



Amlak Finance PJSC

Investor Presentation

FY 2018

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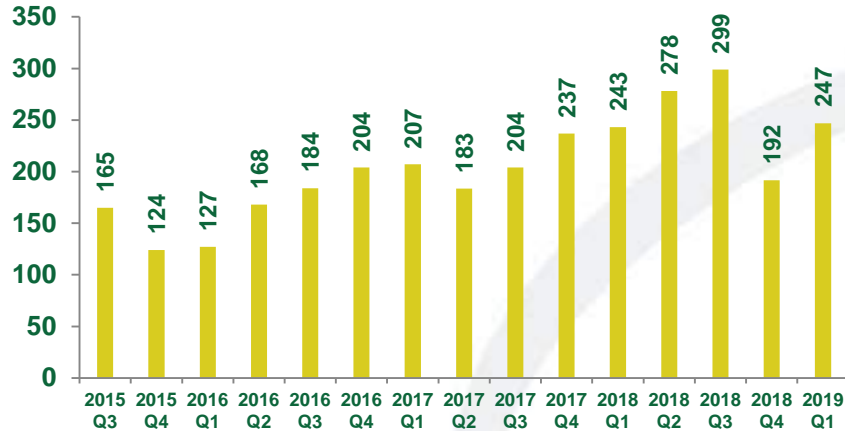
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UAE and Dubai Economy

- The UAE's economy **grew 1.7 per cent** last year, on the back of **higher oil prices**. The non-oil sector, **grew by 1.3 per cent** at constant prices compared with 2017.
- For 2019, the IMF's Regional Economic Outlook for UAE has projected **2.8 per cent** real GDP growth compared to the earlier forecast of **3.6 per cent**.
- Dubai's GDP at constant prices achieved a growth rate of **1.94 percent** in 2018.
- Dubai's external non-oil trade reached **AED 1.3 trillion (\$353 billion)** in 2018 despite a global slowdown in trade volumes.
- Dubai had **15.92 million** international overnight visitors in 2018 compared to **15.79 million** in 2017.
- DAFZA's foreign trade in 2018 grew **AED55.8 billion** to reach **AED146 billion** representing an **increase of 62 per cent** versus 2017. Its contribution to Dubai's foreign trade in 2018 reached **11 per cent** versus **7 per cent** in 2017.
- A total of **486 property companies** and **real estate brokerages** failed to renew their licenses in 2018. The number represents a **12 per cent decrease** in registered property companies from 2017 to 2018.

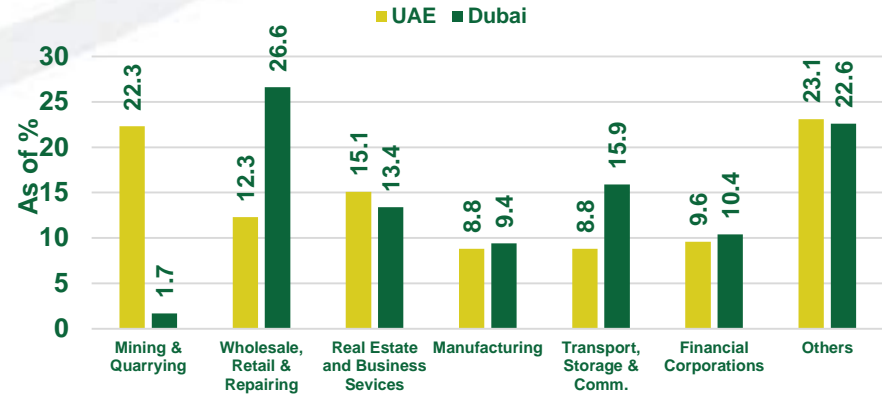
Key Economic Indicators

1 Brent OPEC Oil Basket Price in UAE (AED)



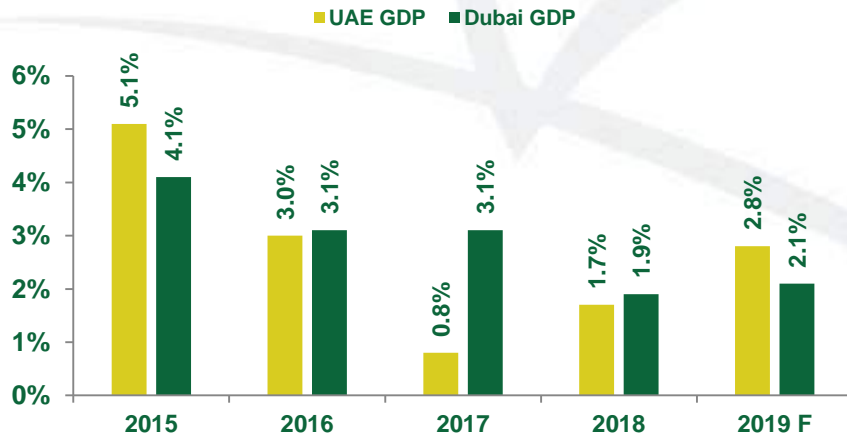
Source: Oilprice.com

Distribution of GDP Sectors (in %) – UAE & Dubai 2017



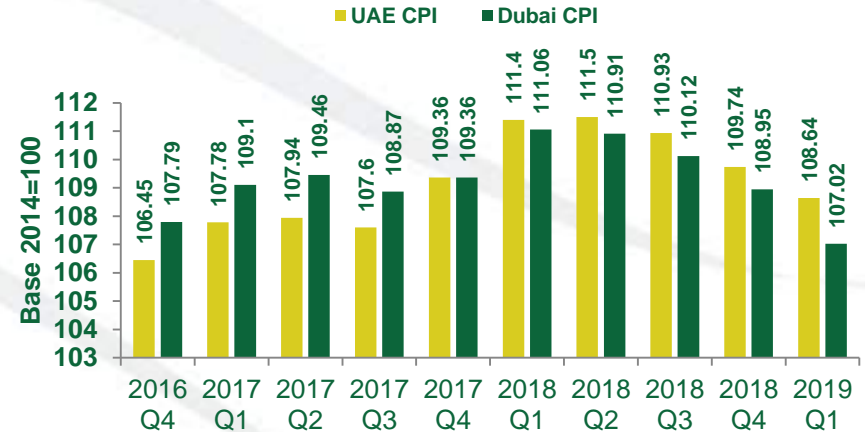
Source: Dubai Statistics Center, National Bureau of Statistics

UAE & Dubai GDP Growth Rates



Source: Ministry of Economy, Central Bank, DED

Consumer Price Index (CPI) – UAE & Dubai



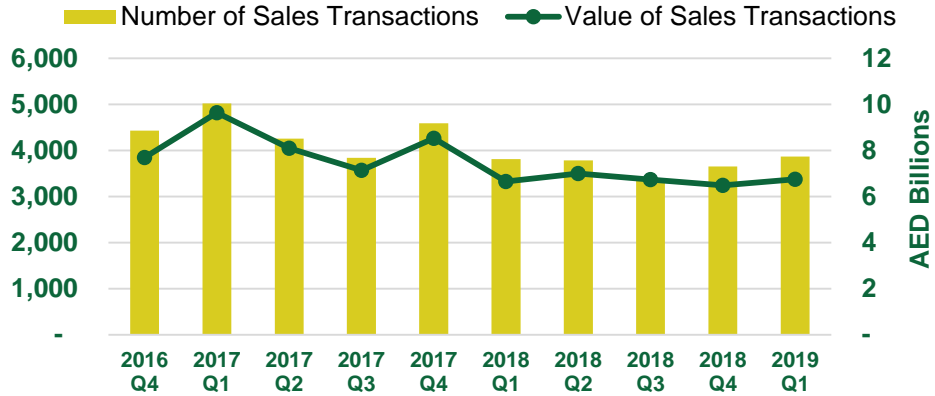
Source: Dubai Statistics Center, National Bureau of Statistics

Dubai Real Estate Market

- Around **6,000** units have entered the Dubai real estate market in Q1 2019.
- Around **2,600 new units** have been launched in Q1 2019, during the same time last year around **3,450 new units** were launched. The **decline** in the number of new launches will help the **market stabilize** in the **medium term**.
- Volume and Value of Secondary market transactions **rose by 6 per cent and 4 per cent** respectively on a quarterly basis.
- The Dubai real estate market remained **subdued** during the first quarter of the year. On a quarterly basis, Selling and Rental prices in the residential segment have **declined by 1.3 per cent and 0.6 per cent** respectively.
- The Apartment segment is experiencing **increased vacancy** level at **17 per cent**.
- Incentives such as **multiple cheque payments** and **rent free periods** have become a norm in the market, to ensure tenant retention.
- With supply **outstripping** demand, selling and rental prices are expected to **face further pressure** in 2019.
- Sales and Rent prices of office buildings continued to drop in the first quarter of 2019 owing to **slow economic growth**. Tenants can be seen moving into **A Grade offices** with **reduced rentals**.

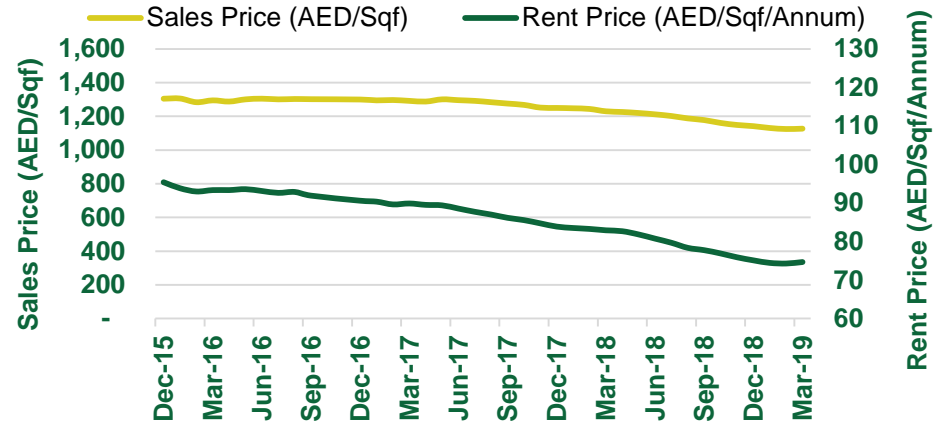
Key Real Estate Indicators

Number and Value of Real Estate Transactions



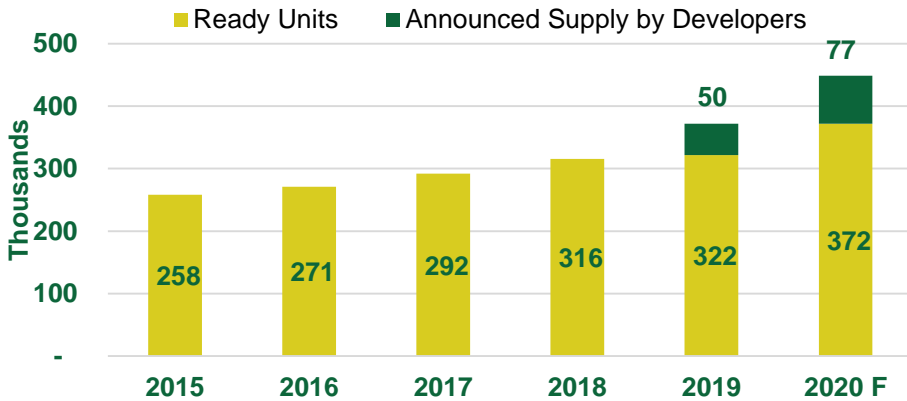
Source: Reidin

Dubai Residential Sales and Rental Price Changes



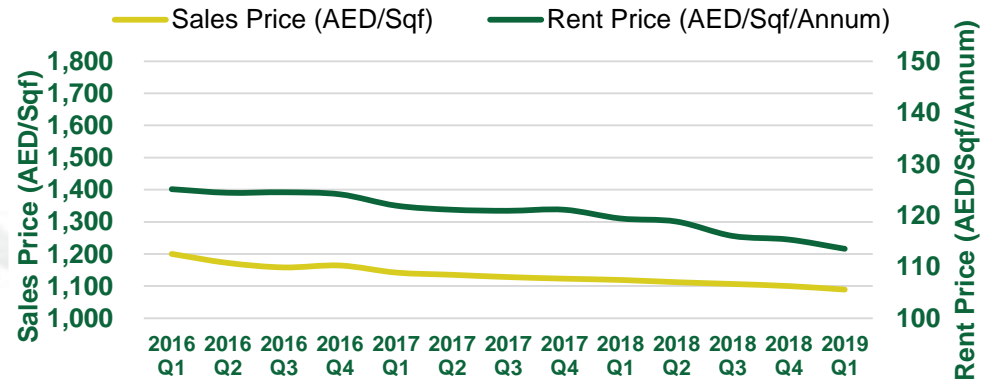
Source: Reidin

Dubai Residential Supply Trends (Freehold Areas)



Source: Reidin

Dubai Commercial Rental Prices

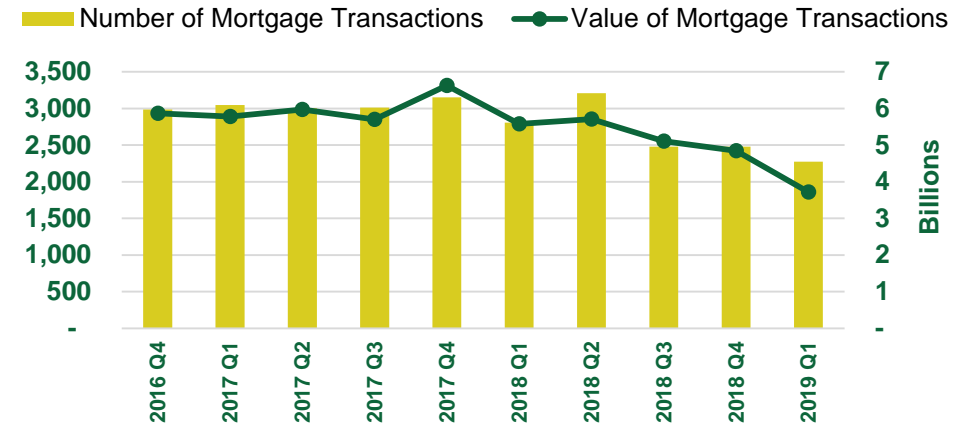


Source: Reidin

Dubai Mortgage Market

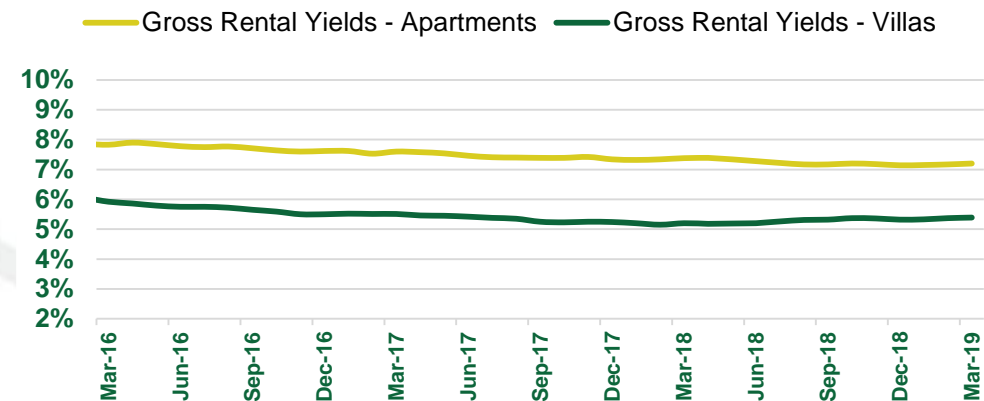
- Value of mortgages registered valued at **AED 3.7 Billion** in Q1 2019, **down year on year by 33 per cent**.
- Three month EIBOR rose to **2.79%**, up **20 per cent** from 2018 levels.
- Despite **decline in rentals and slowdown** in the overall real estate market, some section of Dubai's property market still offer **decent rental yield** to investors.
- As of March 2019, the gross rental yields for the apartment segment stands at **7.2%** while the villa segment currently provides a yield of **5.4%**. Gross Rental Yields have **marginally increased** on a quarterly basis.

Mortgage Transactions Over the Years



Source: Reidin

Rental Yields in Dubai



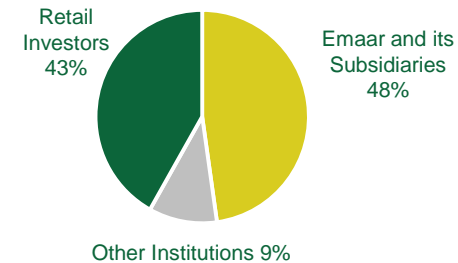
Source: Reidin

Company Profile

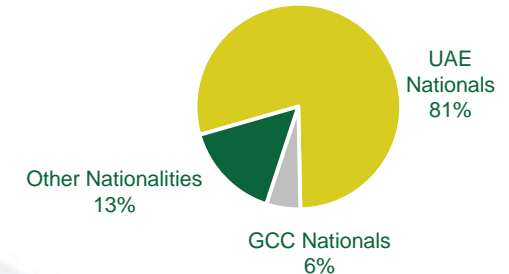
Background

- 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 properties.
- Amlak expanded its presence to Kingdom of Saudi Arabia (KSA) in 2006 through investment in 'Amlak International for Real Estate Finance Company'.
- Amlak launched its first international office in Egypt in 2007, which operates under the name "Amlak Finance Egypt Company S.A.E".
- Following the completion of its highly successful financial restructuring in 2014, Amlak is pursuing a prudent business strategy that is also now well-placed to work towards continuous enhancement of value for its shareholders.

Ownership Structure



Nationality of Ownership



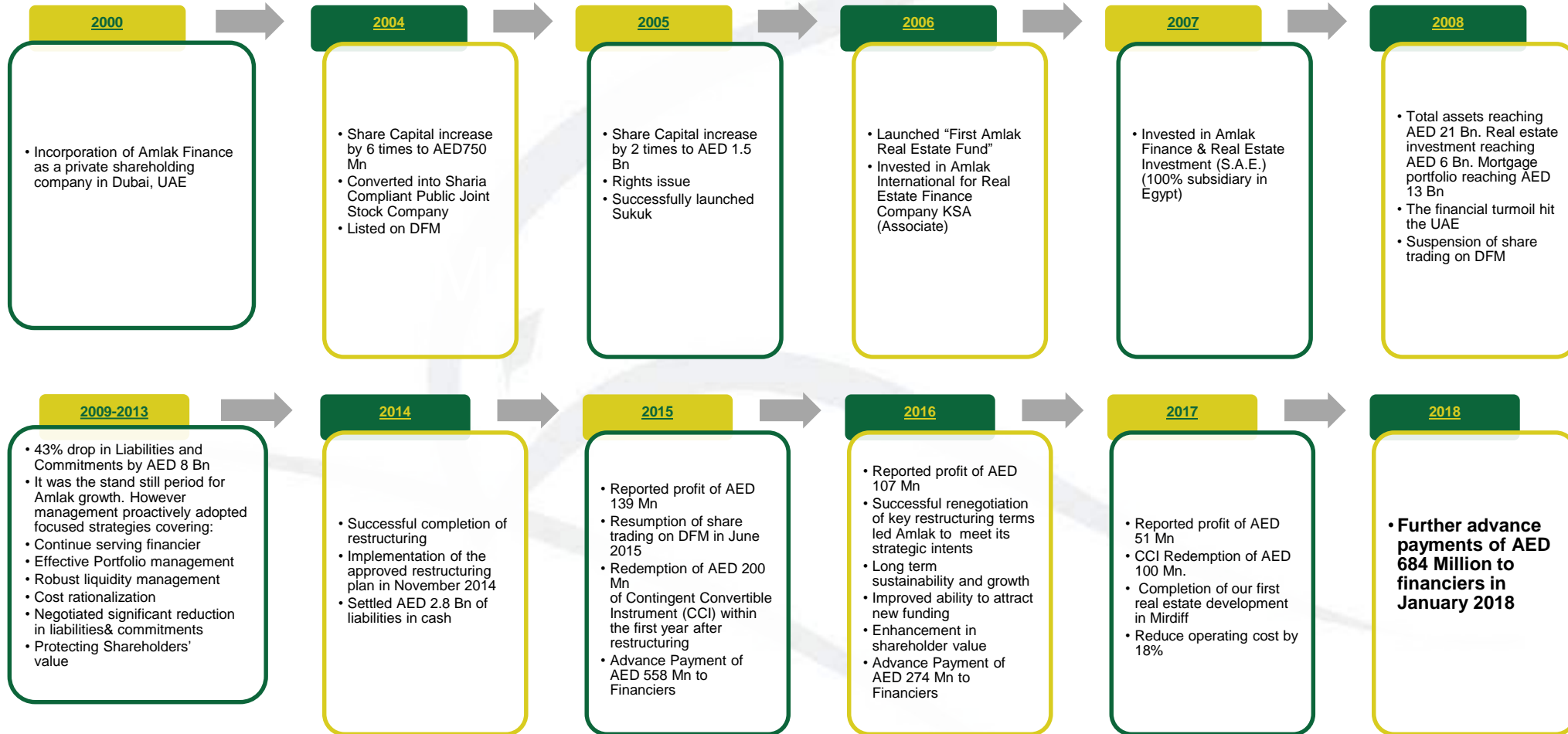
Subsidiaries and Associates

- | | | |
|---|-------|--------|
| • Amlak Properties Investment LLC | UAE | 100% |
| • Amlak Finance Egypt Company S.A.E | Egypt | 100% |
| • Amlak International for Real Estate Finance Company | KSA | 26.39% |

Geographic Presence



Through The Years



Key Strategies

Strategic Priorities

Strategic Intents

Strategic Metrics

Restructuring

- Renegotiation with financiers to ensure long term growth of the Company and ensuring full compliance with and adherence to revised agreement reached with the Depositors.
- Flawless implementation of restructuring milestones

Liquidity & Compliance

Profitability and Growth

- Build up real estate finance business comprising of both ready and under-construction properties for growth in core revenue streams
- Create long term value from real estate portfolio through development of land parcels
- Enhance shareholder profitability through improved margins and sustained operational efficiencies

Remain Profitable

Sustainable Funding

- Secure funding from innovative sources subject to parameters and covenants agreed with financiers
- Develop a range of financing options both off and on balance sheet which are best suited keeping in view liquidity gap and refinancing needs

Funds Availability

Value Proposition

- Offer specialized and differentiated products, superior lead generation and excellent sales and service execution

Product Innovation New Customer Segments

Organizational Capability

- Robust risk management to manage risks within risk appetite.
- Staff and talent development and retention as well as boosting corporate brand.

Customer Satisfaction

Cost Rationalization

- Ensure cost rationalization to maintain and align efficiency ratios in line with industry best practices

Efficiency

Enhance shareholder value whilst adhering to restructuring obligations

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”



Corporate Values

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



Customer Centricity

Customers' needs are at the heart of what we do. We strive for excellence in customer service by providing superior service to our customers in a timely, efficient, and consistent manner. Our goal is to transform customer satisfaction to customer loyalty and advocacy.



Innovation

We drive and inspire innovation in the workplace, with the aim to build on our organizational capabilities, and expand our capacity for innovative & creative thinking, collaboration & readiness for action.



Value Creation

We strive to create value for our stakeholders, customers, investors, and the community at large. We aim to leverage our expertise and innovation to achieve sustainable growth for our company whilst serving the interests of our stakeholders.



Integrity

Amlak is committed to maintaining a culture of integrity; we operate with honesty, fairness, and the highest of ethical standards. We take great pride in building a relationship of trust with our stakeholders.



Nurturing People

We value our employees and it is our commitment to continually enhance their welfare, training and career and personal development. We strive to improve our working environment and drive forward our desired corporate behaviors.



Social Responsibility

Participating in initiatives that support the workplace, marketplace, community and environment is an integral part of what we do. We are dedicated to contributing to society and helping make a positive difference in the community we serve.

Stakeholders Priorities



Business Overview

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

Business Segments

Real Estate Finance (REF)

Ready Property

- Ready Property Financing
- Ready property portfolio (Reposessed units)
- Customer centricity, relationship management and property management

Private Construction

- Private Construction Financing
- Management of under construction projects
- Customer centricity
- End to end customer solution

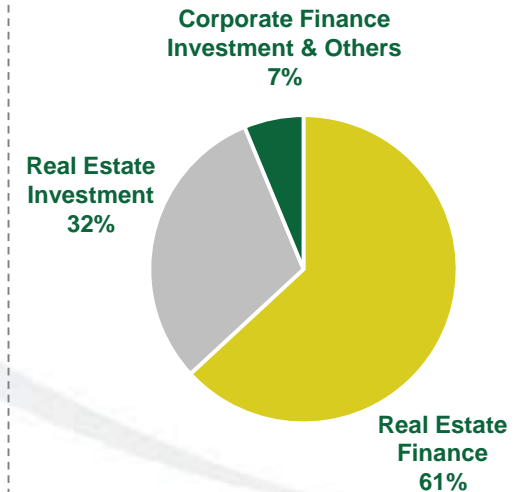
Real Estate Investment (REI)

- Includes investment in ready property, land parcels and properties under development
- Property management of ready property
- Development of land parcels

Corporate Finance and Investment (CFI)

- Includes Amlak Finance Egypt Company S.A.E. (Subsidiary - Egypt)
- Includes investment in Amlak International for Real Estate Development and Finance Company (Associate - KSA)
- Other Investments (Private Equity and Funds)

Segment Asset Mix – FY 2018



Segment Strategy

Real Estate Finance (REF)

Key Metrics	Actual 2018	Targeted 2019
Portfolio Level	AED 2.4Bn	AED 2.4Bn
Delinquency Rate	4.3%	4%
Rental Income	AED 30Mn	AED 22Mn

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
- Exit Amlak Finance Investment Unit (AFIU) repossessed assets ~ 25%
- Improve portfolio quality

Private Construction

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

Real Estate Investment (REI)

Key Metrics	Actual 2018	Targeted 2019
Rental Income	AED 35Mn	AED 37Mn
Rental Yield	5%	5%
Mark to Market (MTM) on real estate assets	AED 30Mn	AED 130Mn
Development Completion % - Nad Al Hamar	16%	75%
Development Completion % - Al Ttay	54%	100%

- Focus on value creation by continuing to develop land parcels
- Maintain high asset yield and low vacancy rates for ready properties
- Enhance property management offering

REI Portfolio

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

Corporate Finance & Investment (CFI)

Key Metrics	Actual 2018	Targeted 2019
Dividends	AED 17Mn	AED 8Mn
Return on Investment (ROI)	7%	10%

- Focus on exiting non-core investments

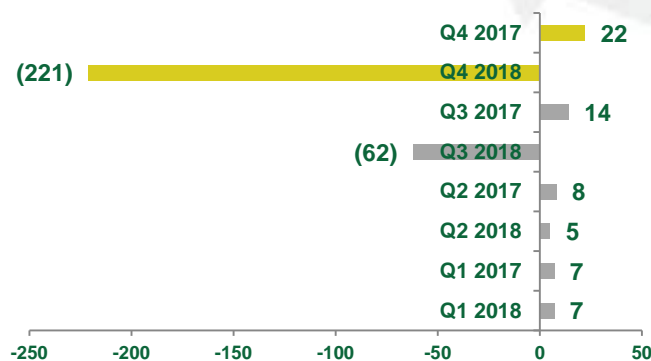
Group Income Statement

AED in Mn

Particulars	Q4 2018	Q4 2017	Q4 2018 vs. Q4 2017		FY 2018	FY 2017	FY 2018 vs. FY 2017	
			Variance	Change in %			Variance	Change in %
Income from Financing and Investing assets	42	48	(6)	(13%)	174	191	(17)	(9%)
Rental income	16	16	-	0%	64	61	3	5%
Share of results of an associate	6	7	(1)	(14%)	21	26	(5)	(19%)
Sale of properties under development	-	16	(16)	(100%)	61	52	9	17%
Fair value gain / (loss) on investment properties	(10)	46	(56)	(122%)	(35)	69	(105)	(151%)
Other Income	2	10	(8)	(80%)	22	33	(11)	(33%)
Total Income	56	143	(87)	(61%)	307	432	(126)	(29%)
Reversal of impairments / (impairments)	(163)	(13)	(150)	(1154%)	(206)	-	(207)	
Amortisation of initial fair value gain on investment deposits	(26)	(28)	2	(7%)	(110)	(110)	-	0%
Operating Expenses	(59)	(40)	(19)	48%	(145)	(122)	(23)	19%
Cost of sale of properties under development (including related operating expenses)	-	(8)	8	(100%)	(6)	(24)	19	(75%)
Profit Before Distribution to financiers / investors	(192)	54	(246)	(456%)	(160)	176	(337)	(191%)
Distribution to financiers / investors	(29)	(32)	3	(9%)	(112)	(125)	13	(10%)
Profit / (Loss) for the year	(221)	22	(243)	(1105%)	(272)	51	(324)	(633%)

FY stands for the 12 months period ended 31st December 2018 and 2017 and Q4 stands for the forth quarter of the year only (i.e. 3 months October to December)

Profit / (Loss) for the period



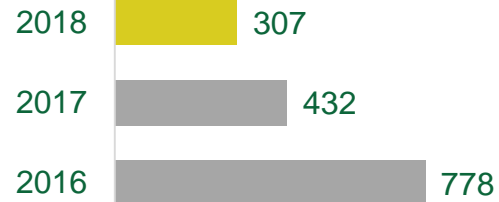
Highlights

- Revenues from financing business activities witnessed a decrease by 9% to AED 174 million in 2018 compared to AED 191 million in 2017
- 17% increase in revenue from sale of properties under development compared to 2017; an increase related to the infrastructure development completion and sales of plots in Nad Al Hamar project
- Rental Income increased by 5% during 2018 to AED 64 million, compared to AED 61 million in 2017.
- Net loss of AED 272 million at the end of December 2018 compared to AED 52 million net profit in 2017. The Company's total revenues including unrealized fair value loss related to investment properties decreased to AED 307 million in 2018, down by 29% compared to AED 432 million in 2017; a decrease due to a more conservative approach in assets valuation

Group Income Statement (cont'd)

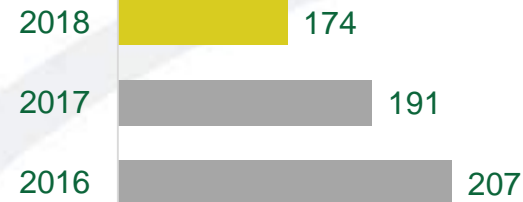
AED in Mn

Total Income



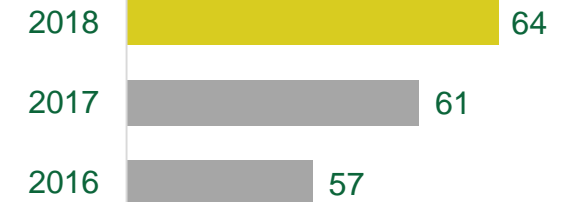
- 2016/17 – decrease due to reduction of sale of properties under development.
- 2018 – decrease due to more conservative approach in assets valuation

Income from Financing and Investing Assets



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

Rental Income



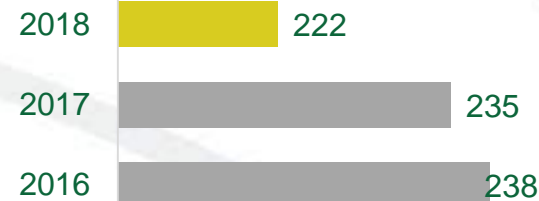
- Higher volume of re-possessed (Foreclosed) Units along with market driven rental index

Operating Expenses



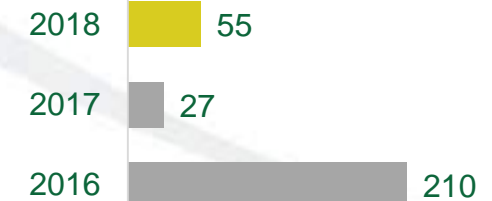
- 2016/17 - Cost rationalization measures
- 2018 - Increase due to a one-off expense related to renegotiation of existing restructuring terms and litigation expenses

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



- 2016/17 - Reduction in sale of properties under development
- 2018 - Increase related to the infrastructure development completion and sales of plots in Nad Al Hamar project

Group Balance Sheet

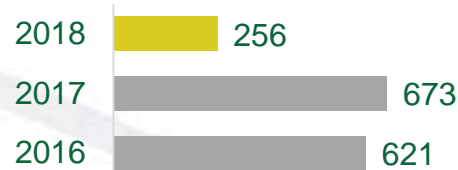
AED in Mn

Particulars	YE 2018	YE 2017	YE 2018 vs. YE 2017	
			Variance	Change in %
Cash and Balances with Banks	256	673	(417)	(62%)
Islamic Financing and Investing Assets	2,704	3,085	(381)	(12%)
Real Estate Investments	2,543	2,357	186	8%
Corporate Investments	297	315	(18)	(6%)
Other Assets	84	149	(65)	(44%)
Total Assets	5,884	6,579	(695)	(11%)
Investment Deposits and Other Islamic Financing	4,330	4,858	(528)	(11%)
Other Liabilities (Incl Non-Controlling Interest)	395	278	117	42%
Equity	1,159	1,443	(284)	(20%)
Total Equity & Liabilities	5,884	6,579	(695)	(11%)

Highlights

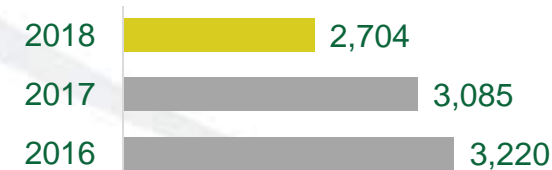
- Total assets of Amlak stand at AED 6 billion representing a 11% decrease from year end 2017.
- Following the repayment to financiers, total liabilities decreased by 8% compared to year end 2017.

Cash and Balances with Banks



- Advance payment of 684 Mn to financiers

Islamic Financing and Investing Assets

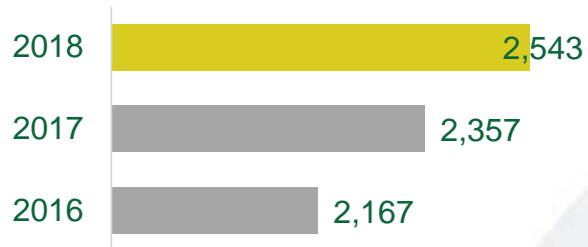


- Depletion of Financing and Investment Portfolio due to early settlements and normal portfolio run off

Group Balance Sheet (cont'd)

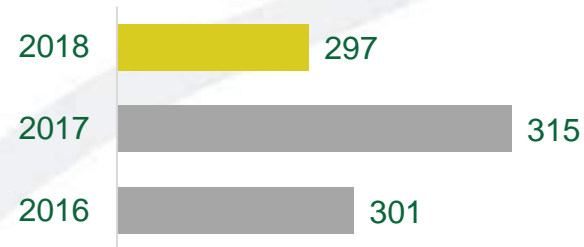
AED in Mn

Real Estate Investments



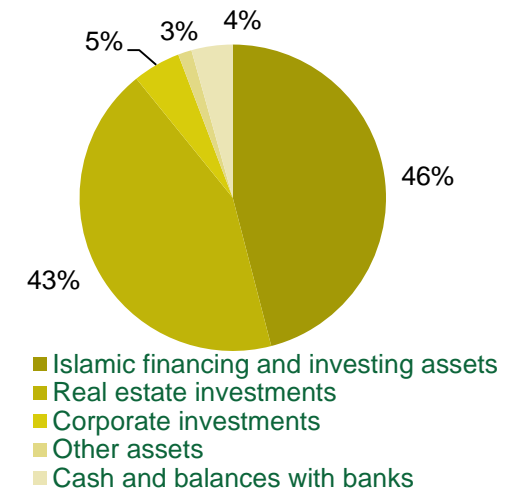
- 2016/17 - Increase mainly due to recognition of fair value gain on investment properties
- 2018 – increase due to AI Tay development

Corporate Investments

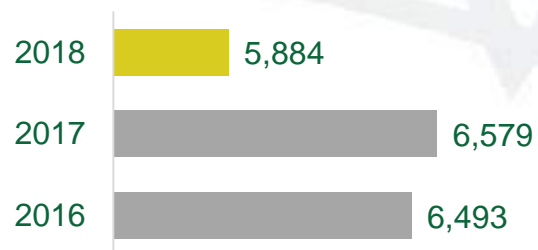


- No significant movement

Assets Mix – 2018

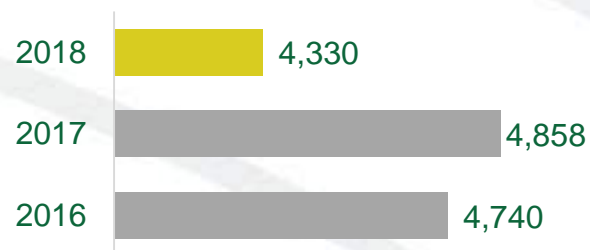


Total Assets



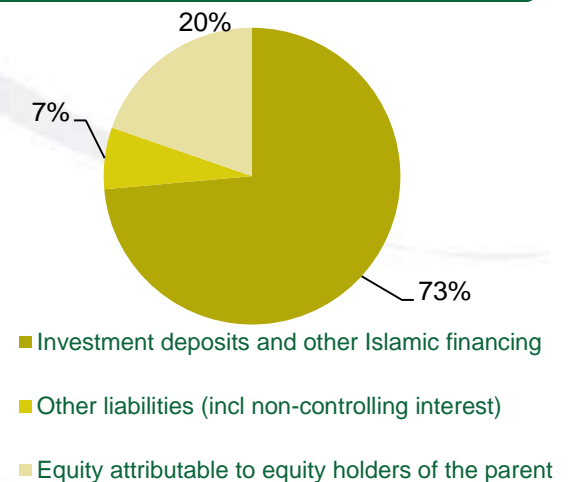
- 2016/17 - Increase predominantly due to increase in Real Estate Investment assets
- 2018 – decrease due to more conservative approach in assets valuation

Investment Deposits and Other Islamic Financing



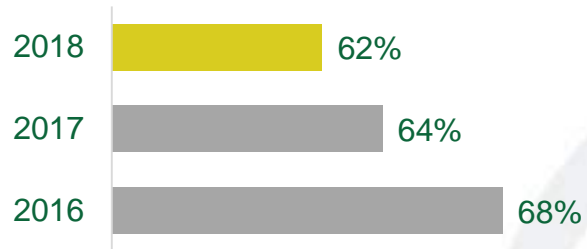
- 2016/17 - Amortization cost representing the unwinding of fair value gains on initial recognition of investment deposits.
- 2018 – Advance payment of 684 Mn to financiers

Liability and Equity Mix - 2018

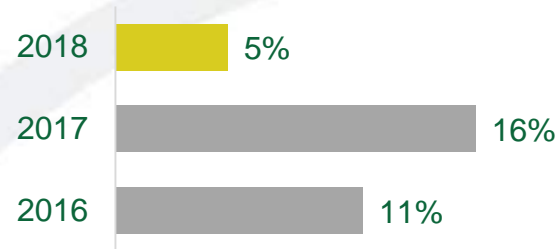


Financial Ratios

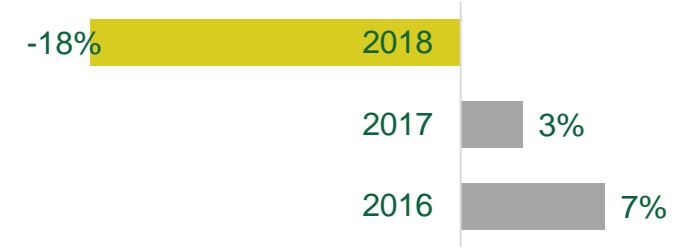
Net Financing to Deposit Ratio



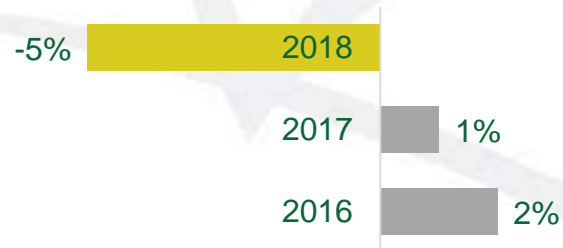
Liquid Assets to Total Assets Ratio



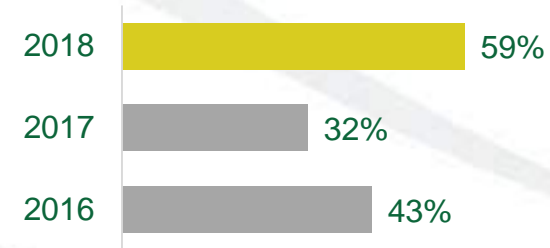
Return on Equity (ROE)



Return on Assets (ROA)



Cost to Income Ratio



Awards



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

1. Best Sharia Compliant Property Finance Company
2. Best Islamic Finance CSR Company UAE 2017
3. Best for Sharia Compliant Property Finance
4. 2017 UAE Leading Decision Makers Award Chief Executive Officer of The Year 2017 – Dubai.
5. Best Real Estate Product (Double Your Property)_ UAE
6. Best Home Finance Company

1. Global Islamic Business Award 2018
2. Dubai Chamber's CSR Label 2018
3. Best Islamic Finance CSR Company UAE 2018
4. Best Sharia Compliant Property Finance Company 2018
5. Best Real Estate Financier 2018 & Award for Excellence in Client-Focused Financial Services

Products and Services

Istithmari

Istithmari is the first-of-its-kind Buy-To-Let property finance (Ijara) 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 ready or completed 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.

Double Your Property Portfolio

This first-of-its-kind product is designed for investors who have equity in UAE property to double their property portfolio. The product provides investors with increased returns on their real estate investments as well as attractive financing terms. Amlak will facilitate the entire new investment process and investors can enjoy complete access to Amlak's diverse real estate portfolio and receive complimentary property management services.

Tatweer

Tatweer is an under-construction financing product for investors 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.

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 a case by case basis.



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