Amlak Finance PJSC

Investor Presentation

September 2018

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Amlak at a Glance

Company Profile

Background

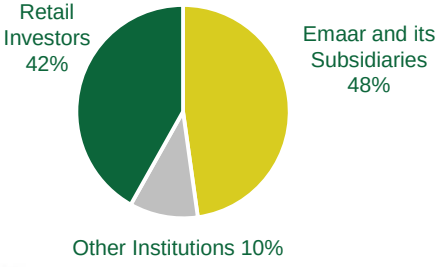
- Amlak Finance PJSC was incorporated in Dubai, United Arab Emirates, on 11 November 2000 as a Private Shareholding Company.
- At the constituent shareholders meeting held on 9 March 2004, a resolution was passed to convert the Company to a Public Joint Stock Company.
- Amlak Finance is a leading specialized 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 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.

Subsidiaries and Associates

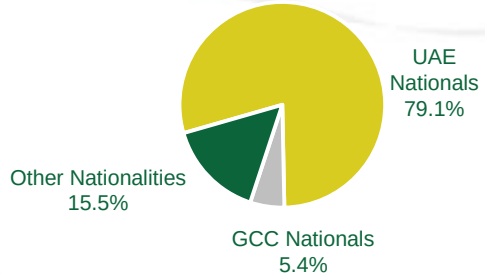
• Amlak Properties Investment LLC	UAE	100%
• Amlak Finance Egypt Company S.A.E	Egypt	100%
• Amlak International for Real Estate Finance Company	KSA	26.39%

Geographic Presence

Ownership Structure



Nationality of Ownership



Amlak at a Glance

Through The Years

2000
- Incorporation of Amlak Finance
- Incorporated as a private shareholding company in Dubai, UAE

2004
- Share Capital increase by 6 times to AED 750 Mn
1. Converted into Sharia compliant public joint stock company
2. Listed on DFM

2005
- Share Capital increase by 2 times to AED 1.5 Bn
1. Rights issue
2. Successfully launched Sukuk

2006
- Growth, expansion and diversification
1. Launched "First Amlak Real Estate Fund"
2. Invested in Amlak International for Real Estate Finance Company KSA (Associate)

2007
- Invested in Amlak Finance & Real Estate Investment (S.A.E.) (100% subsidiary in Egypt)

2008
- Total assets reaching AED 21 Bn
- Real estate investment reaching AED 6 Bn
- Mortgage portfolio reaching AED 13 Bn
- **The financial turmoil hit the UAE**
- Suspension of share trading on DFM

2009 2010 2011 2012 2013
- 43% drop in Liabilities and Commitments by AED 8 Bn
- It was the stand still period for Amlak growth. However, management proactively adopted focused strategies covering
1. Continue serving financier
2. Effective Portfolio management
3. Robust liquidity management
4. Cost rationalization
5. Negotiated significant reduction in liabilities& commitments
6. Protecting Shareholders' value

2014
- Successful completion of restructuring
1. Implementation of the approved restructuring plan in November 2014
2. Settled AED 2.8 Bn of liabilities in cash

2015
- Reported profit of AED 139 Mn
1. Resumption of share trading on DFM in June 2015
2. Redemption of AED 200 Mn of Contingent Convertible Instrument (CCI) within the first year after restructuring
3. Advance Payment of AED 558 Mn to Financiers

2016
- Reported profit of AED 107 Mn
- Successful renegotiation of key restructuring terms led Amlak to meet its strategic intents
1. Long term sustainability and growth
2. Improved ability to attract new funding
3. Enhancement in shareholder value
4. Advance Payment of AED 274 Mn to Financiers

2017
- Reported profit of AED 51 Mn
1. CCI Redemption of AED 100 Mn.
2. Completion of our first real estate development in Mirdiff
3. Reduce operating cost by 18%

2018
- Further advance payments of AED 684 Million to financiers in January 2018
- Further advance payments of AED 684 Million to financiers in January 2018

Strategic Focus

Strategic Focus

Key Strategies

Strategic Priorities	Strategic Intents	Strategic Metrics
Adherence to Restructuring Agreement	• Ensuring full compliance with and adherence to restructuring agreement signed with financiers • Flawless implementation of restructuring milestones	**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	• Develop a sustainable model and continue to secure long-term funding 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 differentiated and targeted products, superior lead generation through attractive product marketing strategies, sales and service execution	**Product Innovation** **New Customer Segments**
Organizational Capability	• Improving customer service experience through effective use of technology, robust risk management, staff and talent development 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 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"

Strategic Focus

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.

Strategic Focus

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 (Repossessed units)
- Customer centricity including retention, relationship management and property management

Developer & Private Construction

- Developer and Private Construction Financing
- Management of under construction projects
- Customer centricity including developer relations management

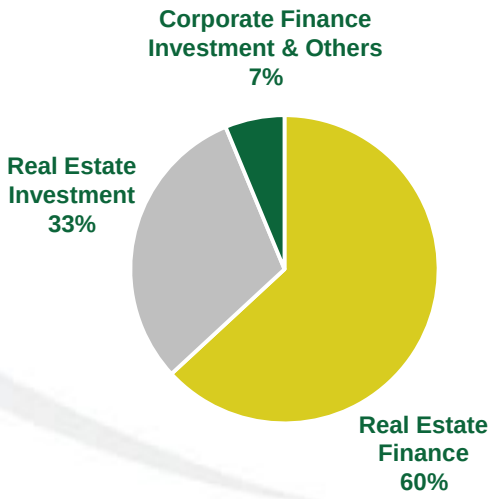
Real Estate Investment (REI)

- 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 2017



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	Actual 2017	Targeted 2018
Profit Rate	6%	6%
Portfolio Level	AED 2.4Bn	AED 2.3Bn
Delinquency Rate	4.4%	5.9%
Rental Income	AED 26Mn	AED 23Mn

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	Actual 2017	Targeted 2018
Financing Income	AED 14Mn	AED 16Mn
Profit Rate	11%	7%
Portfolio Level	AED 108Mn	AED 276Mn

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

Real Estate Portfolio

Ready Property	Under Construction Property	Land Parcel
▪ Sky Gardens ▪ Remraam ▪ Discovery Gardens ▪ Waha Villas ▪ Al Ghadeer ▪ Mirdif	▪ Meydan ▪ Nad Al Hamar	▪ Al Ttay ▪ Nasr City Land (Egypt)

Key Metrics	Actual 2017	Targeted 2018
Rental Income	AED 31Mn	AED 35Mn
Rental Yield	6%	5%
Mark to Market (MTM) on real estate assets	AED 65Mn	AED 108Mn
Development Completion % - Nad Al Hamar	78%	100%
Development Completion % - Al Ttay	Nil	50%
Sale % of Real Estate Assets – Nad Al Hamar	61%	63%
Cost to Income Ratio	32%	31%

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	Actual 2017	Targeted 2018
Dividends	AED 17Mn	AED 10Mn
Efficiency Ratio	18%	23%
Return on Investment (ROI)	7%	9%

2018

Quarterly Financial Highlights

2018 Quarterly Financial Highlights

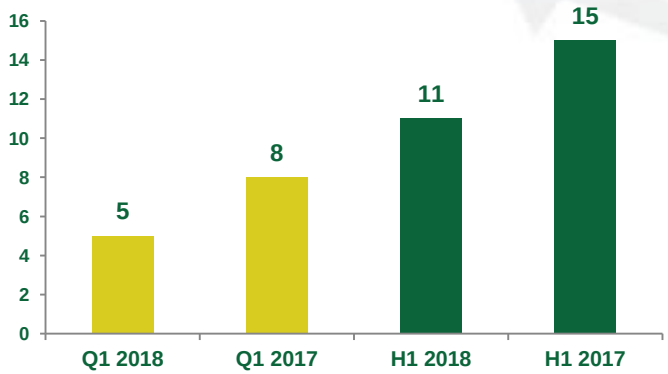
Group Income Statement

AED in Mn

Particulars	Q3 2018	Q3 2017	Q3 2018 vs. Q3 2017		Sep 2018	Sep 2017	Sep 2018 vs. Sep 2017	
			Variance	Change in %			Variance	Change in %
Income from Financing and Investing assets	47	47	-	0%	132	143	(11)	(8%)
Rental income	16	15	1	7%	48	45	3	7%
Share of results of an associate	3	8	5	(63%)	15	19	(4)	(21%)
Sale of properties under development	6	3	3	100%	61	36	25	69%
Fair value gain / (loss) on investment properties	(40)	13	(53)	(408%)	(25)	24	(49)	(204%)
Other Income	5	9	(4)	(44%)	20	23	(3)	(13%)
Total Income	**37**	**95**	**(58)**	**(61%)**	**251**	**290**	**(39)**	**(13%)**
Reversal of impairments / (impairments)	(18)	6	(24)	(400%)	(43)	14	(57)	(57%)
Amortisation of initial fair value gain on investment deposits	(25)	(27)	2	(7%)	(84)	(82)	(2)	2%
Operating Expenses	(26)	(27)	1	(4%)	(86)	(82)	(4)	5%
Cost of sale of properties under development (including related operating expenses)	(2)	(2)	-	0%	(6)	(17)	11	(65%)
Profit Before Distribution to financiers / investors	**(34)**	**45**	**(79)**	**(176%)**	**32**	**123**	**(91)**	**(74%)**
Distribution to financiers / investors	(28)	(31)	3	(10%)	(83)	(93)	10	(11%)
Profit / (Loss) for the year	**(62)**	**14**	**(76)**	**(543%)**	**(51)**	**30**	**(81)**	**(270%)**

Sep stands for the 9 months period ended 30th September 2018 and 2017 and Q3 stands for the third quarter of the year only (i.e. 3 months July to September)

Profit / (Loss) for the period



Highlights

- Overall revenues decreased by 13% mainly due to unrealized fair value loss related to investment properties
- Increase in revenue from sale of properties under development is related to the infrastructure development completion and sales of plots in Nad Al Hamar joint venture.
- Decrease in the profit distributable to financers is due to the early payment made to financiers in January 2018.

2018 Quarterly Financial Highlights

Group Balance Sheet

AED in Mn

Particulars	Sep 2018	FY 2017	Sep 2018 vs. FY 2017	
			Variance	Change in %
Cash and Balances with Banks	328	673	(345)	(51%)
Islamic Financing and Investing Assets	2,705	3,085	(380)	(12%)
Real Estate Investments	2,489	2,357	132	6%
Corporate Investments	303	315	(12)	(4%)
Other Assets	104	149	(45)	(30%)
Total Assets	**5,929**	**6,579**	**(650)**	**(10%)**
Investment Deposits and Other Islamic Financing	4,303	4,858	(555)	(11%)
Other Liabilities (Incl Non-Controlling Interest)	245	278	(33)	(12%)
Equity	1,381	1,443	(62)	(4%)
Total Equity & Liabilities	**5,929**	**6,579**	**(650)**	**(10%)**

Highlights

- Following the repayment to financiers, total liabilities decreased by 12% in first 9 months of 2018 compared to year end 2017.
- Total assets of Amlak stand at AED 6 billion on Sep 2018, representing a 10% decrease from year end 2017.

Key Ratios	Sep 2018	FY 2017
Net Financing to Deposit Ratio	62.9%	63.5%
Non-Performing Financing Asset to Total Asset Ratio	8.0%	7.0%
Liquid Assets to Total Assets	5.%	15.7%
Return on Equity (Annualized)	-5.0%	2.9%
Return on Assets (Annualized)	-1.2%	0.7%
Net Profit Margin	1.9%	2.1%
Cost to Income Ratio	45.32%	32.2%

2017 Full Year

Financial Highlights

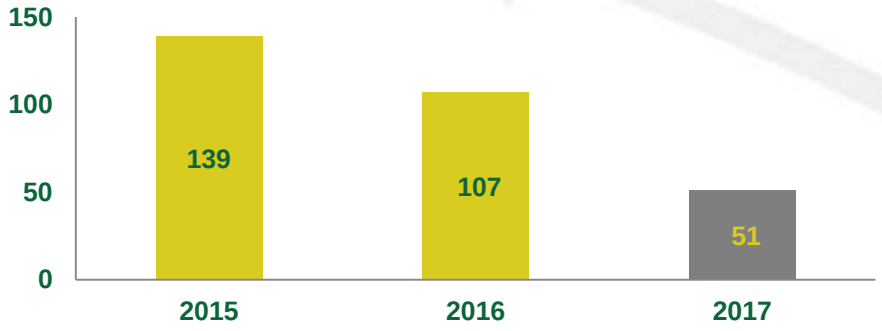
2017 Full Year Financial Highlights

Group Income Statement

AED in Mn

Particulars	FY 2017	FY 2016	FY 2015	Change in %	
				2017 vs. 2016	2016 vs. 2015
Income from financing and Investing assets	191	207	297	(7%)	(30%)
Rental income	61	56	46	7%	22%
Share of results of an associate	26	28	25	(7%)	12%
Sale of properties under development	52	429	74	(88%)	480%
Fair value gain / (loss) on investment properties	69	18	67	283%	(73%)
Other Income	33	40	23	(18%)	74%
Total Income	**432**	**778**	**532**	**(44%)**	**46%**
Reversal of impairments / (impairments)	-	(66)	81	(100%)	(181%)
Amortization of initial fair value gain / (Fair value gain) on investment deposits	(110)	(110)	(132)	-	(17%)
Operating Expenses	(122)	(149)	(158)	(18%)	(6%)
Cost of sale of properties under development (including related operating expenses)	(24)	(219)	(43)	(89%)	409%
Profit Before Distribution to financiers / investors	**176**	**234**	**280**	(25%)	**(16%)**
Distribution to financiers / investors	**(125)**	(127)	(141)	**(2%)**	(10%)
Profit / (Loss) for the year	**51**	**107**	**139**	(52%)	**(23%)**

Profit / (Loss) for the year



Highlights

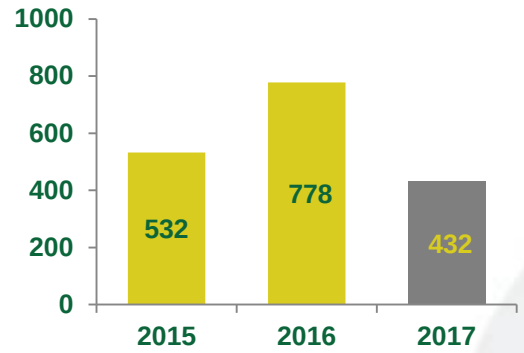
1) Total revenues including sale of properties under development decreased to AED 432 million in 2017, down by 44% compared to AED 778 million in 2016 due to reduction of sale of properties under development.
2) 88% drop in Sale of properties under development due to management strategy to hold onto the assets for better market conditions.

2017 Full Year Financial Highlights

Group Income Statement (cont'd)

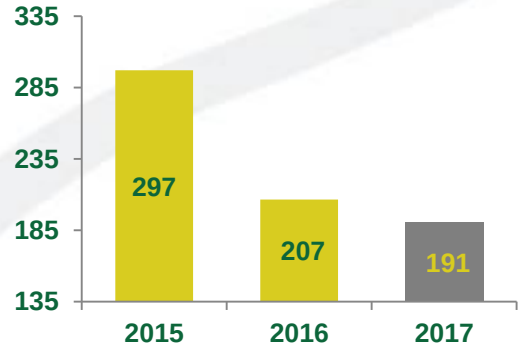
AED in Mn

Total Income



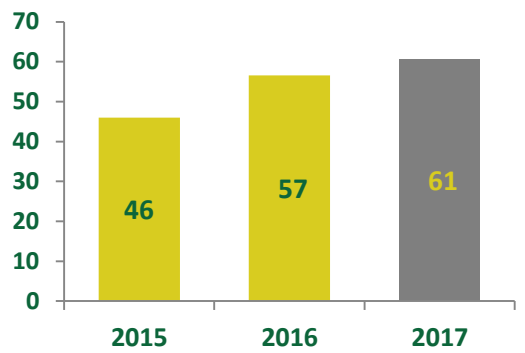
- 2015/16 - mainly due to net gains recorded on sale of properties under development
- 2017 – decrease due to reduction of sale of properties under development.

Income from Financing and Investing Assets



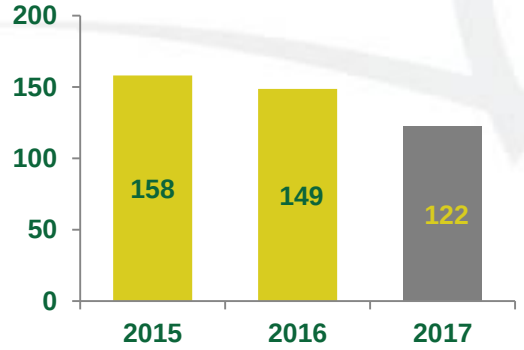
- Depletion of Financing and Investment Portfolio due to early settlements and normal portfolio run off

Rental Income



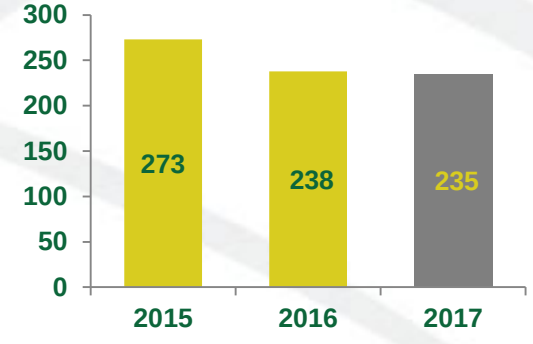
- Higher volume of Re-possessed (Foreclosed) Units along with market driven rental index

Operating Expenses



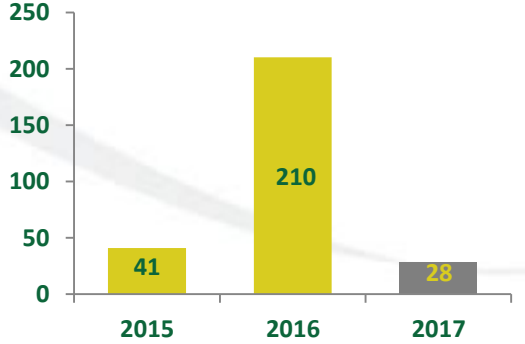
- Cost Rationalization Measures

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



- Reduction in sale of properties under development

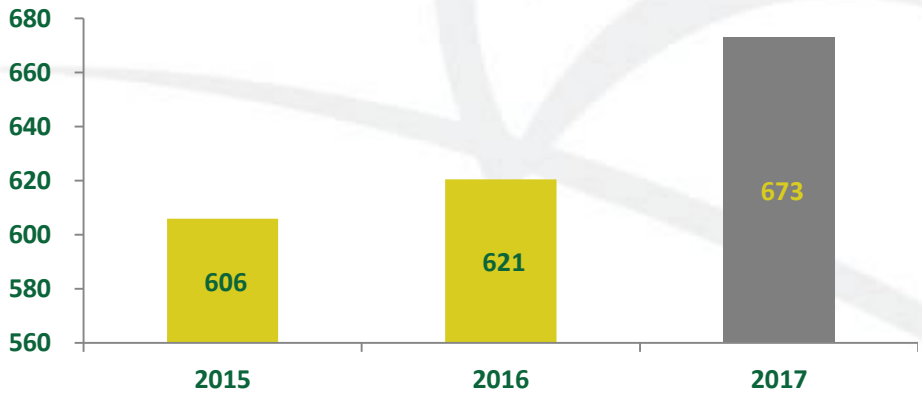
2017 Full Year Financial Highlights

Group Balance Sheet

AED in Mn

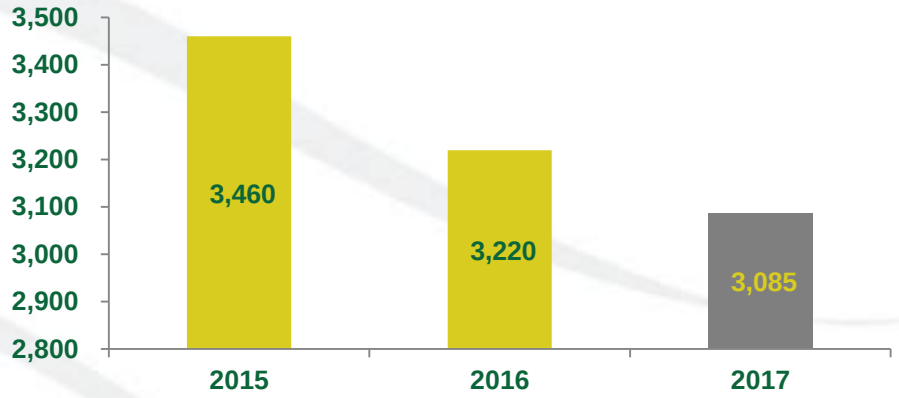
Particulars	FY 2017	FY 2016	FY 2015	Change in %	
				2017 vs. 2016	2016 vs. 2015
Cash and Balances with Banks	673	621	606	8%	2%
Islamic Financing and Investing Assets	3,085	3,220	3,460	(4%)	(7%)
Real Estate Investments	2,357	2,167	2,411	9%	(10%)
Corporate Investments	315	301	308	5%	(2%)
Other Assets	149	184	103	(19%)	79%
Total Assets	**6,579**	**6,493**	**6,888**	**1%**	**(6%)**
Investment Deposits and Other Islamic Financing	4,858	4,740	4,915	2%	(4%)
Other Liabilities (Incl. Non-Controlling Interest)	278	260	386	7%	(33%)
Equity	1,443	1,493	1,587	(3%)	(6%)
Total Equity & Liabilities	**6,579**	**6,493**	**6,888**	**1%**	**(6%)**

Cash and Balances with Banks



- Lower origination of new businesses

Islamic Financing and Investing Assets



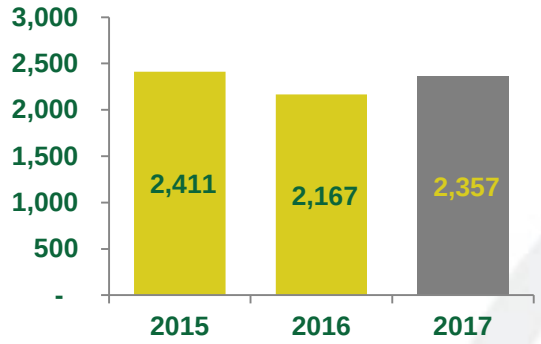
- Depletion of Financing and Investment Portfolio due to early settlements and normal portfolio run off

2017 Full Year Financial Highlights

Group Balance Sheet (cont'd)

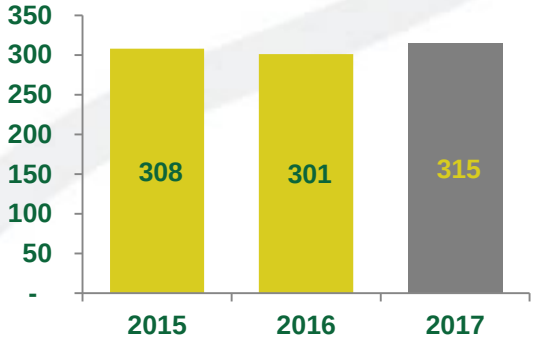
AED in Mn

Real Estate Investments



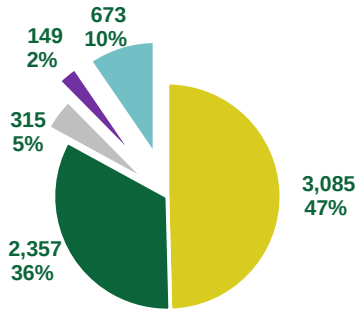
- Increase mainly due to recognition of fair value gain on investment properties

Corporate Investments



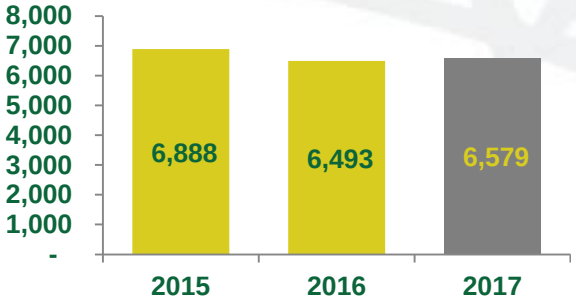
- No significant movement

Assets Mix – 2017



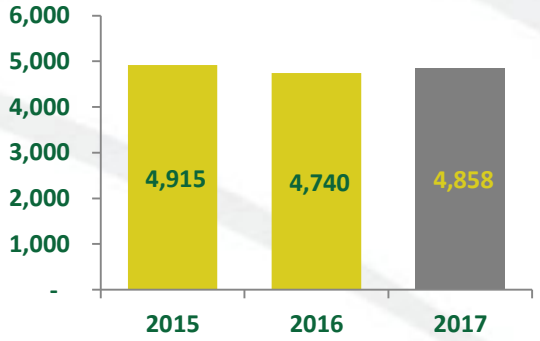
- Islamic financing and investing assets
- Real estate investments
- Corporate investments
- Other assets
- Cash and balances with banks

Total Assets



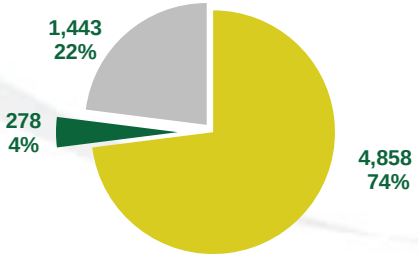
- Increase predominantly due to increase in Real Estate Investment assets

Investment Deposits and Other Islamic Financing



- Amortization cost representing the unwinding of fair value gains on initial recognition of investment deposits.

Liability and Equity Mix - 2017



- Investment deposits and other Islamic financing
- Other liabilities (incl non-controlling interest)
- Equity attributable to equity holders of the parent

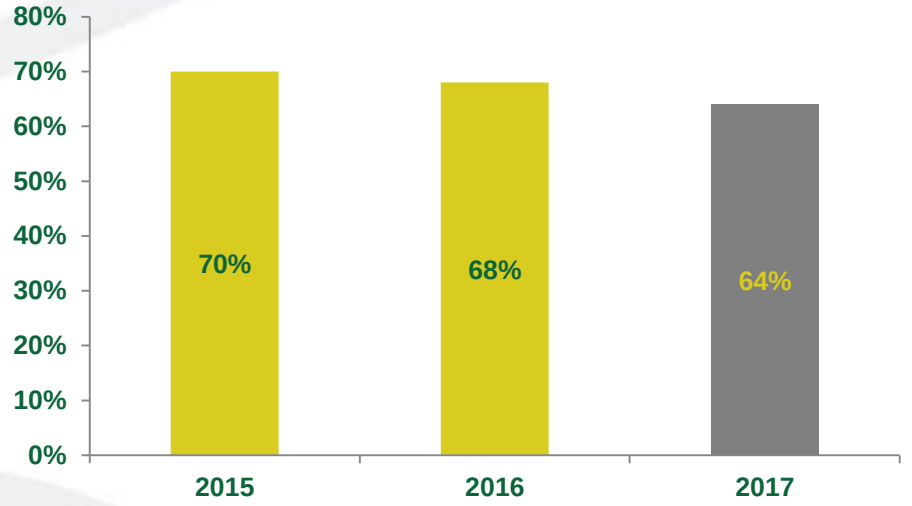
2017 Full Year Financial Highlights

Financial Ratios

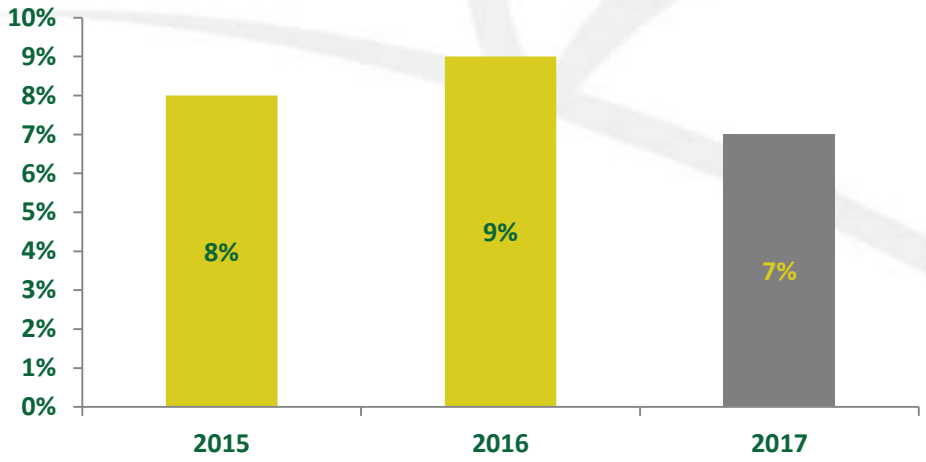
Highlights

Key Ratios	FY 2017	FY 2016	FY 2015
Net Financing to Deposit Ratio	64%	68%	70%
Non-Performing Financing Asset to Total Asset Ratio	7%	9%	8%
Liquid Assets to Total Assets	16%	11%	7%
Return on Equity	3%	7%	8%
Return on Assets	1%	2%	2%
Net Profit Margin	2%	2%	3%
Cost to Income Ratio	32%	43%	35%

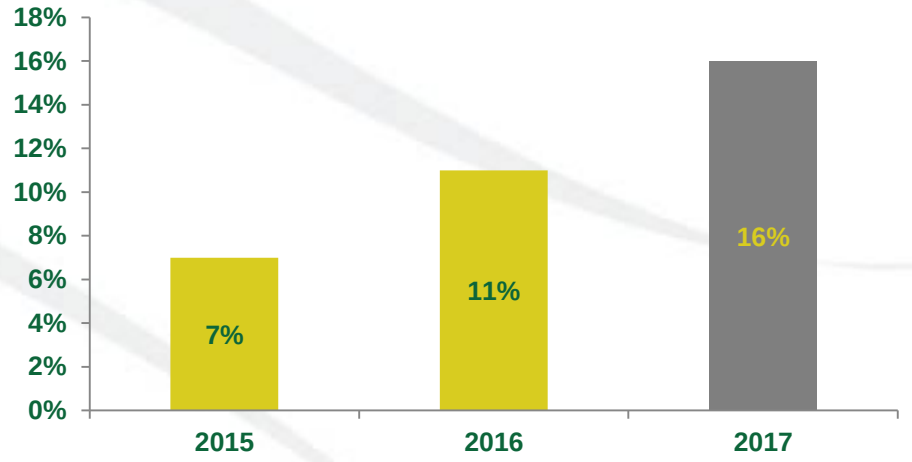
Net Financing to Deposit Ratio



Non-performing Financing Assets to Total Asset Ratio



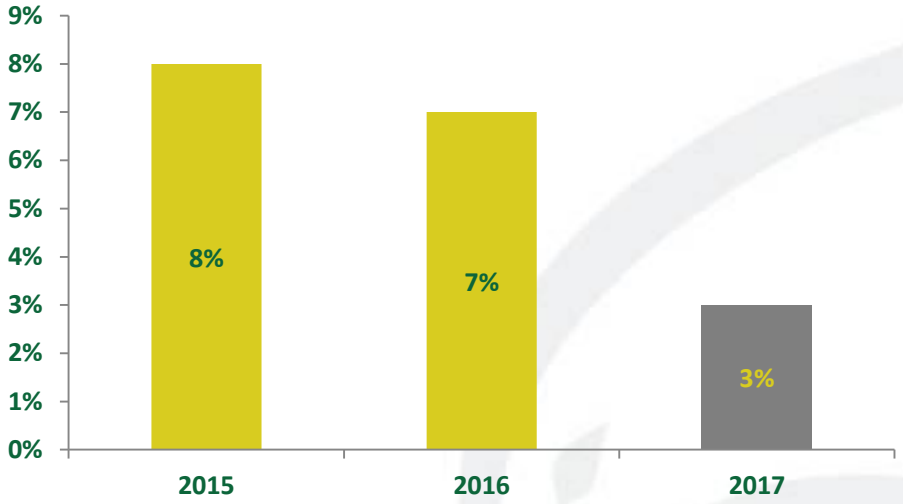
Liquid Assets to Total Assets Ratio



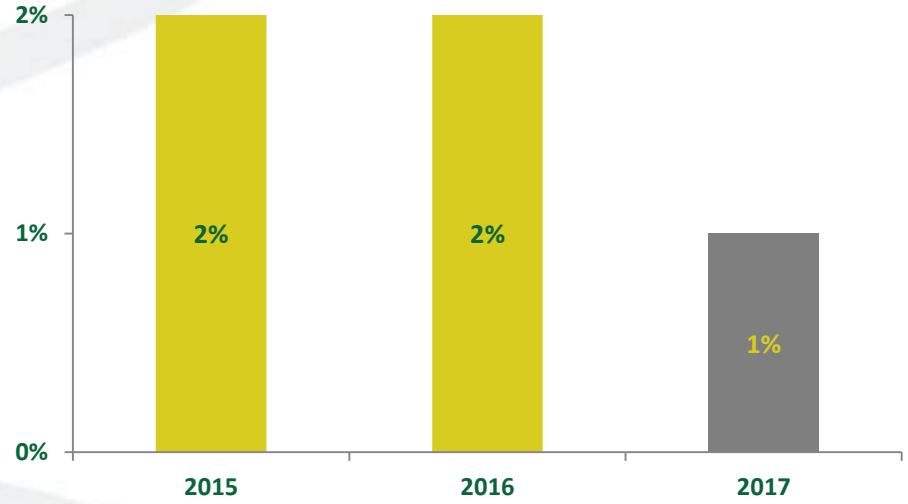
2017 Full Year Financial Highlights

Financial Ratios (cont'd)

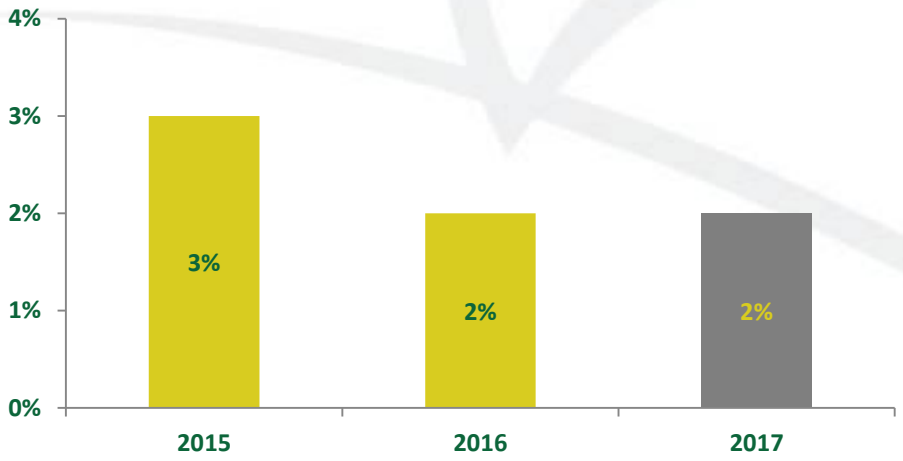
Return on Equity (ROE)



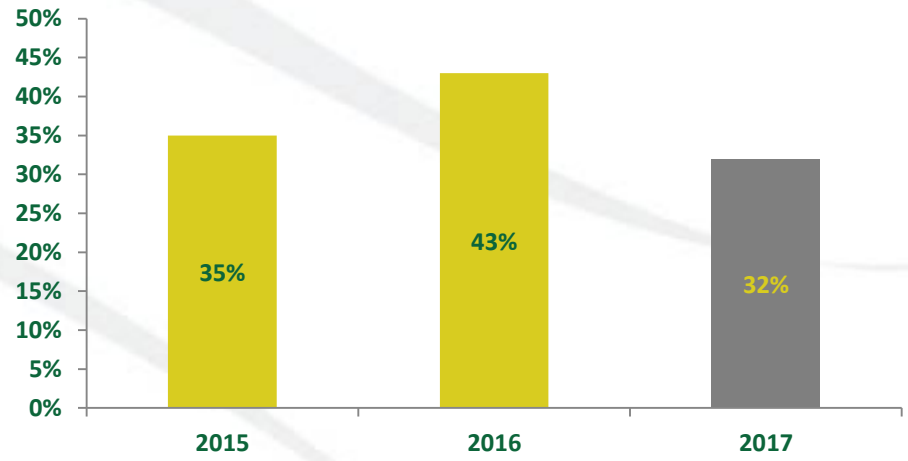
Return on Average Assets (ROA)



Net Profit Margin



Cost to Income Ratio



Awards

2015 – 2017 Awards

2016

- Dubai Chamber's CSR Label 2016
- Best Islamic Finance CSR Company UAE 2016
- Best Sharia Compliant Property Finance Company UAE 2016
- Innovation in Property Finance 2017
- Islamic Finance of the year Award Dubai 2016
- Finance Monthly CEO Award 2016
- Top CEO
- Most Innovative Takaful Product - Platinum Lifestyle Takaful, UAE 2016
- Best Shari'a Compliant Property Finance Company 2016 , UAE 2016

2017

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

2018

- Global Islamic Business Award 2018
- Dubai Chamber's CSR Label 2017
- Best Islamic Finance CSR Company UAE 2018
- Best Sharia Compliant Property Finance Company 2018
- Best Real Estate Financier 2018 & Award for Excellence in Client-Focused Financial Services

Appendix

Appendix

2018 Quarterly Consolidated Statement of Income

AED '000

Particulars	Q3 2018	Q3 2017	Sep 2018	Sep 2017	Change in % Sep 2018 vs. Sep 2017
Income from Islamic financing and investing assets	44,090	45,623	126,385	137,978	(8%)
Fee income	1,932	1,095	5,122	4,522	13%
Income on deposits	1,736	1,612	5,950	4,848	23%
Rental income	16,365	14,931	48,452	45,090	7%
Fair value gain on investment properties	(39,784)	12,873	(24,740)	23,904	(203%)
Sale of properties under development	5,645	2,804	60,747	35,747	70%
Other income	2,502	7,173	13,626	17,904	(24%)
	32,486	**86,111**	**235,542**	**269,993**	**(13%)**
Reversal of impairment / (impairment) on:					
- Islamic financing and investing assets	(18,981)	7,073	(42,150)	14,212	(397%)
- Other assets	1,941	39	(218)	355	(161%)
Amortization of initial fair value gain on investment deposits	(25,149)	(27,421)	(84,343)	(81,923)	3%
Operating expenses	(25,821)	(26,971)	(86,539)	(83,822)	3%
Cost of sale of properties under development	(1,454)	(647)	(5,304)	(14,533)	(64%)
Share of results of an associate	2,533	7,504	14,950	18,564	(19%)
PROFIT / (LOSS) BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS	**(34,425)**	**45,688**	**31,938**	**122,846**	**(74%)**
Distribution to financiers / investors	(28,109)	(31,498)	(83,303)	(93,138)	(11%)
PROFIT / (LOSS) FOR THE PERIOD	**(62,534)**	**14,190**	**(51,365)**	**29,708**	**(273%)**
Attributable to:					
Equity holders of the parent	(64,020)	11,815	(53,633)	22,014	(344%)
Non-controlling interests	1,486	2,375	2,268	7,694	(71%)
	(62,534)	**14,190**	**(51,365)**	**29,708**	**(273%)**

Appendix

2018 Quarterly Consolidated Statement of Financial Position

AED '000

Particulars	Sep 2018	FY 2017	Change in % Sep 2018 vs. FY 2017
ASSETS			
Cash and balances with banks	328,051	673,015	(51%)
Islamic financing and investing assets	2,704,701	3,084,983	(12%)
Available-for-sale investments	11,981	12,387	(3%)
Advances for investment properties	322,818	322,818	0%
Investment properties	1,956,392	1,821,064	7%
Properties under development	209,600	212,849	(2%)
Investment in an associate	291,265	302,567	(4%)
Other assets	86,379	132,489	(35%)
Furniture, fixtures and office equipment	17,686	17,072	4%
TOTAL ASSETS	**5,928,873**	**6,579,244**	**(10%)**
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits & other Islamic financing	4,192,286	4,792,037	(13%)
Term Islamic financing	110,911	66,136	68%
Employees' end of service benefits	4,946	6,551	(25%)
Other liabilities	125,391	143,612	(13%)
TOTAL LIABILITIES	**4,433,534**	**5,008,336**	**(11%)**
Equity			
Equity attributable to equity holders of the parent			
Share capital	1,500,000	1,500,000	0%
Treasury Shares	(93,048)	(93,048)	0%
Statutory reserve	122,650	122,650	0%
General reserve	122,650	122,650	0%
Special reserve	99,265	99,265	0%
Mudaraba Instrument	215,472	215,472	0%
Mudaraba Instrument reserve	810,088	810,088	0%
Cumulative changes in fair value	89	698	(87%)
General impairment reserve	4,316	-	-
Foreign currency translation reserve	(324,112)	(323,595)	0%
Accumulated losses	(1,076,801)	(1,011,193)	6%
	1,380,569	**1,442,987**	**(4%)**
Non-controlling interests	114,770	127,921	(10%)
TOTAL EQUITY	**1,495,339**	**1,570,908**	**(5%)**
TOTAL LIABILITIES AND EQUITY	**5,928,873**	**6,579,244**	**(10%)**

Appendix

2017 Full Year Consolidated Statement of Income

AED '000

Particulars	FY 2017	FY 2016	Change in % FY 2017 vs. FY 2016
Income from Islamic financing and investing assets	184,456	200,493	(8%)
Fee income	6,635	6,119	8%
Income on deposits	6,487	7,135	(9%)
Rental income	60,597	56,602	7%
Fair value gain on investment properties	69,530	18,070	285%
Sale of properties under development	52,217	428,826	(88%)
Other income	26,967	33,042	(18%)
	406,889	**750,287**	**(46%)**
Reversal of impairment / (impairment) on:			
- Islamic financing and investing assets	218	(66,685)	(100%)
- Other assets	196	957	(80%)
Amortization of initial fair value gain on investment deposits	(110,013)	(110,430)	0%
Operating expenses	(125,089)	(171,478)	(27%)
Cost of sale of properties under development	(21,670)	(196,117)	(89%)
Share of results of an associate	25,568	27,905	(8%)
PROFIT / (LOSS) BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS	**176,099**	**234,439**	**(25%)**
Distribution to financiers / investors	(124,764)	(127,392)	(2%)
PROFIT / (LOSS) FOR THE PERIOD	**51,335**	**107,047**	**(52%)**
Attributable to:			
Equity holders of the parent	42,550	107,440	(60%)
Non-controlling interests	8,785	(393)	(2335%)
	51,335	**107,047**	**(52%)**

Appendix

2017 Full Year Consolidated Statement of Financial Position

AED '000

Particulars	FY 2017	FY 2016	Change in % FY 2017 vs. FY 2016
ASSETS			
Cash and balances with banks	673,015	620,502	8%
Islamic financing and investing assets	3,084,983	3,219,711	(4%)
Available-for-sale investments	12,387	7,688	61%
Advances for investment properties	322,818	322,818	0%
Investment properties	1,821,064	1,623,096	12%
Properties under development	212,849	220,679	(4%)
Investment in an associate	302,567	293,540	3%
Other assets	132,489	162,350	(18%)
Furniture, fixtures and office equipment	17,072	22,284	(23%)
TOTAL ASSETS	**6,579,244**	**6,492,668**	**1%**
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits & other Islamic financing	4,792,037	4,682,024	2%
Term Islamic financing	66,136	57,704	15%
Employees' end of service benefits	6,551	6,157	6%
Other liabilities	143,612	135,091	6%
TOTAL LIABILITIES	**5,008,336**	**4,880,976**	**3%**
Equity			
Equity attributable to equity holders of the parent			
Share capital	1,500,000	1,500,000	0%
Treasury Shares	(93,048)	(93,048)	0%
Statutory reserve	122,650	117,690	4%
General reserve	122,650	117,690	4%
Special reserve	99,265	99,265	0%
Mudaraba Instrument	215,472	231,128	(7%)
Mudaraba Instrument reserve	810,088	868,947	(7%)
Cumulative changes in fair value	698	1,663	(58%)
Foreign currency translation reserve	(323,595)	(334,691)	(3%)
Accumulated losses	(1,011,193)	(1,016,088)	0%
	1,442,987	**1,492,556**	**(3%)**
Non-controlling interests	127,921	119,136	7%
TOTAL EQUITY	**1,570,908**	**1,611,692**	**(3%)**
TOTAL LIABILITIES AND EQUITY	**6,579,244**	**6,492,668**	**1%**

Appendix
Board of Directors

Mr. Ali Ibrahim Mohammad
Chairman

Mr. Essamuddin Galadari
Vice-Chairman

Mr. Khalid Al-Halyan
Board Member

Mr. Farooq Mahmood Arjomand
Board Member

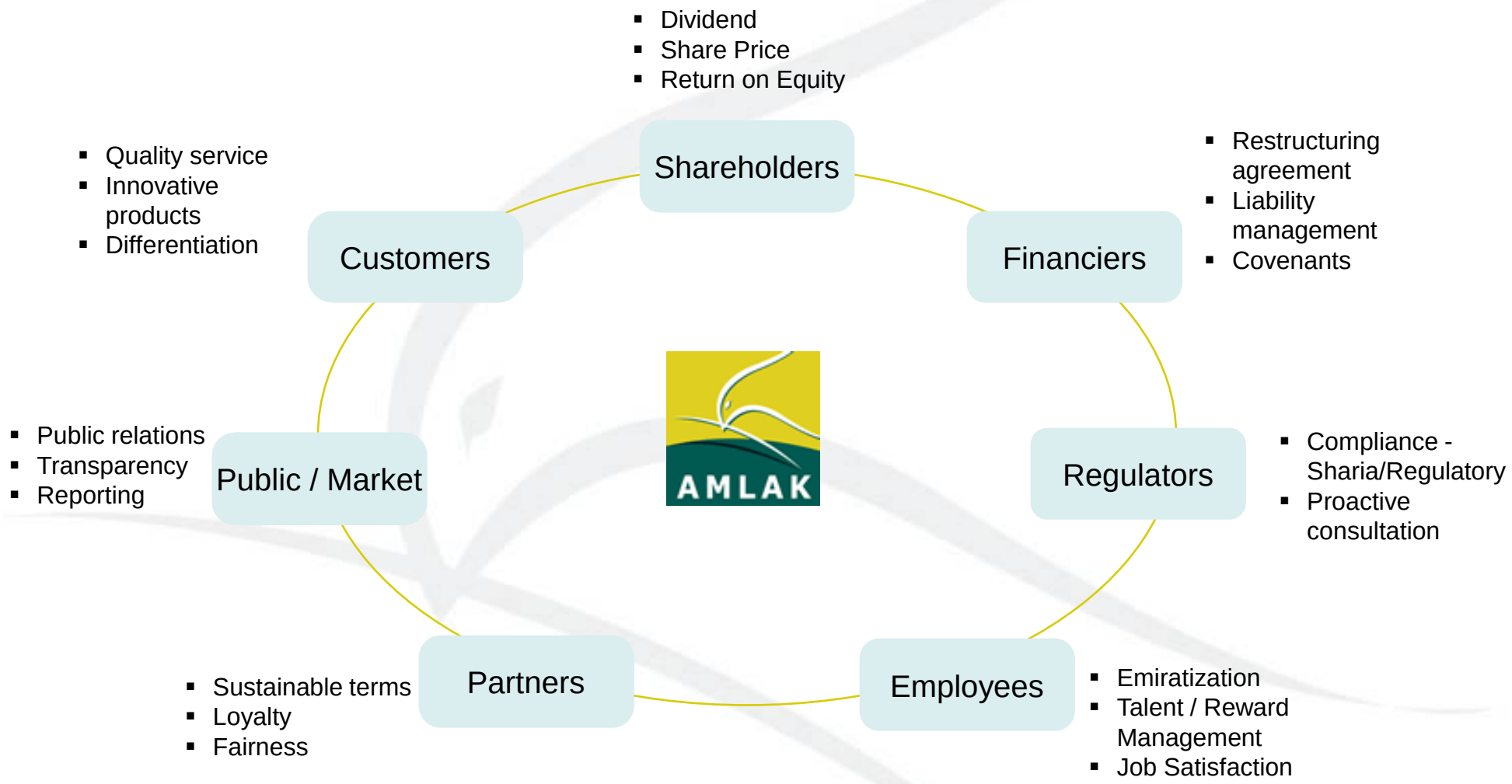
Mr. Hesham Abdulla Al Qassim
Board Member

Major General Ahmad Hamdan Bin Dalmook
Board Member

Mr. Arif Abdulla 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 (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	Ijara 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.

Appendix

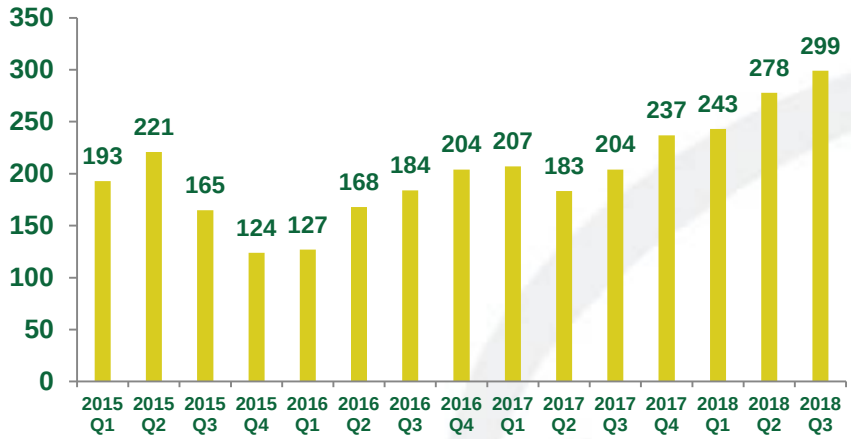
General Economic Indicators - UAE and Dubai Economy

- The United Arab Emirates central bank has **cut** its forecast for economic growth this year after non-oil growth slowed slightly in the second quarter. The central bank now expects the UAE's inflation-adjusted gross domestic product to expand **2.3 per cent** in 2018, instead of **the 2.7 per cent** which it had projected in its last report 3 months ago. IMF forecasts overall growth at **2.9 percent** this year and **3.7 percent** next year, while inflation is projected at **3.5 percent** this year.
- Abu Dhabi's non-oil foreign trade reached **AED 80.1 billion** in the first half of 2018, with a **30 percent increase** in June alone, according to figures from the Statistics Centre – Abu Dhabi. According to the statistics, non-oil exports stood at **AED 11.08 billion** during H1, a **10.5 percent increas**e from the **AED 10.9 billion** recorded in the corresponding period of 2017.
- The UAE approved a budget of **$16.4bn (AED60.3bn)** for 2019, an **increase** of 18 percent on last year.
- According to Dubai Statistical Center, the current population of Dubai stands at **3,132,879** which showed a **2% increase** since last quarter.
- According to figures by Dubai Statistical Center, the consumer price index for September 2018 stands at **110.12**, which is **up by 1.1%** when compared to the same term last year

Appendix

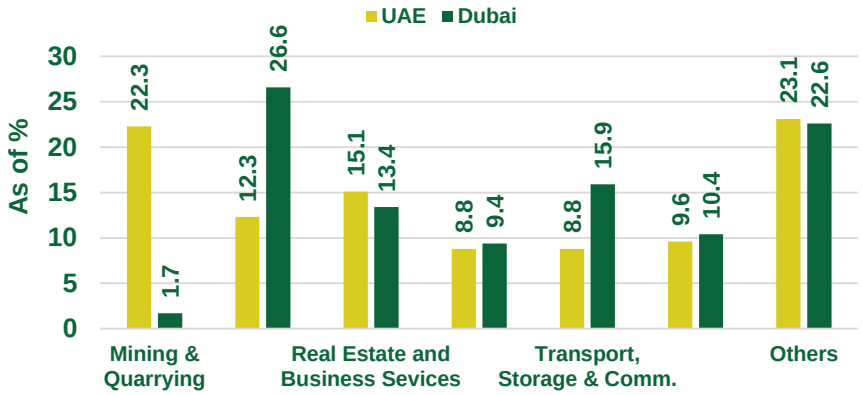
General Economic Indicators - Key Economic Indicators

1 Brent OPEC Oil Basket Price in UAE (AED)



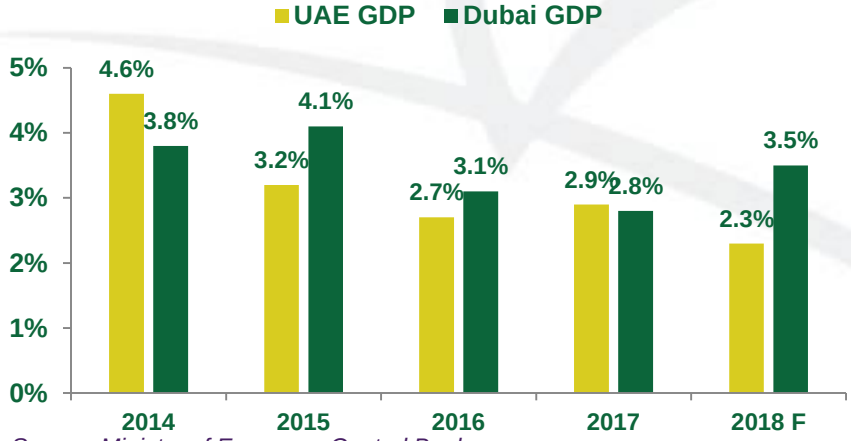
Source: Oilprice.com

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



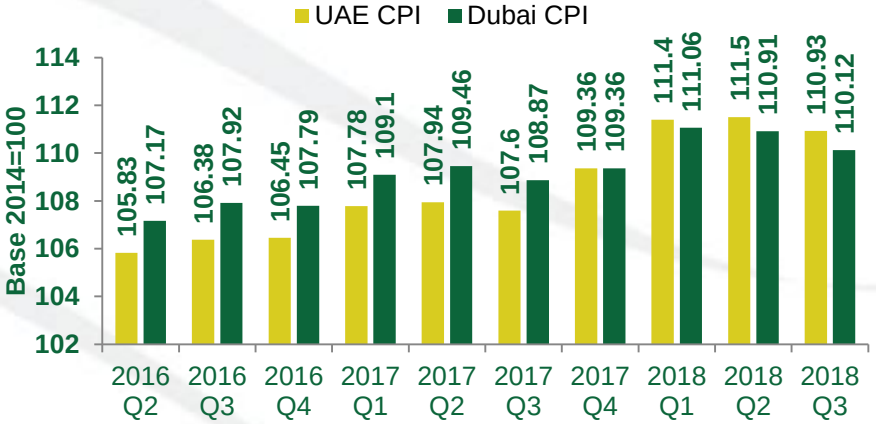
Source: Dubai Statistics Center, National Bureau of Statistics

UAE & Dubai GDP Growth Rates



Source: Ministry of Economy, Central Bank

Consumer Price Index (CPI) – UAE & Dubai



Source: Dubai Statistics Center, National Bureau of Statistics

Appendix

General Economic Indicators - Dubai Real Estate Market

- The value of property transactions conducted in Dubai in the first nine months of the year was **down more than 20 per cent** on the same period in 2017, according to figures from Dubai Land Department (DLD). According to DLD, **Dhs162bn ($441.1bn)** of transactions were recorded until the end of September from **Dhs204bn ($55.5bn)** previously. The volume of transactions also **fell 23.71 per cen**t from **52,170** last year to **39,802** during the fist nine months of this year.

- Number of Sales transactions have **declined by 12%** when compared to the previous quarter, however, when compared to the same term last year volume of transactions are **up by 7%**.

- Sales and Rent prices continued to **decrease** over the quarter for both apartments and villas. A Q-on-Q analysis of Apartment Sales and Rent prices indicates a **decline of 2.9% and 4.3%** respectively.

- The current **pressure** on rentals have **forced** Landlords to offer various **incentives** such as **flexible payment scheme** and even **rent free stays** to new tenants. Landlords are even **reducing** their rental rates for their existing tenants (in a bid to stop them from moving).

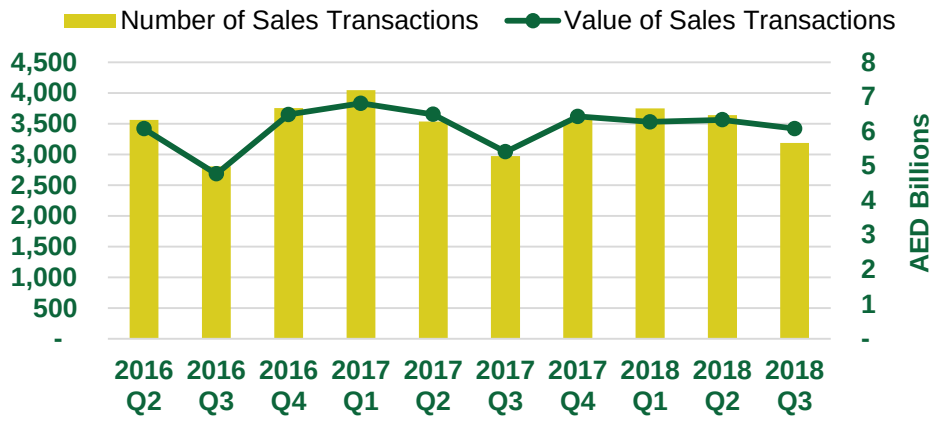
- Office rent prices have **fallen** on a quarterly basis owing to **high vacancy rate** (as businesses in the city can be seen shrinking their operations and are moving into **smaller** offices).

- More than **14,600** residential units have been added to the market in the first 9 months of 2018.

Appendix

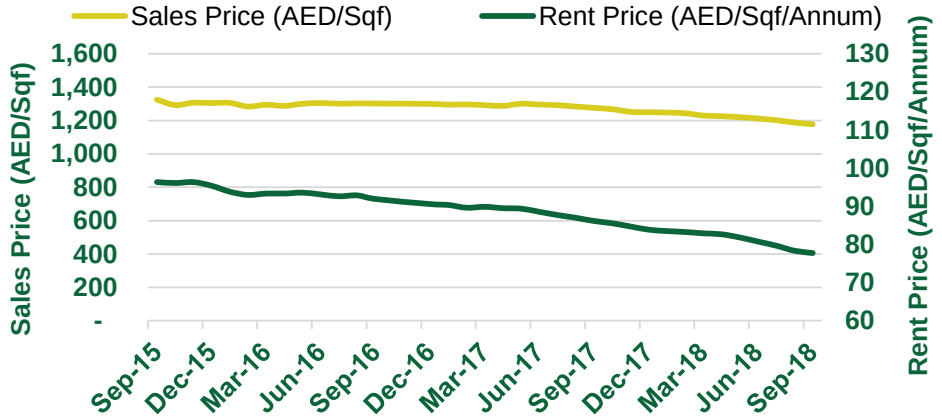
General Economic Indicators - Key Real Estate Indicators

Number and Value of Real Estate Transactions



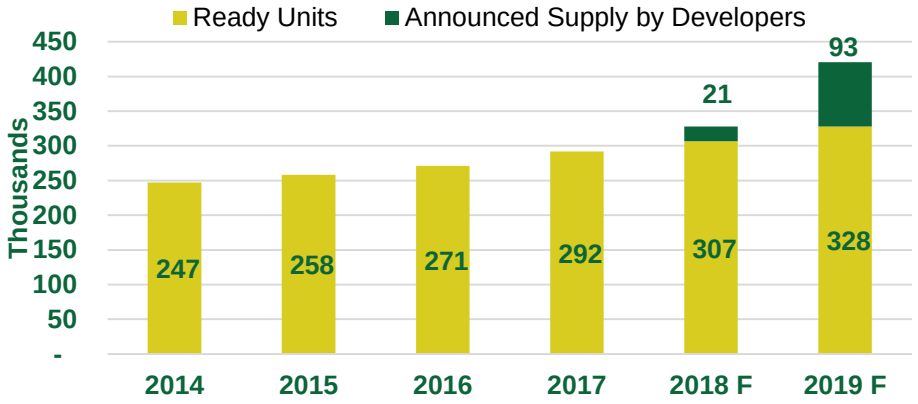
Source: Reidin

Dubai Residential Sales and Rental Price Changes



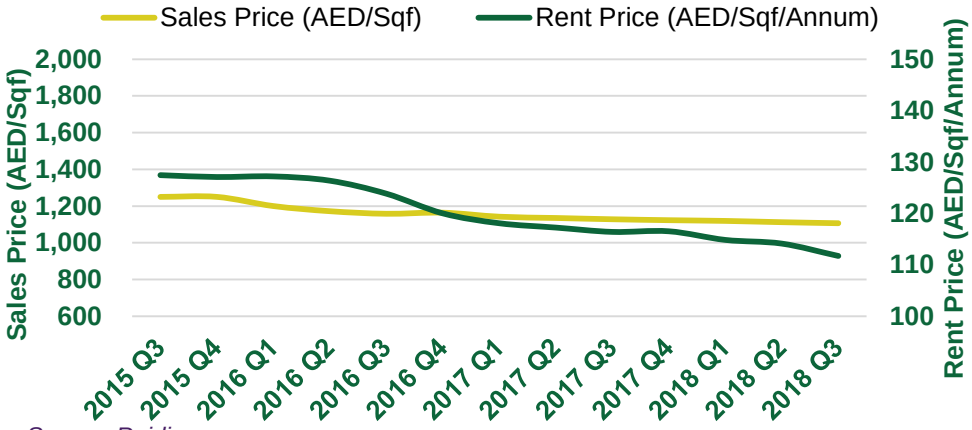
Source: Reidin

Dubai Residential Supply Trends (Freehold Areas)



Source: Reidin

Dubai Commercial Rental Prices



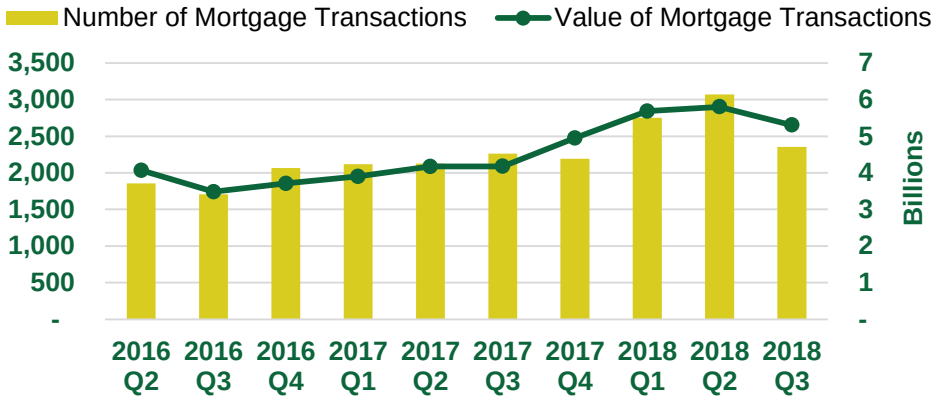
Source: Reidin

Appendix

General Economic Indicators - Dubai Mortgage Market

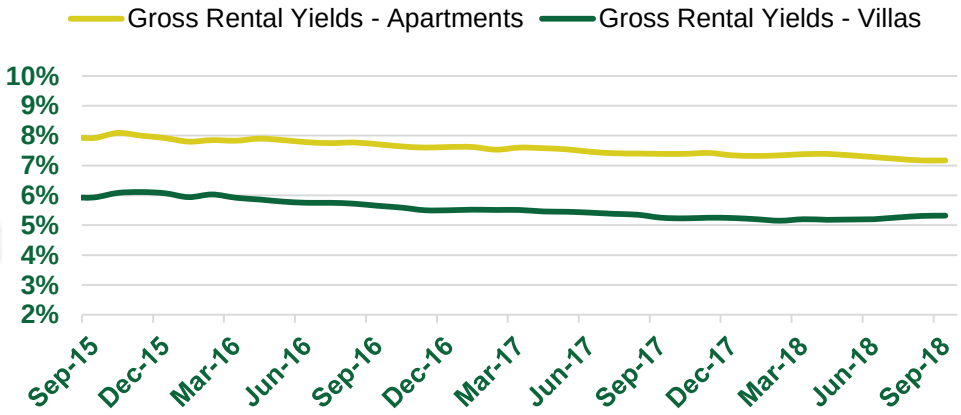
- Value of Residential and Commercial mortgage transactions in Dubai valued **at AED 16.8 Billion** during the first 9 months of 2018, when compared to the same term last year the value of transactions are **up by 37%**.
- The interest rates charged by the EIBOR hit new highs of **30.7- 48.6 percent** across all terms since the beginning of the year, according to the Central Bank of UAE figures. The interest hike is attributed to the US Federal Reserve's decision to **raise** interest rates **more than one time** since the beginning of the year, the most recent of which happened in September.
- Even though a decline in the rental yield could be seen, Dubai still provides investors with **higher yield** when compared to other emerging markets.
- As of **September 2018**, the average Dubai apartment gross rental yield stands at **7.2%** while average villa rental yield stands at **5.3%**.

Mortgage Transactions Over the Years



Source: Reidin

Rental Yields in Dubai



Source: Reidin

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P O Box: 2441, Dubai, United Arab Emirates