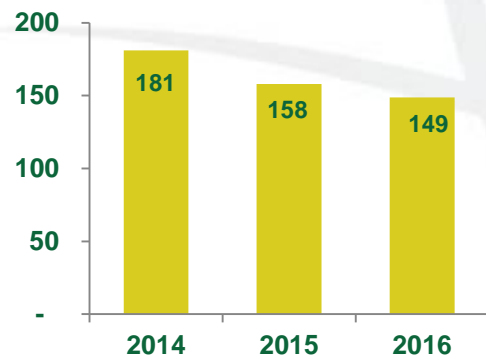
- Depletion of Financing and Investment Portfolio due to early settlements and normal portfolio run off

### Rental Income



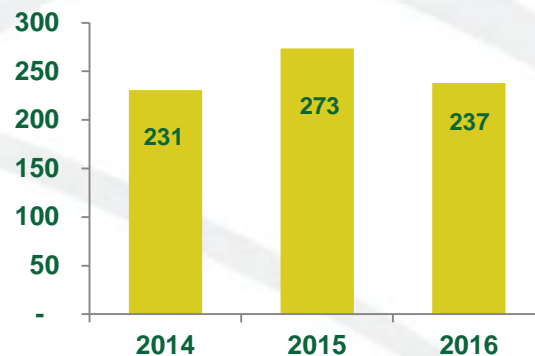
- Higher volume of Re-possessed (Foreclosed) Units along with market driven rental index

### Operating Expenses



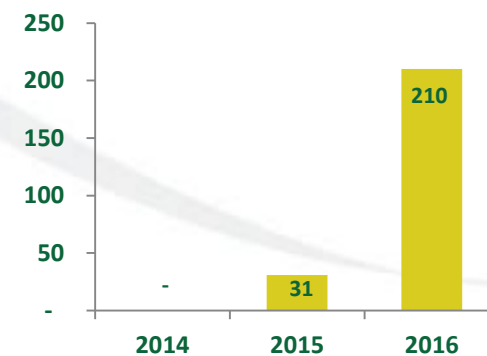
- Cost Rationalization Measures

### Distribution to Financiers/ Investors and Amortization of Initial Fair Value Gain on Investment Deposits



- Advance payment to financiers

### Net Gain on Sale of Properties Under Development



- Higher sale properties under development

# Full Year 2016 Financial Highlights

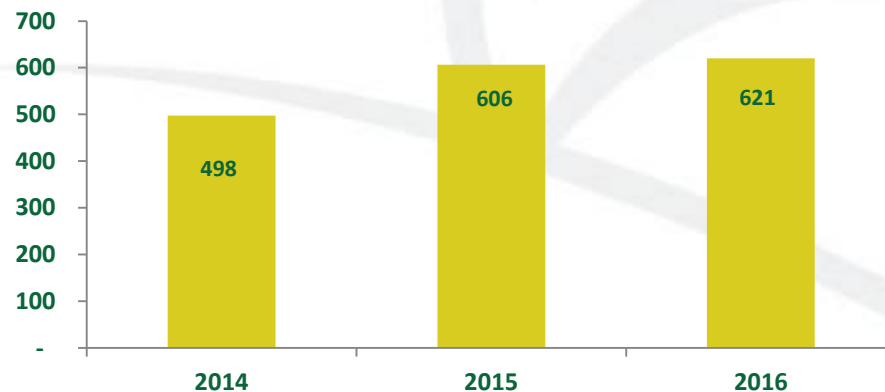
## Group Balance Sheet



AED in Mn

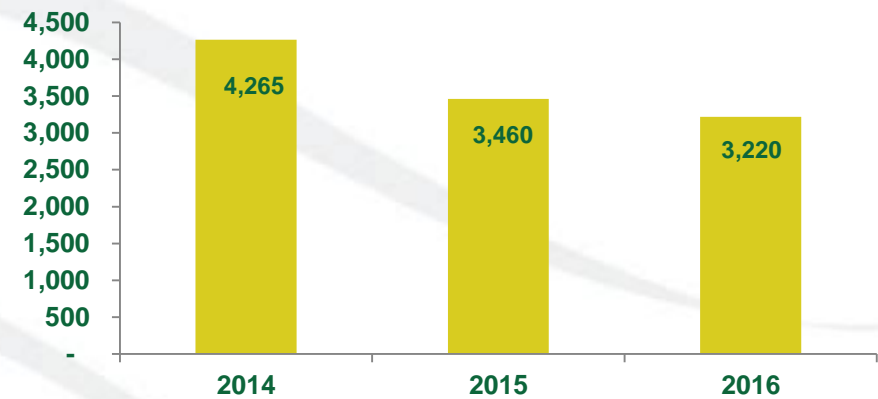
Particulars	FY 2016	FY 2015	FY 2014	Change in %	
				2016 vs. 2015	2015 vs. 2014
Cash and Balances with Banks	621	606	498	2%	22%
Islamic Financing and Investing Assets	3,220	3,460	4,265	-7%	-19%
Real Estate Investments	2,167	2,411	2,165	-10%	11%
Corporate Investments	301	308	292	-2%	5%
Other Assets	184	103	82	79%	26%
<b>Total Assets</b>	<b>6,493</b>	<b>6,888</b>	<b>7,302</b>	<b>-6%</b>	<b>-6%</b>
Investment Deposits and Other Islamic Financing	4,740	4,915	5,321	-4%	-8%
Other Liabilities (Incl Non-Controlling Interest)	260	386	281	-33%	37%
Equity	1,493	1,587	1,700	-6%	-7%
<b>Total Equity &amp; Liabilities</b>	<b>6,493</b>	<b>6,888</b>	<b>7,302</b>	<b>-6%</b>	<b>-6%</b>

Cash and Balances with Banks



- Depletion/ Run off on Financing and Investment Portfolio
- Sale of properties under development

Islamic Financing and Investing Assets



- Depletion of Financing and Investment Portfolio due to early settlements and normal portfolio run off

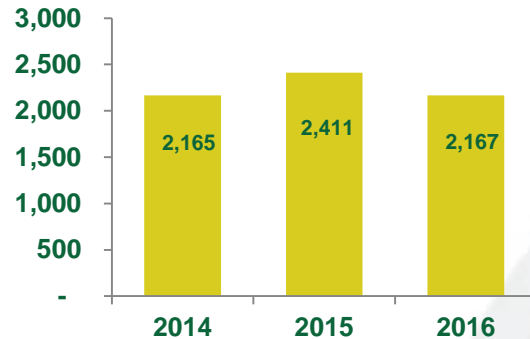
# Full Year 2016 Financial Highlights

## Group Balance Sheet (cont'd)



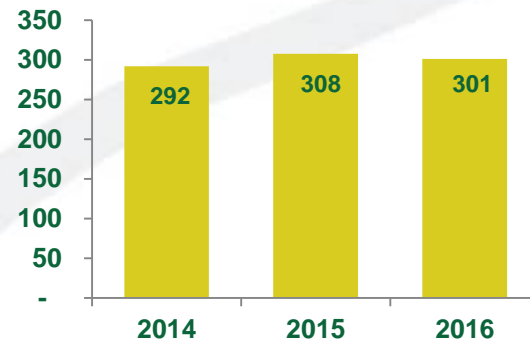
AED in Mn

### Real Estate Investments



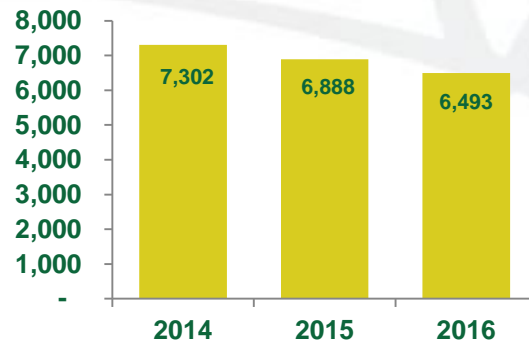
- Net effect of addition of Re-possessed Units; Forex losses recorded on Egyptian pound and Sale of plots of properties under development

### Corporate Investments



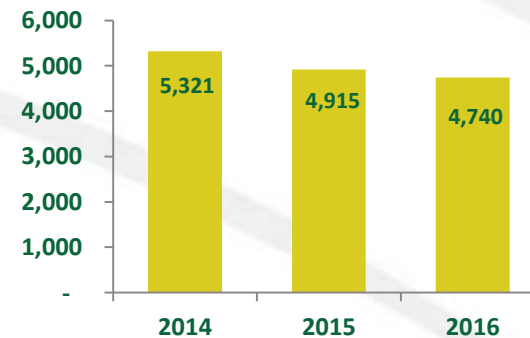
- No significant movement

### Total Assets



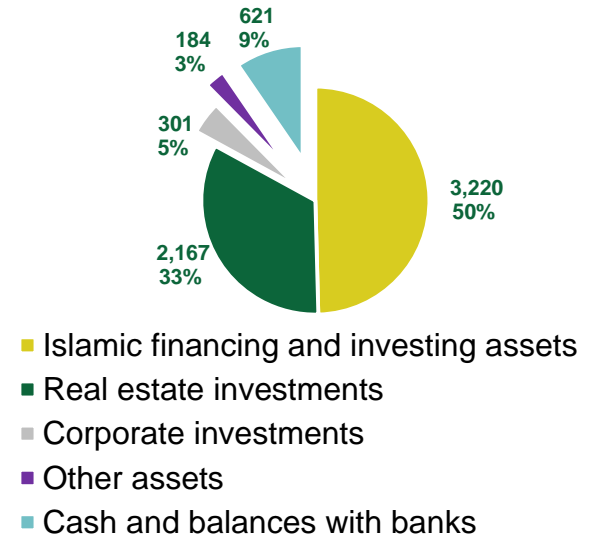
- Movement on Financing and Investment Asset
- Movement on the Real Estate Investments

### Investment Deposits and Other Islamic Financing

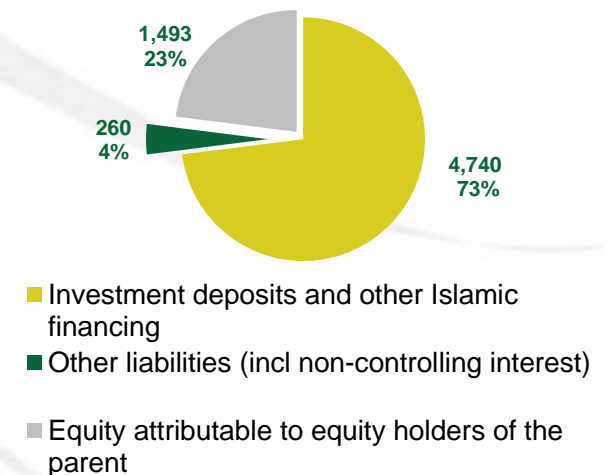


- Advance payment to financiers

### Assets Mix – 2016



### Liability and Equity Mix - 2016



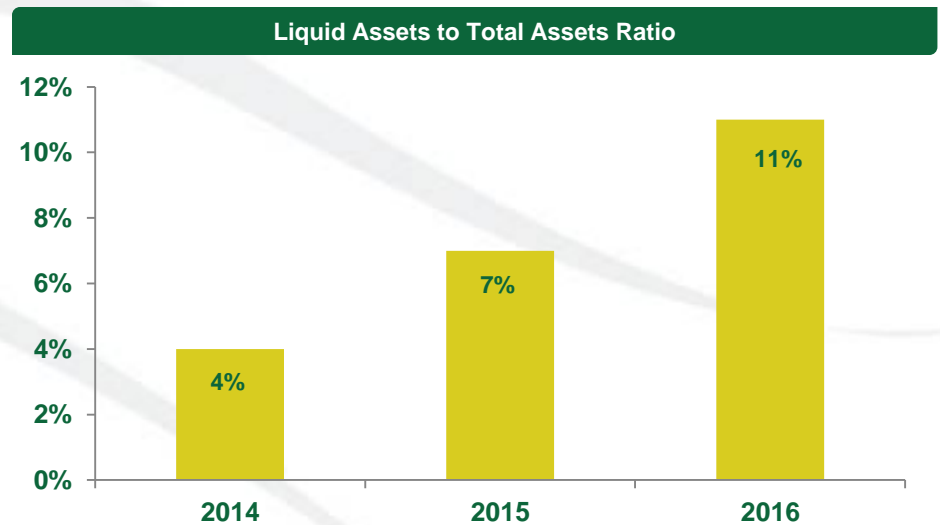
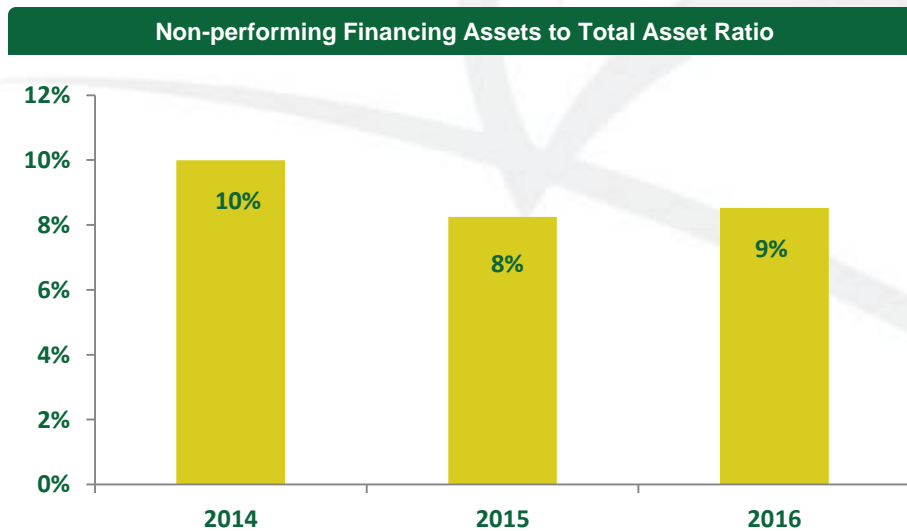
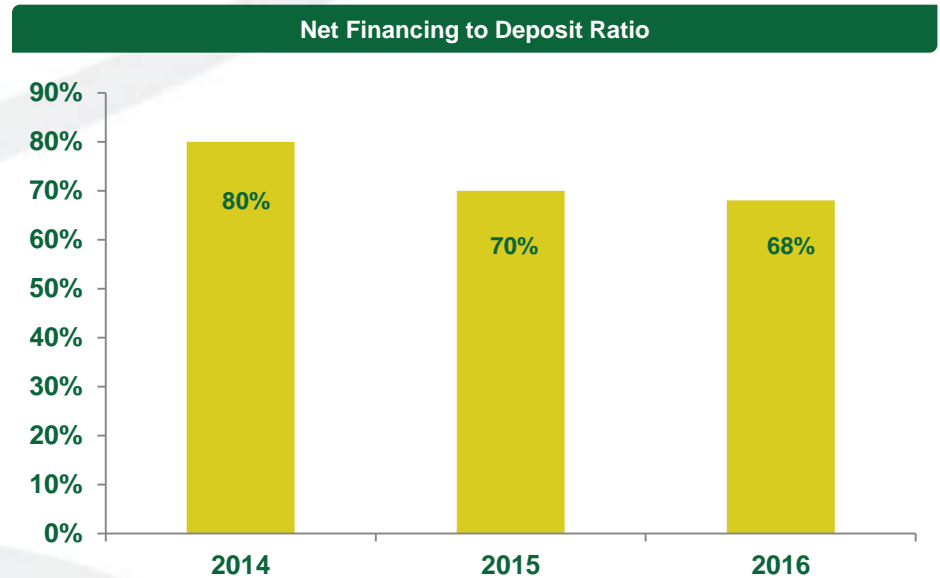


# Full Year 2016 Financial Highlights

## Financial Ratios



Highlights			
Key Ratios	FY 2016	FY 2015	FY 2014
Net Financing to Deposit Ratio	68%	70%	80%
Non-Performing Financing Asset to Total Asset Ratio	9%	8%	10%
Liquid Assets to Total Assets	11%	7%	4%
Return on Equity	7%	8%	4%
Return on Assets	2%	2%	1%
Net Profit Margin	2%	3%	3%
Cost to Income Ratio	43%	35%	40%

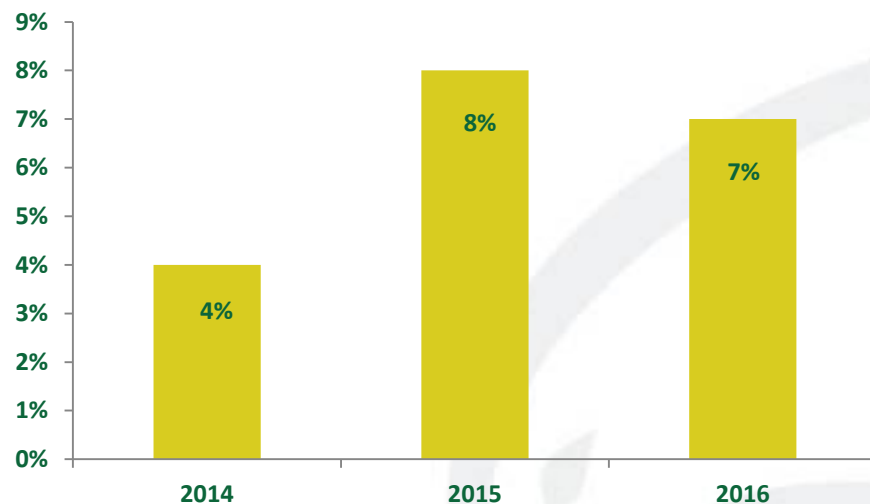


# Full Year 2016 Financial Highlights

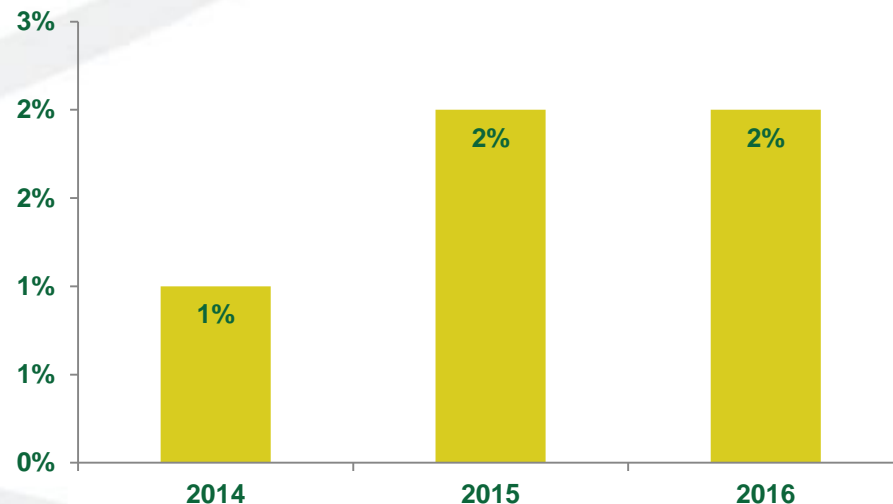
## Financial Ratios



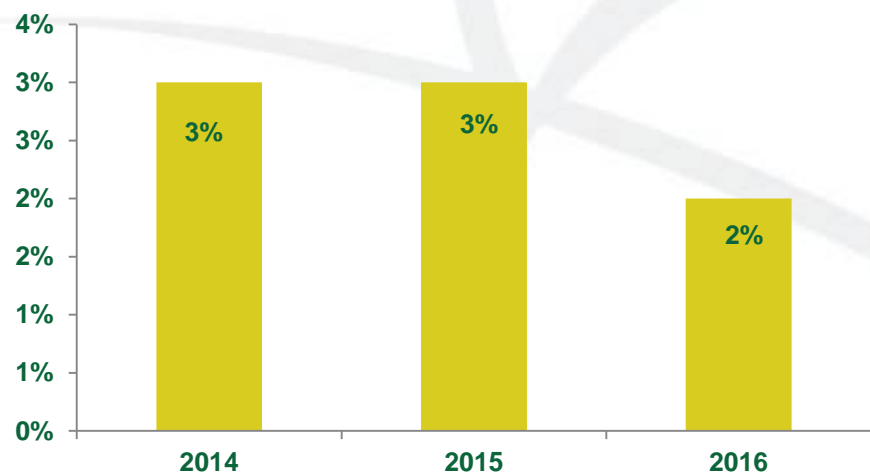
Return on Equity (ROE)



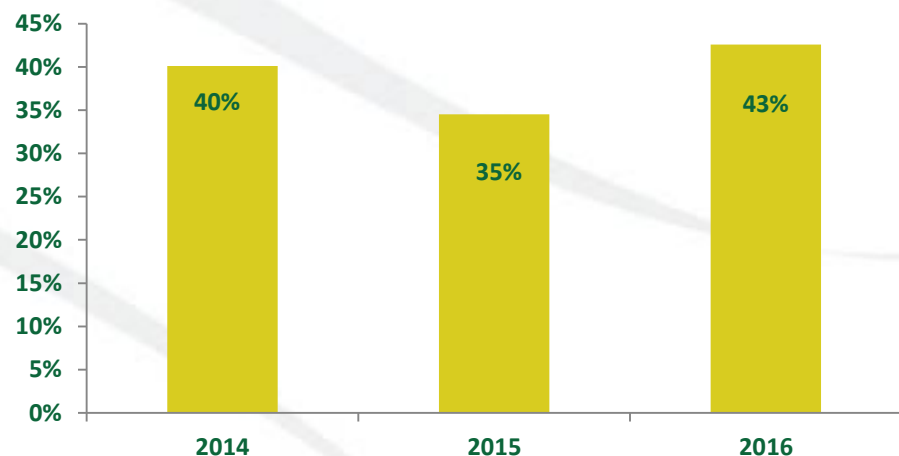
Return on Average Assets (ROA)



Net Profit Margin



Cost to Income Ratio





## Awards

# 2015 – 2016 Awards



1. Dubai Chamber's CSR Label 2015
2. Finance Monthly CEO Award 2015
3. Finance Monthly CFO Award 2015
4. Best Islamic Finance CSR Company UAE 2015
5. Best Sharia Compliant Property Finance Company 2015
6. Innovation in Islamic Finance
7. Restructuring Deal of The Year 2014

1. Dubai Chamber's CSR Label 2016
2. Best Islamic Finance CSR Company UAE 2016
3. Best Sharia Compliant Property Finance Company UAE 2016
4. Innovation in Property Finance 2017
5. Islamic Finance of the year Award Dubai 2016
6. Finance Monthly CEO Award 2016
7. Top CEO
8. Most Innovative Takaful Product - Platinum Lifestyle Takaful, UAE 2016
9. Best Shari'a Compliant Property Finance Company 2016 , UAE 2016





## Appendix

# Appendix

## 2017 Quarterly Consolidated Statement of Income



AED '000

Particulars	Q1 2017	Q1 2016	Change in %
			Q1 2017 vs. Q1 2016
Income from Islamic financing and investing assets	45,714	56,722	-19%
Fee income	1,543	2,313	-33%
Income on deposits	1,639	1,441	14%
Rental income	14,928	13,360	12%
Sale of properties under development	22,578	280,124	-92%
Other income	8,129	2,882	182%
Fair value gain on investment properties	-	-	-
	<b>94,531</b>	<b>356,842</b>	<b>-74%</b>
(Impairment) / reversal of impairment on:			
- Islamic financing and investing assets	6,157	(6,609)	-193%
- Other assets	222	1,152	-81%
Amortization of initial fair value gain on investment deposits	(27,415)	(26,473)	4%
Operating expenses	(29,534)	(45,239)	-35%
Cost of sale of properties under development	(10,310)	(130,732)	-92%
Share of results of an associate	4,412	6,365	-31%
<b>PROFIT BEFORE DISTRIBUTIONS TO FINANCIERS / INVESTORS</b>	<b>38,063</b>	<b>155,306</b>	<b>-75%</b>
Distribution to financiers / investors	(30,607)	(32,334)	-5%
<b>Profit / (loss) for the year</b>	<b>7,456</b>	<b>122,972</b>	<b>-94%</b>
Attributable to:			
Equity holders of the parent	5,562	122,060	-95%
Non-controlling interests	1,894	912	108%
	<b>7,456</b>	<b>122,972</b>	<b>-94%</b>

# Appendix

## 2017 Quarterly Consolidated Statement of Financial Position



AED '000

Particulars	Q1 2017	FY 2016	Change in %
			Q1 2017 vs. FY 2016
<b>ASSETS</b>			
Cash and balances with banks	629,460	620,502	1%
Islamic financing and investing assets	3,265,658	3,219,711	1%
Available-for-sale investments	7,707	7,688	0%
Advances for investment properties	322,818	322,818	0%
Investment properties	1,653,703	1,623,096	2%
Properties under development	220,237	220,679	0%
Investment in associates	297,952	293,540	2%
Other assets	122,895	162,350	-24%
Furniture, fixtures and office equipment	21,065	22,284	-5%
<b>TOTAL ASSETS</b>	<b>6,541,495</b>	<b>6,492,668</b>	<b>1%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Investment deposits & other Islamic Financing	4,709,439	4,682,024	1%
Term Islamic financing	60,180	57,704	4%
Employees' end of service benefits	6,433	6,157	4%
Other liabilities	138,930	135,091	3%
<b>Total liabilities</b>	<b>4,914,982</b>	<b>4,880,976</b>	<b>1%</b>
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1,500,000	1,500,000	0%
Employee stock option plan shares	(93,048)	(93,048)	0%
Statutory reserve	117,690	117,690	0%
General reserve	117,690	117,690	0%
Special reserve	99,265	99,265	0%
Mudaraba Instrument	231,128	231,128	0%
Mudaraba Instrument reserve	868,947	868,947	0%
Cumulative changes in fair value	1,663	1,663	0%
Foreign currency translation reserve	(327,326)	(334,691)	-2%
Accumulated losses	(1,010,526)	(1,016,088)	-1%
	<b>1,505,483</b>	<b>1,492,556</b>	<b>1%</b>
Non-controlling interests	121,030	119,136	2%
<b>Total equity</b>	<b>1,626,513</b>	<b>1,611,692</b>	<b>1%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,541,495</b>	<b>6,492,668</b>	<b>1%</b>

# Appendix

## Full Year 2016 Consolidated Statement of Income



AED '000

Particulars	FY 2016	FY 2015	FY 2014	Change in %	
				2016 vs. 2015	2015 vs. 2014
Income from Islamic financing and investing assets	200,493	290,756	368,128	-31%	-21%
Fee income	6,119	6,622	8,471	-8%	-22%
Income on deposits	7,135	4,173	4,556	71%	-8%
Rental income	56,602	46,185	34,021	23%	36%
Sale of properties under development	428,826	74,078	-	479%	-
Other income	33,042	18,489	13,846	79%	34%
Fair value gain on investment properties	18,070	66,587	(2,114,599)	-73%	103%
	<b>750,287</b>	<b>506,890</b>	<b>(1,685,577)</b>	<b>48%</b>	<b>130%</b>
(Impairment) / reversal of impairment on:					
- Islamic financing and investing assets	(66,685)	89,443	76,528	-175%	17%
- Available-for-sale investments	-	-	(2,314)	-	-100%
- Other assets	957	(8,901)	2,424	111%	-467%
Amortisation of initial fair value gain on investment deposits	(110,430)	(132,184)	(25,129)	-16%	426%
Fair value adjustment on investment deposits and other Islamic financing	-	-	911,447	-	-100%
Fair value adjustment on Mudaraba Instrument	-	-	1,026,867	-	-100%
Operating expenses	(171,478)	(166,660)	(181,216)	3%	-8%
Cost of sale of properties under development	(196,117)	(33,447)	-	486%	-
Share of results of an associate	27,905	25,202	22,213	11%	13%
<b>PROFIT BEFORE DISTRIBUTIONS TO FINANCIERS / INVESTORS</b>	<b>234,439</b>	<b>280,343</b>	<b>145,243</b>	<b>-16%</b>	<b>93%</b>
Distribution to financiers / investors	(127,392)	(141,244)	(230,701)	-10%	-39%
<b>Profit / (loss) for the year</b>	<b>107,047</b>	<b>139,099</b>	<b>(85,458)</b>	<b>-23%</b>	<b>263%</b>
Attributable to:					
Equity holders of the parent	107,440	134,851	58,858	-20%	129%
Non-controlling interests	(393)	4,248	(144,316)	-109%	103%
	<b>107,047</b>	<b>139,099</b>	<b>(85,458)</b>	<b>-23%</b>	<b>263%</b>



# Appendix

## Full Year 2016 Consolidated Statement of Financial Position



AED '000

Particulars	FY 2016	FY 2015	FY 2014	Change in %	
				2016 vs. 2015	2015 vs. 2014
<b>ASSETS</b>					
Cash and balances with banks	620,502	606,440	497,736	2%	22%
Islamic financing and investing assets	3,219,711	3,459,713	4,264,502	-7%	-19%
Available-for-sale investments	7,688	25,529	23,945	-70%	7%
Advances for investment properties	322,818	322,818	312,036	0%	3%
Investment properties	1,623,096	1,701,920	1,489,968	-5%	14%
Properties under development	220,679	386,418	363,281	-43%	6%
Investment in associates	293,540	282,096	267,831	4%	5%
Other assets	162,350	88,973	68,548	82%	30%
Furniture, fixtures and office equipment	22,284	14,168	13,924	57%	2%
<b>TOTAL ASSETS</b>	<b>6,492,668</b>	<b>6,888,075</b>	<b>7,301,771</b>	<b>-6%</b>	<b>-6%</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Investment deposits & other Islamic Financing	4,682,024	4,845,232	5,270,291	-3%	-8%
Term Islamic financing	57,704	69,799	50,935	-17%	37%
Employees' end of service benefits	6,157	6,292	6,085	-2%	3%
Other liabilities	135,091	235,442	134,564	-43%	75%
<b>Total liabilities</b>	<b>4,880,976</b>	<b>5,156,765</b>	<b>5,461,875</b>	<b>-5%</b>	<b>-6%</b>
<b>Equity</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	1,500,000	1,500,000	1,500,000	-	-
Employee stock option plan shares	(93,048)	(93,048)	(93,048)	-	-
Statutory reserve	117,690	117,690	117,158	-	-
General reserve	117,690	117,690	117,158	-	-
Special reserve	99,265	99,265	99,265	-	-
Mudaraba Instrument	231,128	231,128	273,133	-	-15%
Mudaraba Instrument reserve	868,947	868,947	1,026,867	-	-15%
Cumulative changes in fair value	1,663	4,163	2,533	-60%	64%
Foreign currency translation reserve	(334,691)	(137,725)	(106,447)	143%	29%
Accumulated losses	(1,016,088)	(1,121,371)	(1,237,046)	-9%	-9%
	<b>1,492,556</b>	<b>1,586,739</b>	<b>1,699,573</b>	<b>-6%</b>	<b>-7%</b>
Non-controlling interests	119,136	144,571	140,323	-18%	3%
<b>Total equity</b>	<b>1,611,692</b>	<b>1,731,310</b>	<b>1,839,896</b>	<b>-7%</b>	<b>-6%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,492,668</b>	<b>6,888,075</b>	<b>7,301,771</b>	<b>-6%</b>	<b>-6%</b>

# Appendix

## Board of Directors



*Mr. Ali Ibrahim Mohammad*  
**Chairman**



*Mr. Essamuddin Galadari*  
**Vice-Chairman**



*Mr. Saleh Saeed Lootah*  
**Board Member**



*Mr. Farooq Mahmood Arjomand*  
**Board Member**



*Mr. Hesham Abdulla Al Qassim*  
**Board Member**



*Major General Ahmad Hamdan Bin Dalmook*  
**Board Member**

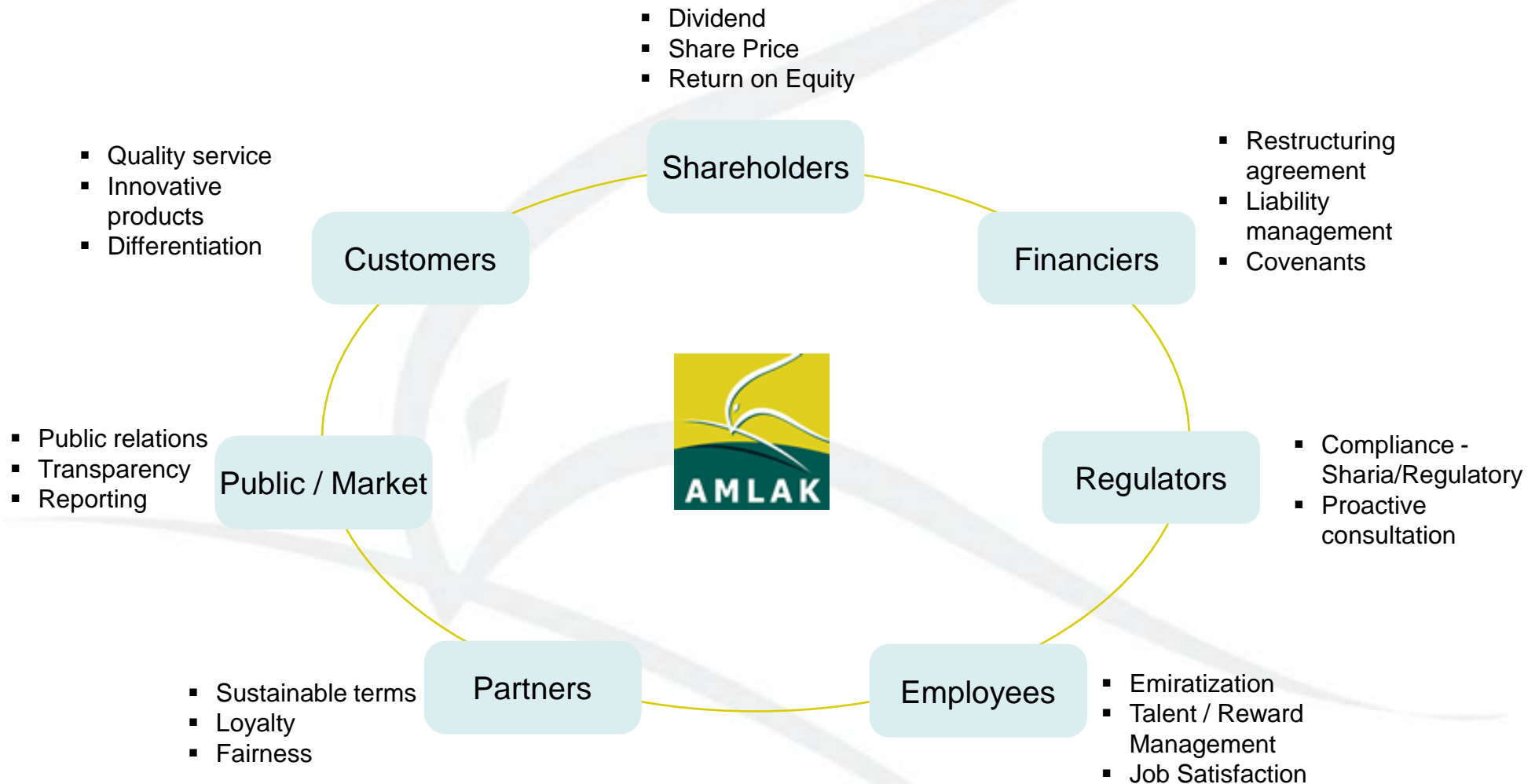


*Mr. Arif Alharmi*  
**Managing Director and  
Chief Executive Officer**



# Appendix

## Stakeholders Priorities



# Appendix

## Products and Services



### Istithmari

Istithmari is the first-of-its-kind Buy-To-Let property finance (Ijarah) product in the region, designed for investors looking to invest in completed residential and commercial properties. Customers are also provided with a complimentary full suite of Property Management Services.

### Ijarah

Ijarah is the basic home finance product aimed towards end users for residential as well as commercial property in both ready and under-construction projects. Under Ijarah, Amlak buys the property from the developer/seller and leases it out to the customer with a promise to sell at the end of the lease term. The customer pays monthly rentals that comprise of fixed, variable and supplementary rentals.

### Tatweer

Tatweer is an under-construction financing product for a Buy-To-Let property as well as for end users. Finance is supplemented by a complimentary full suite of property management services that comes into effect post completion and handover of the property.

### Developer Finance

Developer Finance is a tailored financing solution offered for real estate projects being developed in freehold areas of Dubai by licensed developers. Prospective developers have the option to benefit from finance options under various facility structures and other value added services.

### Private Construction Finance

Private Construction Finance is offered to individuals or corporates that carry out under construction projects with an intention to either rent, occupy or operate the development, post construction completion. Although the product is primarily targeted towards the wholesale segment, individual or retail applications are also catered under the same offer on case by case basis.

### Platinum Lifestyle Takaful

Platinum Lifestyle Takaful is a comprehensive Takaful plans package exclusively designed for all customers. The plans give protection against most property finance related perils and also offer other value added lifestyle benefits.

# Appendix

## UAE and Dubai Economy – Highlights



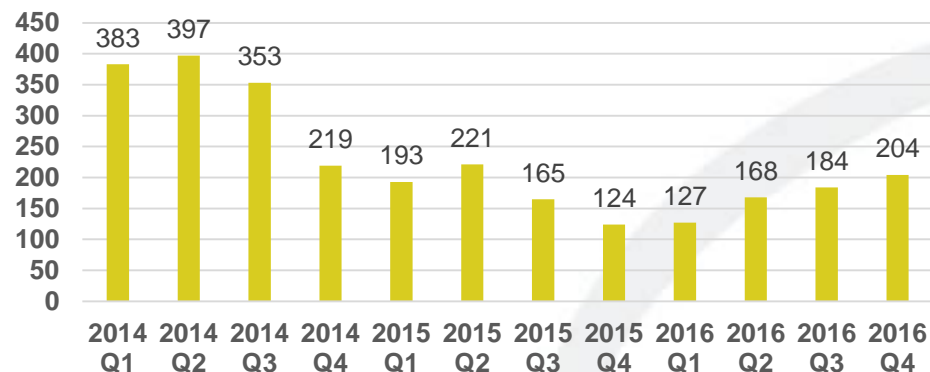
- Real GDP in UAE is set to gather pace aided by an expected healthy recovery in the non-oil sector. This will likely offset moderation in the oil sector.
- Due to its economic diversification, the UAE economy is expected to perform relatively well in comparison to other Gulf nations.
- Economists project the UAE's GDP growth will increase to 2.6% in 2017, from 2.4% forecasted in 2016.
- According to the World Bank Doing Business Report, the UAE is now ranked 26<sup>th</sup> in the “Ease of Doing Business” Index, ahead of any Arab country. The World Bank has also recognized the UAE as one of the top 10 most improved business environments over the past year.
- The emirate of Dubai delivered a strong economic performance in 2016, buoyed by growth in non-hydrocarbons sector, which provided a buffer against external challenges.
- Economists project Dubai's GDP to grow by 3.1% in 2017.
- Dubai's construction sector will also continue to be a key driver of non-oil growth. Construction activity is expected to remain robust, as Dubai gears for Expo 2020. This sector is also set to benefit from “UAE's Vision 2021” and “UAE Strategy for the Future” which aim to enhance economic diversification.
- Dubai's approved budget for 2017 is AED 47.3 Bn, reflecting a 3% increase over the previous year.
- Annual spending by Dubai on infrastructure has increased by 27% ahead of Expo 2020. Funding for research and development will be increased by Dh700 Mn (\$190.6 Mn) while exports will receive an additional Dh16 Bn (\$4.4 Bn), indicating a paradigm shift away from dependency on the oil sector.
- The emirate's strategy is focused on emphasizing its position as a key regional player in the fields of trade and logistics, tourism, retail, entrepreneurship, and technology.

# Appendix

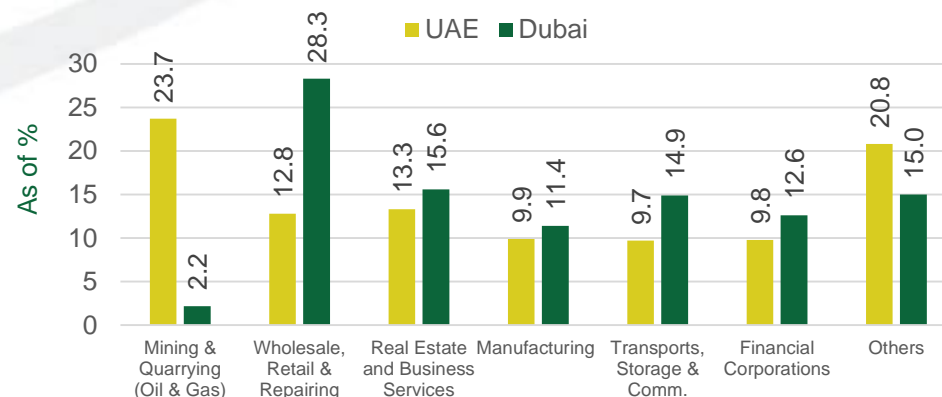
## Key Economic Indicators



### 1 Brent OPEC Oil Basket Price in UAE (AED)

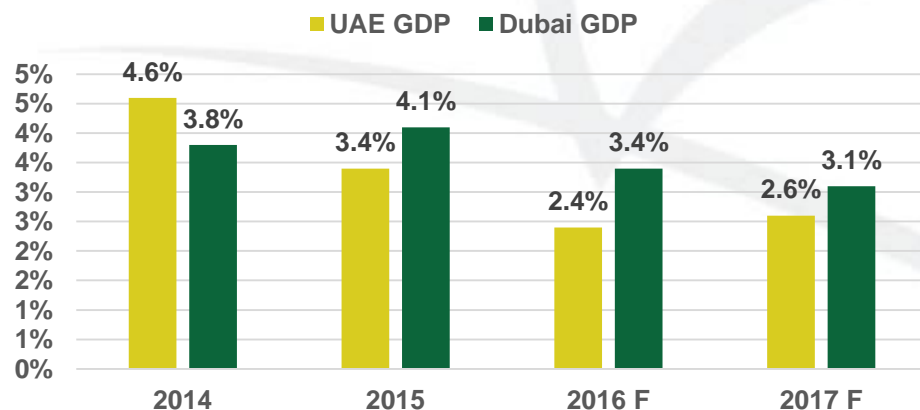


### Distribution of GDP Sectors (in %) – UAE & Dubai



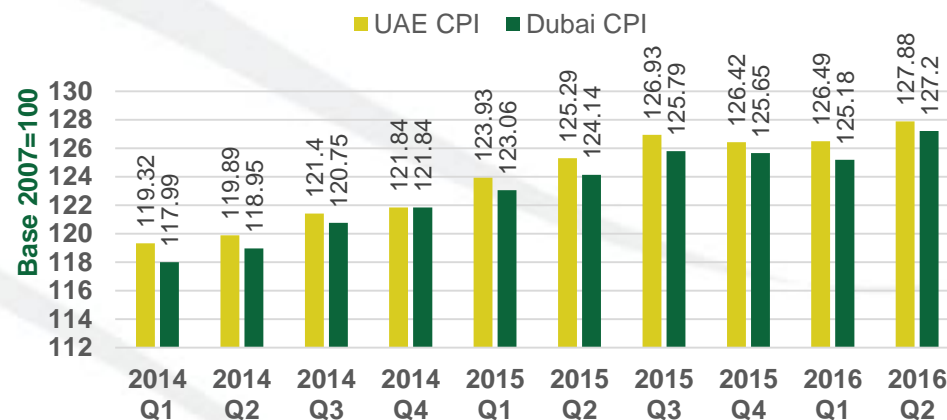
Source: Dubai Statistics Center, National Bureau of Statistics

### UAE & Dubai GDP Growth Rates



Source: Ministry of Economy

### Consumer Price Index (CPI) – UAE & Dubai



Source: Dubai Statistics Center, National Bureau of Statistics

# Appendix

## Dubai Real Estate Market



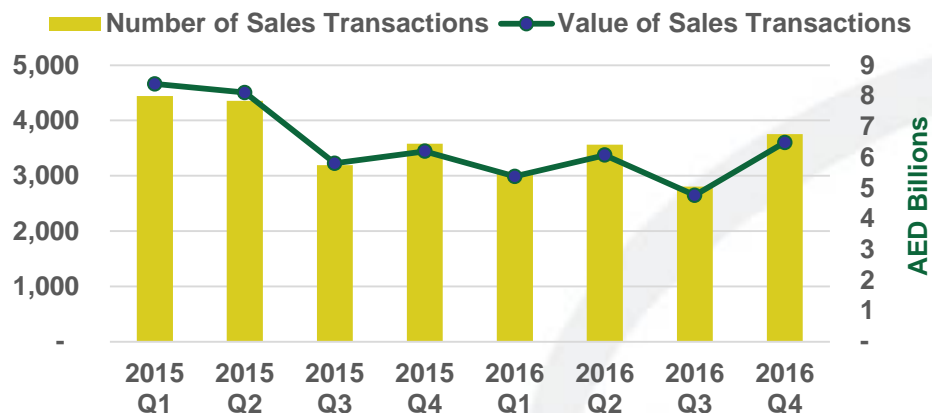
- Residential property price growth in Dubai appears to have largely stabilized after two years of slowing growth amid tighter regulations, higher housing supply and risk aversion.
- Residential property prices have declined around 15% since peaking in July 2014. However, on a Y-o-Y basis, apartment prices declined by a mere 1% , while villa prices saw a marginal improvement of 1%.
- Rentals continue to fall for both apartments and villas, with minimal Q-o-Q change (-1% for apartments and -3% for villas), and a larger annual decline in rentals of 4.6% for and 5% for villas.
- Dubai real estate market performed better than its international counterparts with a consistent 7% plus mark as the emirate continues to attract investors due to the lower cost of mortgage , no tax on returns and comparatively higher rentals.
- The value of real estate transactions continued to trend lower throughout 2016, while growth in the number of transactions remained subdued but steady. This may be due to a boost in the affordable housing sector.
- 12,800 residential units have entered the market in 2016, 45% of what was expected in the beginning of the 2016.
- Demand and supply in the Dubai real estate market are in sync currently. However, amidst a challenging geopolitical environment, any sudden boost in supply will affect market stability causing prices to fall further.
- Dubai witnessed a greater volatility in price over the past 6 months. Although green shoots have started to appear signaling a recovery, rapid increase in prices is not expected with the significant levels of new supply that could be delivered in 2017.

# Appendix

## Key Real Estate Indicators

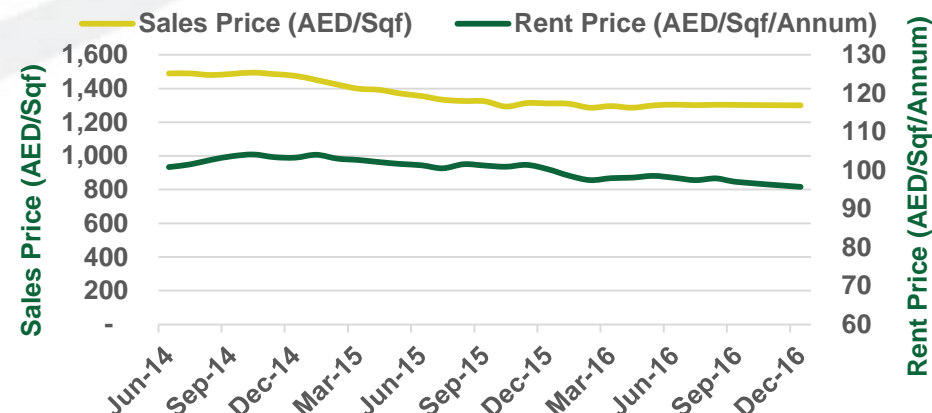


### Number and Value of Real Estate Transactions



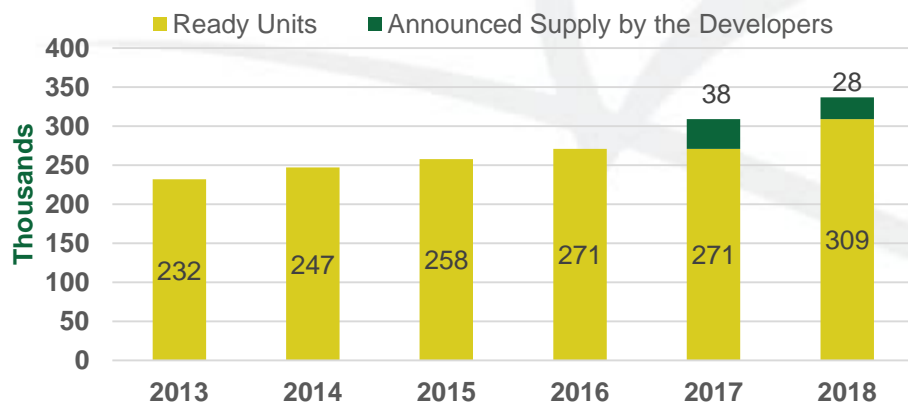
Source: Reidin

### Dubai Residential Sales and Rental Price Changes



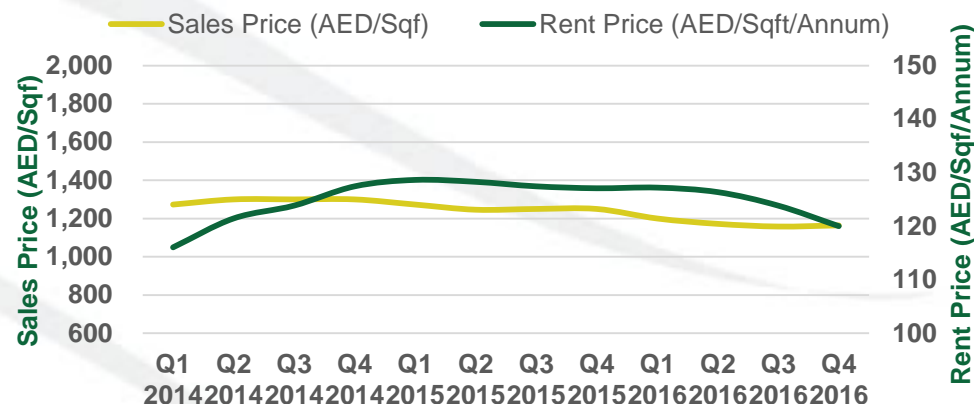
Source: Reidin

### Dubai Residential Supply Trends (Freehold Areas)



Source: Reidin

### Dubai Commercial Rental Prices



Source: Reidin



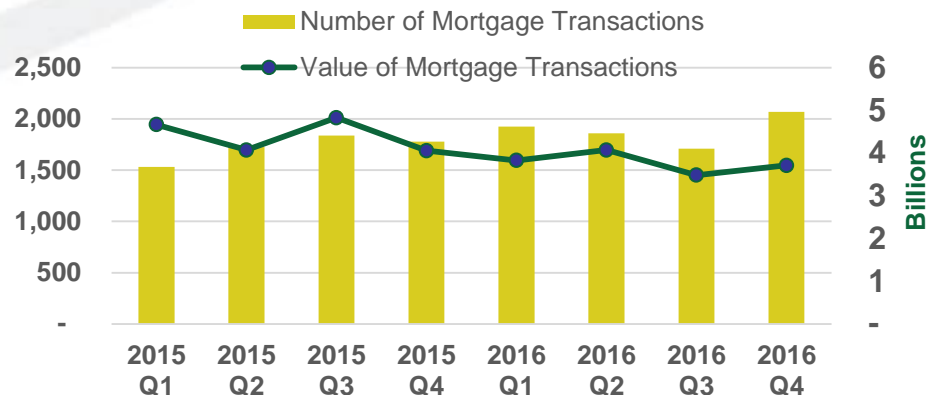
# Appendix

## Dubai Mortgage Market



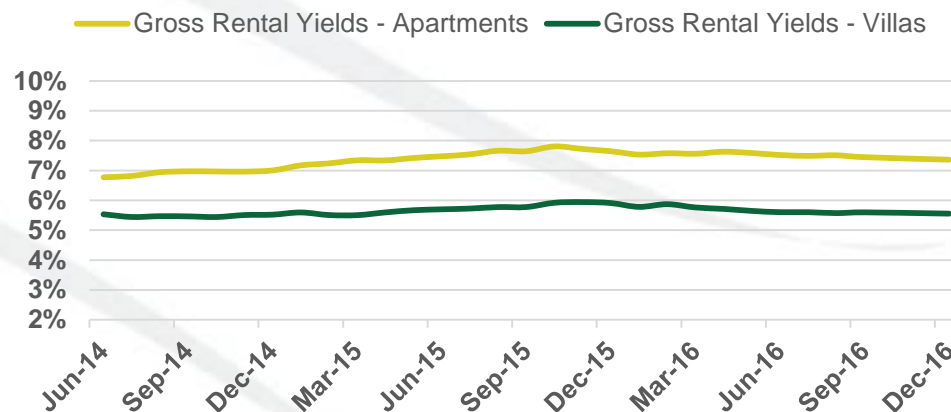
- An overview of transactional activity by sales and mortgage transactions reveals a two tiered market trajectory: In 2016 sales transactions have continued to decline, whereas mortgage activity continued to experience growth.
- Dubai mortgage market is estimated to be valued around AED 60 Bn per annum over the last few years, of which approximately AED 13 Bn relates to residential unit mortgage transactions per year.
- Total number of mortgage transactions have increased by 9% in 2016 compared to 2015, primarily due to an increase in home ownership and owners starting to refinance their houses to extract liquidity.
- Demand for mortgages has increased steadily indicating both, access to finance as well as a mature price cycle in line with international markets.
- Sale transactions have declined over the past two years as the Dubai real estate market experienced a healthy correction period. However, mortgage transactions have shown a stable movement during this correction period.
- Mortgage financing is likely to rise indicating a resilient underlying demand despite global headwinds.
- Rental declines outpaced sales prices resulting in reduced gross rental yields in the last 1 year.

### Mortgage Transactions Over the Years



Source: Reidin

### Rental Yields in Dubai



Source: Reidin



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