

AMLAK FINANCE PJSC

Investor Relations Annual Information Pack

December 2015

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UAE & DUBAI ECONOMY

The United Arab Emirates (UAE) continues to drive regional change with an economy that has remained relatively buoyant throughout the last couple years.

The country boasts one of the most agile economies in the world and has witnessed strong growth. As a result, the UAE consistently scores high across all global competitiveness indices compiled by both regional and international organizations.

President His Highness Sheikh Khalifa Bin Zayed Al Nahyan calls the Emirates' economic model both sustainable and responsible and expressed confidence that, as such, current policy ensures the long-term prosperity of the nation.

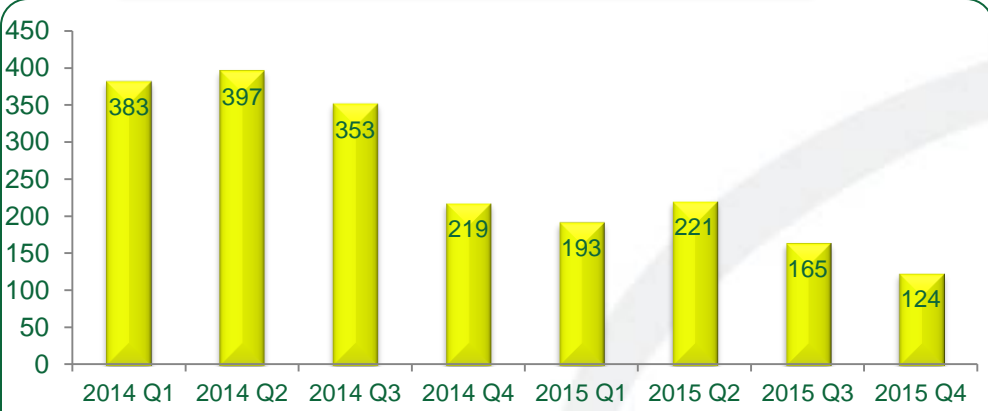
Despite sharp fall in oil prices recently, UAE economy has shown resilience and capable in accommodating changes to market dynamics, open new frontiers, and diversity thanks to the country's strong infrastructure, technology, and logistics.

UAE, mainly Dubai, seeks to create new sustainable and competitive economic models and adopt more flexible approaches that boost cooperation between the public and private sector, which particularly suits the country's international position as a main economic player in the MENA hub. Dubai has adopted diversity in its economy and whilst oil prices do have an undeniable effect, the variety of business activities, to a large extent, mitigate oil price fluctuations.

Despite, many geo-political and economic challenges in Middle East, the UAE and Dubai have consistently provided an investment oasis for professional and non-professional investors. With the 2020 Expo set for Dubai, the city is expected to attract further attention and direct regional and foreign investment over the next few years.

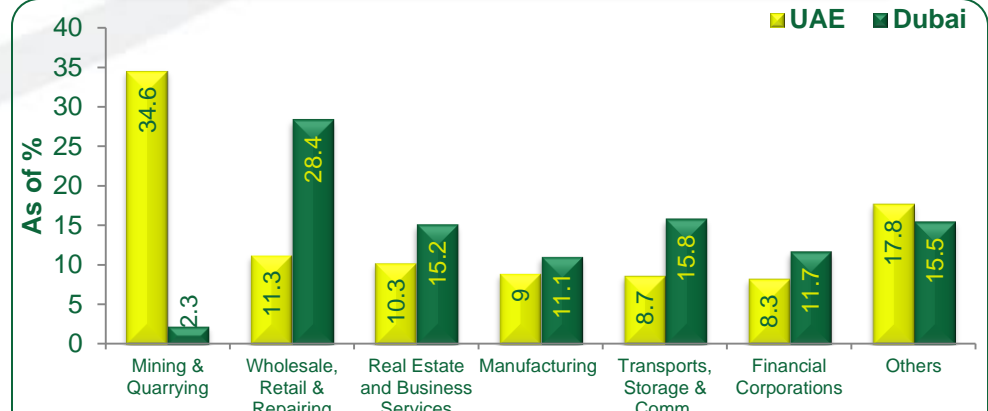
Key Economic Indicators - Overview

1 Brent OPEC Oil Basket Price in UAE (AED)



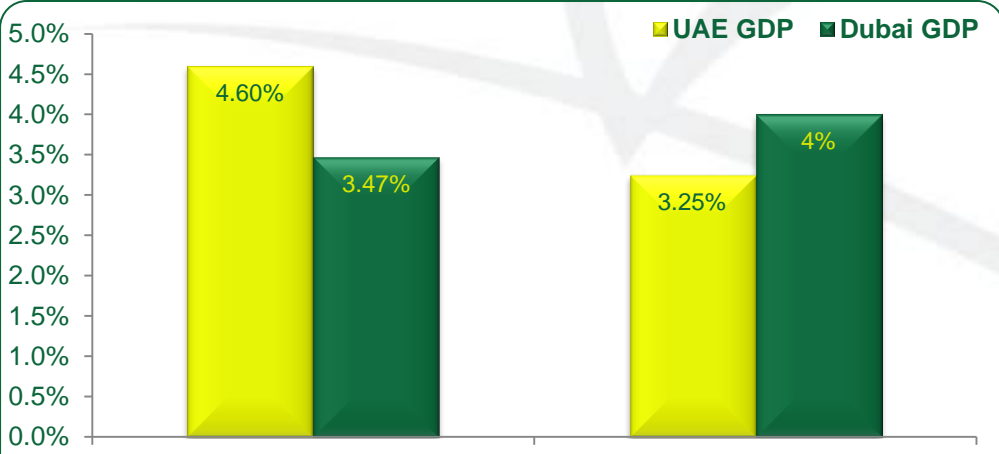
Source: Reidin, UAE Government

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



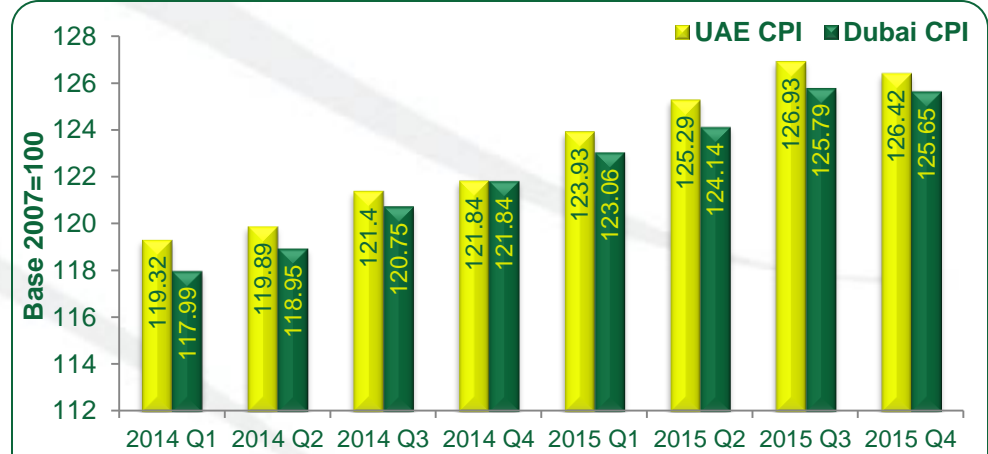
Source: Dubai Statistics Center, National

UAE & Dubai GDP Growth Rates



Source: Ministry of Economy

Consumer Price Index (CPI) – UAE & Dubai



Source: Dubai Statistics Center, National Bureau of Statistics

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REAL ESTATE MARKET

The real estate market is an important and integral part of Dubai economy. The city is famous for its community living, commercial district and leisure projects. Major developers have returned to the market in earnest over the last 3 years with many off plan launches, many of which have shown great success. Many lessons have also been learnt. New laws and regulations, property registration and strata management have helped stabilize the real estate market in Dubai allowing better visibility for investors and end users in this market segment.

However, given signs of recession in many parts of the global and regional economies, the Dubai real estate market has cooled down since the beginning of 2015 after expanding significantly in 2013 and 2014. Coupled with lower oil prices and the appreciation of the US dollar, has dented demand for real estate by foreign investors with repercussions on other of key sectors such as retail and tourism.

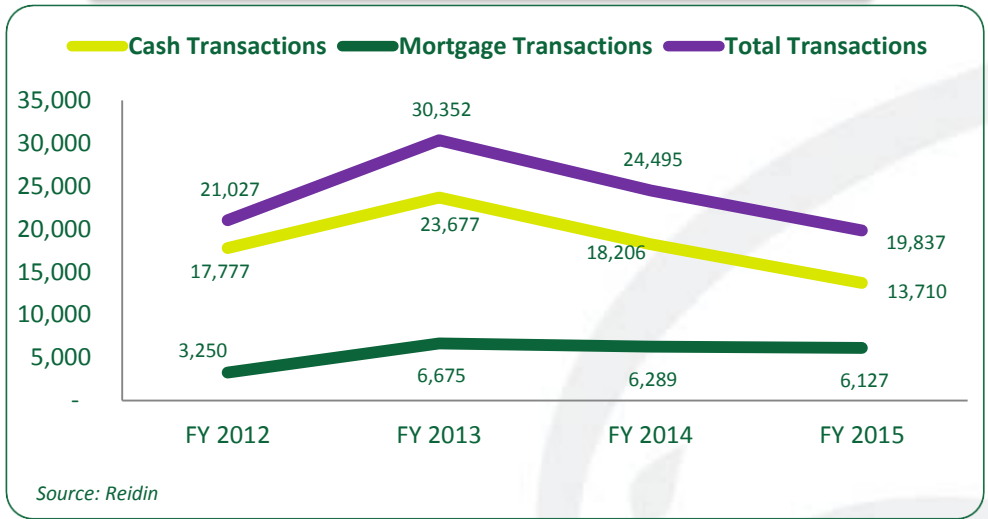
According to the Dubai Land Department, there appears to be marked shift of investors recently, to GCC and Arab investors with a drop in other foreigner investors who traditionally were from India, Pakistan, and United Kingdom.

2016 is likely to see fresh supply of completed properties ready for hand over which could create further price pressure in the market. Residential sales prices are expected to decline further in 2016 but at a diminishing rate compared to 2015, as Dubai is in the maturity phase of its real estate cycle. Rentals, on the other hand, are expected to stay relatively stronger and robust due to the fairly more steady demand.

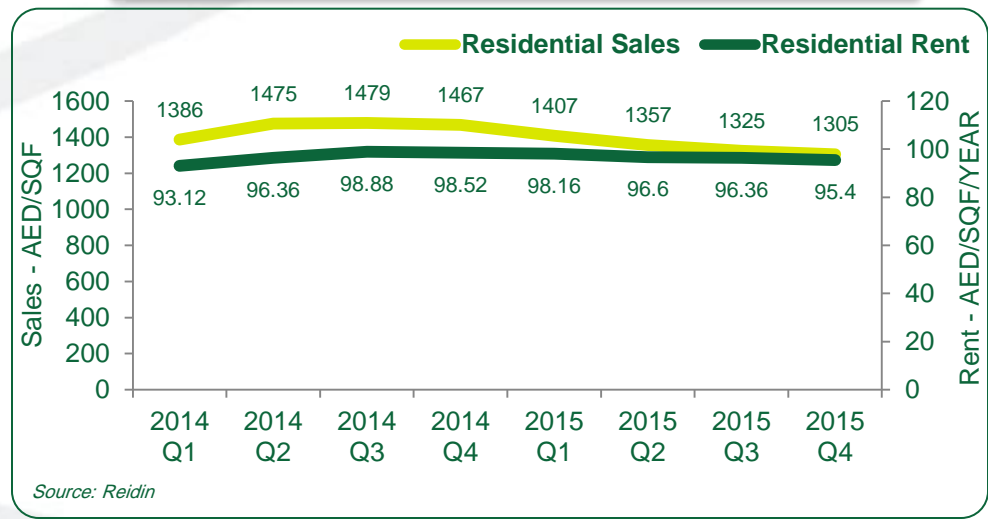
The commercial rent prices are expected to stabilize given the number of quality office projects scheduled to be delivered in 2016.

Key Real Estate Indicators - Overview

Number of Residential Real Estate Transactions



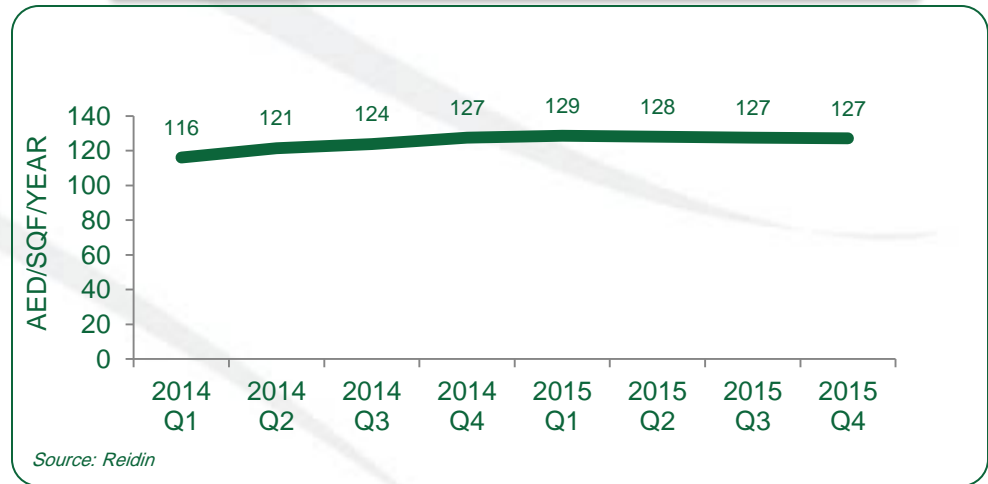
Dubai Residential Sales and Rental Price Changes



Dubai Residential Supply Trends



Dubai Commercial Rental Prices



MORTGAGE MARKET

Dubai Mortgage Market - Overview

Historically, cash transactions have dominated residential acquisitions in the Dubai real estate market over the mortgage transactions for the last decade. This trend highlights that Dubai real estate market has been more investor-oriented than end-users.

Mortgage penetration rates (mortgage debt as a percentage of GDP) in GCC countries are low at 5-10%. In contrast, developed countries like the US and UK, have mortgage penetration rates of more than 70%.

Overall value of Dubai mortgage market is estimated to be around AED 66 billion per annum over the last few years. Out of this value, around AED 12.5 billion relates to the residential unit mortgage transactions per year.

When Dubai is compared to other real estate markets, Dubai was among the top cities in terms of price appreciation in 2013 and 2014, registering double digit increases, has now become a more affordable place to buy real estate after prices declined around 10 - 15%. The real estate market in Dubai offers an average yield of 7%, about 2-3% above the average yield in international property markets, especially when compared to the modest yields that mature markets like London, Paris or New York offer.

There have been a number of changes in the Dubai mortgage market over the past year by Dubai Land Department and Central Bank of UAE such as a new mortgage law and higher property transaction fees.

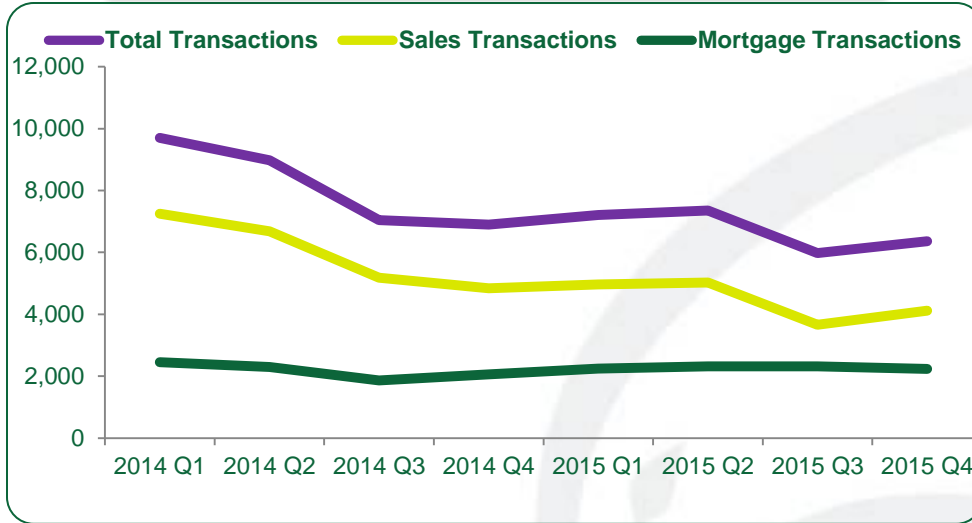
These recent changes have protected Dubai's rebounding property market from pure speculators.

Although these recent changes may have created a short term negative effect in the market among investors in 2014, mortgage market remained stagnant in the following years despite the overall market softening in terms of prices and transactions.

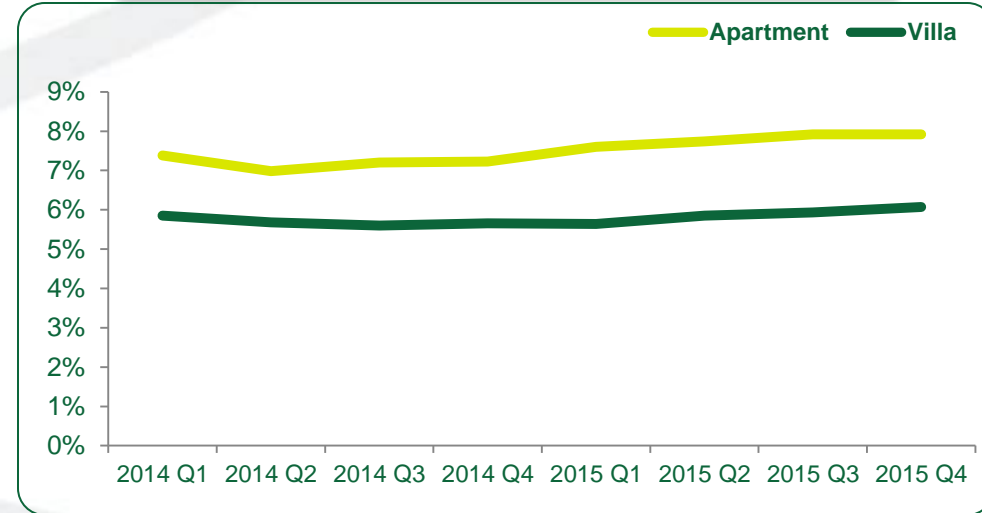
Amlak's main competitors in the property financing market are both local and international banks. Recently, banks have offered lower mortgage profit/interest rates to expand their customer base in today's slower market conditions. However, Amlak as a specialized property financier has developed a number of innovative products which are unique and appeal to the investor segment more prominently. Our Istithmari product which is a "Buy-to-Let" package is a clear example.

Mortgage Transactions and Rental Yields

Number of Transactions Over the Years



Rental Yields in Dubai



There has been a decrease in number of sales transactions over the past two years as the Dubai real estate market experienced a healthy correction period. Mortgage transactions, over past couple of years, have shown stable movement during this correction period. While number of sales transactions dropped around 35% over the last two years, mortgage transactions were almost flat.

This trend is likely to continue in the near future, with some potential increase in number of transactions as market is expected to pick up once again over the next couple of year.

Also, new project launches and a positive market outlook are expected to create further demand for mortgage financing. Combining the new investment opportunities towards Expo 2020 and relatively low mortgage interest rates, mortgage transactions are expected to start increasing in the medium and longer terms.

Overall, Dubai rental yields are a major attraction for property investors which is set to continue as property prices remain tight.

AMLAK AT A GLANCE

Amlak Finance was established in 2000 as a leading specialized real estate financier under the regulation of UAE Central Bank.

Amlak became a listed company in 2004 on the Dubai Financial Market (DFM) under the regulation of Securities and Commodities Authority (SCA) and UAE Central Bank.

Amlak became a Sharia Compliant Finance Company in 2004.

Amlak operates in UAE and Egypt with affiliation in Saudi Arabia.

In the UAE, Amlak's focus is on Dubai property market, in both freehold and leasehold areas.

Amlak provides innovative, Shari'a-compliant property financing products and solutions for end-users and investors for both ready and off-plan/under-construction properties.

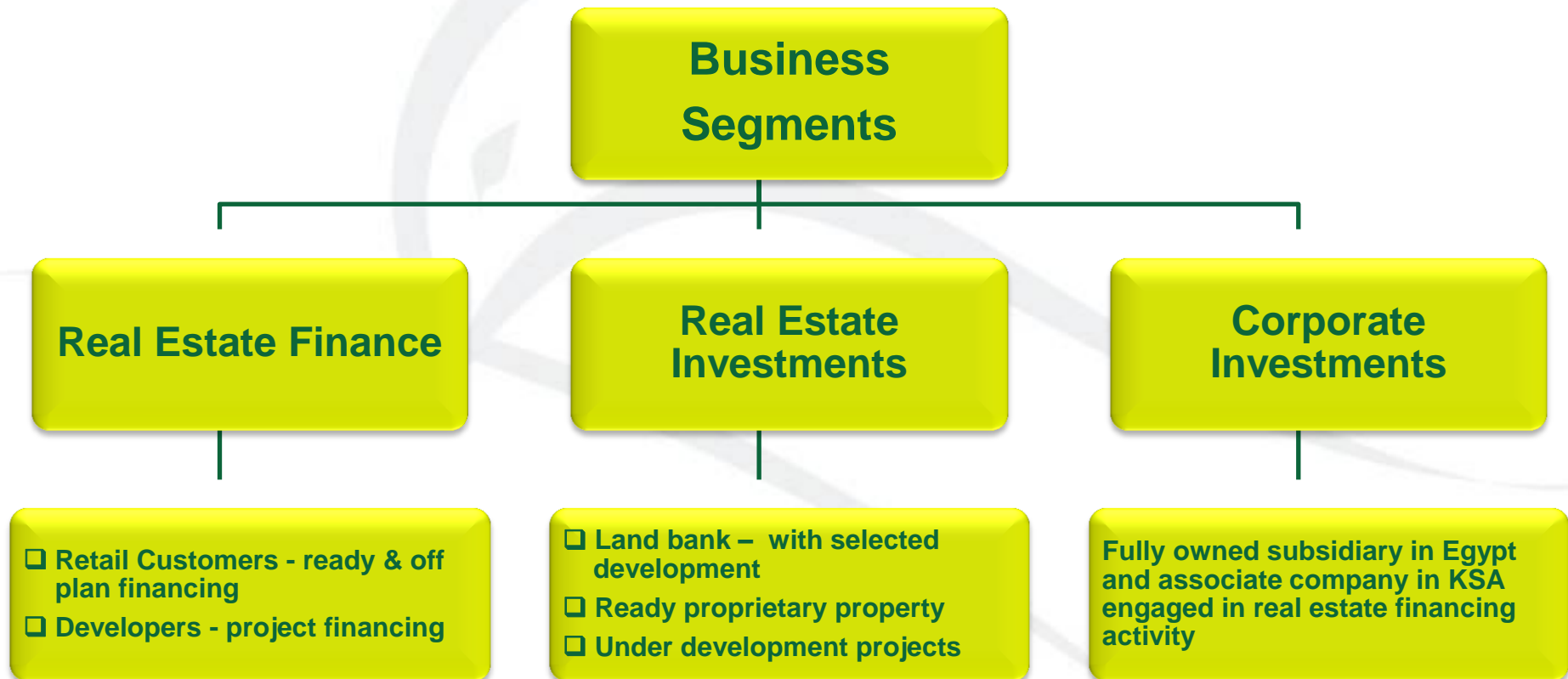
To learn more about Amlak Finance, please visit our website: <http://www.amlakfinance.com>

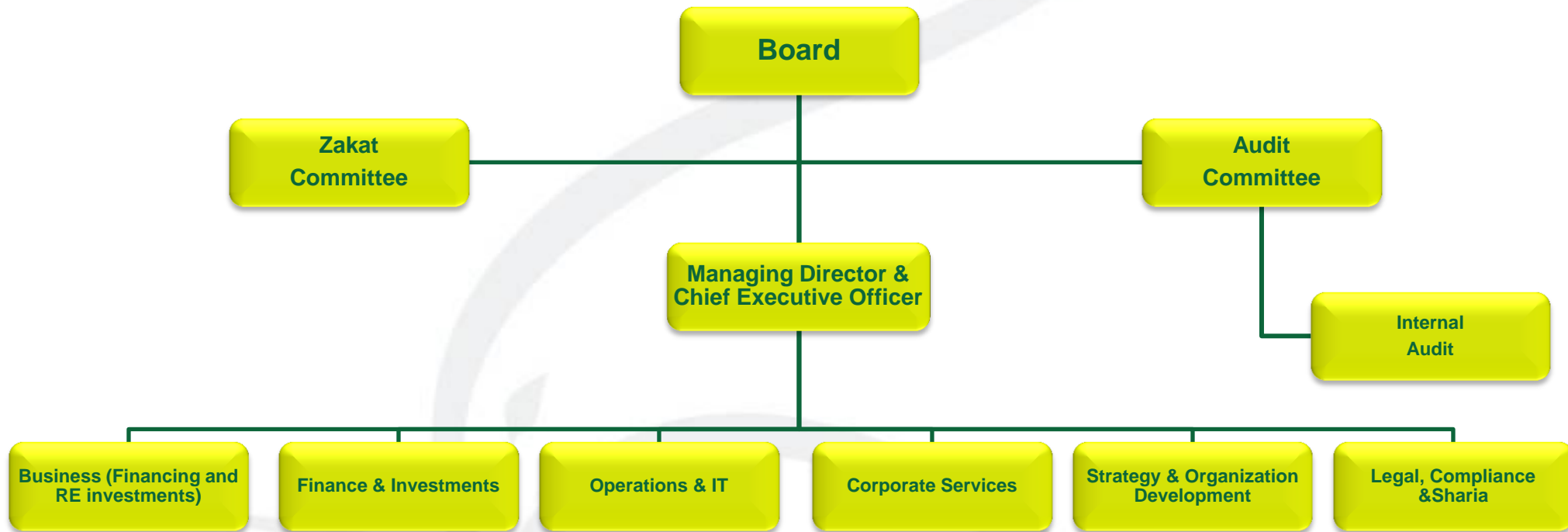
Our Vision

“To be the specialized and customer centric real estate financing institution in the UAE”

Our Mission

“To provide niche financial solutions, customized to fit our customers’ needs while maximizing shareholders’ value and nurturing our employees”





Corporate Governance

Board Committees:

- Zakat Committee
- Audit Committee

Executive Committees:

- MANCO (Management Committee)
- ALCO (Assets Liability Committee)
- Risk Committee

Key Products and Services

Istithmari

- ❑ Amlak's '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.

End User Ijarah

- ❑ Our 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

- ❑ Amlak 'Tatweer' is an off plan 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 of the property.

Developer Finance

- ❑ 'Developer Finance' is given for Amlak approved unfinished projects as an advance payment against future receivables or as an independent finance facility to complete the project.

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 other value added lifestyle benefits.

Completed Financial Restructuring in November 2014

- ❑ Amlak completed its financial restructuring in 2014 which allowed for the company to re-start business and trading activity and relist its shares on the DFM.

Resumed Share Trading on DFM June 2015

- ❑ Amlak shares were re-admitted to Dubai Financial Market after seven years of suspension, giving company the opportunity to again deliver long-term value to our shareholders. Company witnessed strong market interest in our stock afterwards.

Profit growth since completion of restructuring

- ❑ The company's profits grew sharply post restructuring and have now stabilized under normal business activity cycle.

FINANCIAL HIGHLIGHTS

Group Performance Analysis

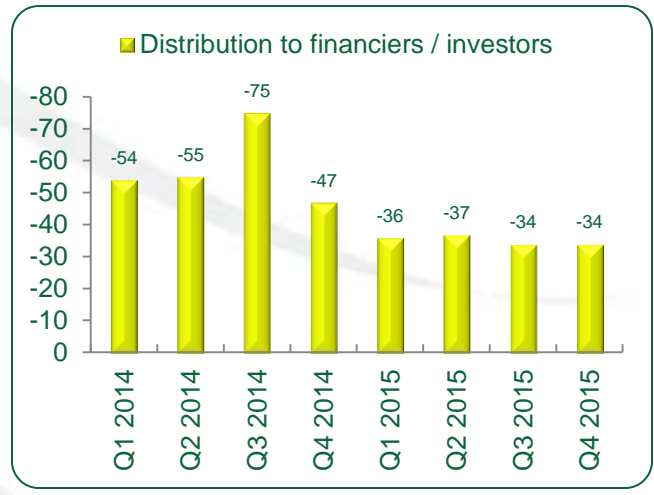
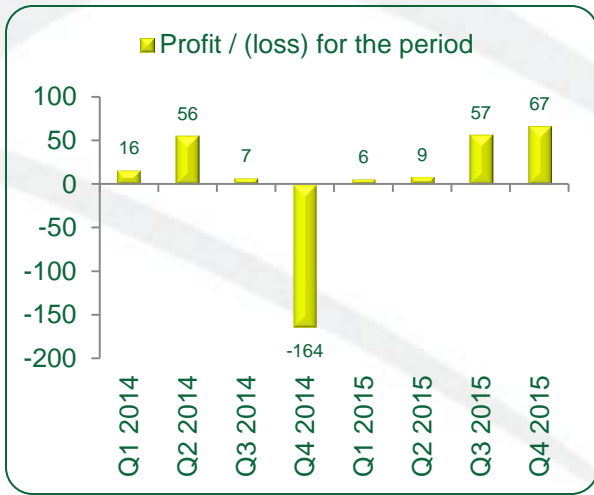
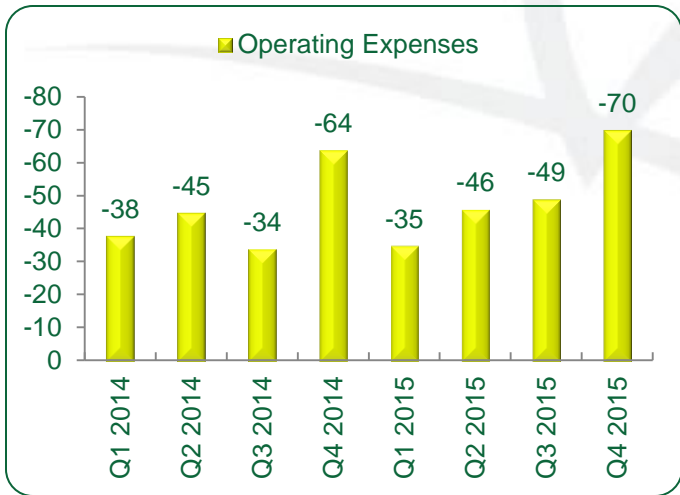
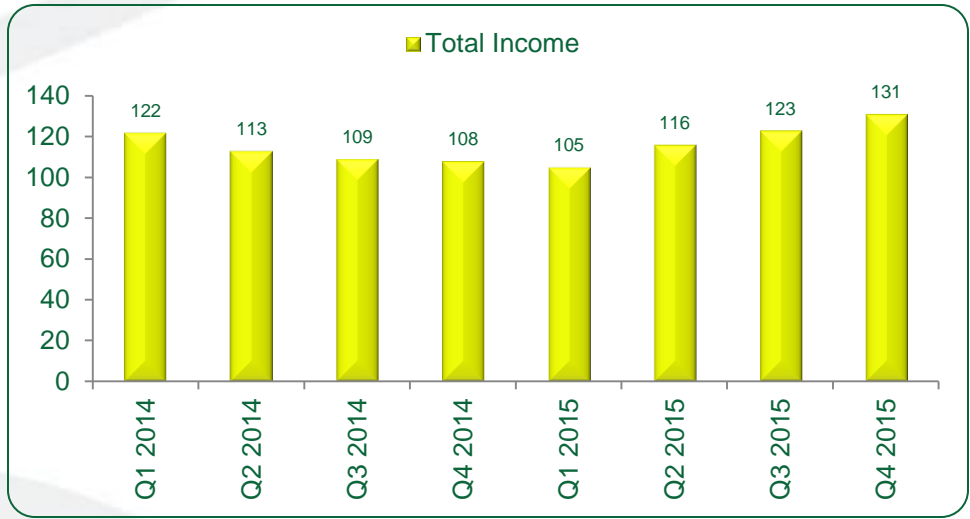
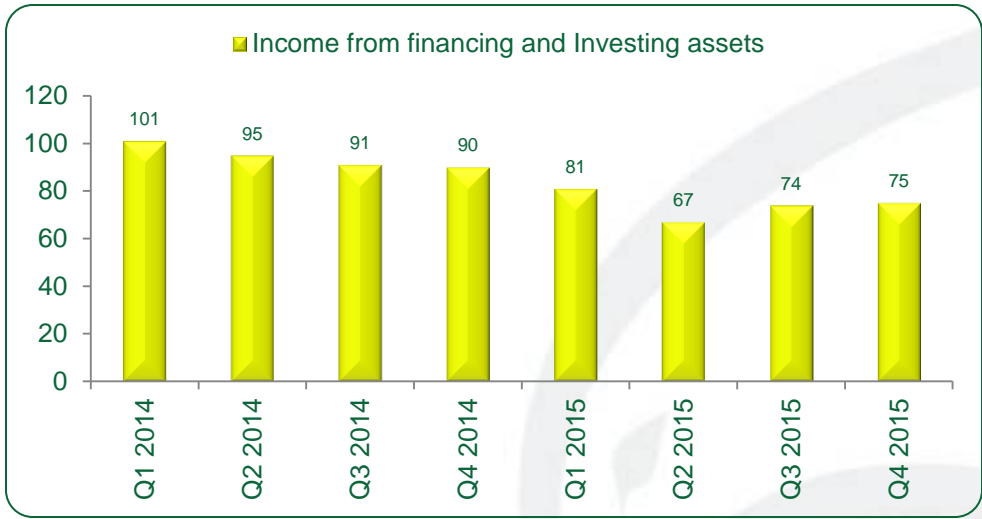
AED in Million

Description	YTD Dec 2015	YTD Dec 2014	2015				2014			
			Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Income from financing and Investing assets	297	377	75	74	67	81	90	91	95	101
Rental Income	46	34	13	12	10	11	10	10	7	7
Share of results of associate	25	22	7	7	5	6	7	5	4	6
Sale of real estate	74	-	30	23	21	-	-	-	-	-
Other Income	33	19	6	7	13	7	1	3	7	8
Total Income	475	452	131	123	116	105	108	109	113	122
Reversal of impairments / (impairments)	(62)	1,990	(27)	17	(24)	(28)	1,954	7	43	(14)
Fair value gain on investment properties	67	(2,115)	67	-	-	-	(2,115)	-	-	-
Operating Expenses	(200)	(181)	(70)	(49)	(46)	(35)	(64)	(34)	(45)	(38)
Profit Before Distribution to financiers / investors	280	146	101	91	46	42	(117)	82	111	70
Distribution to financiers / investors	(141)	(231)	(34)	(34)	(37)	(36)	(47)	(75)	(55)	(54)
Operating Profit / (Loss) for the period	139	(85)	67	57	9	6	(164)	7	56	16

- ❑ Most revenue lines have seen increases in the past 2 years however revenue from mortgage activity has fallen given higher than expected customer early settlements.
- ❑ Operating expenses have remained largely stable but with a slight upwards trend as the company invests in infra-structure and operational expansion
- ❑ Provisioning and NPLs have and will continue to stabilize post the effects of the financial crisis

Group Performance – Quarterly Trends

AED in Million



Group Balance Sheet Analysis

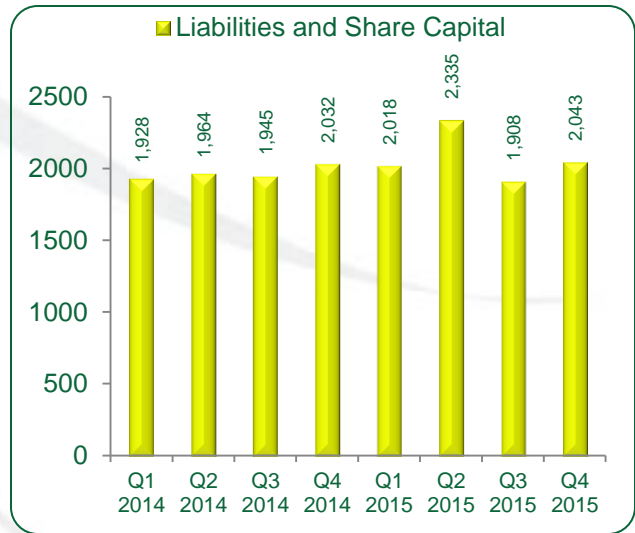
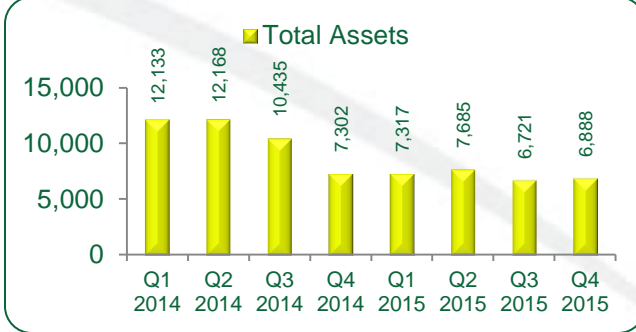
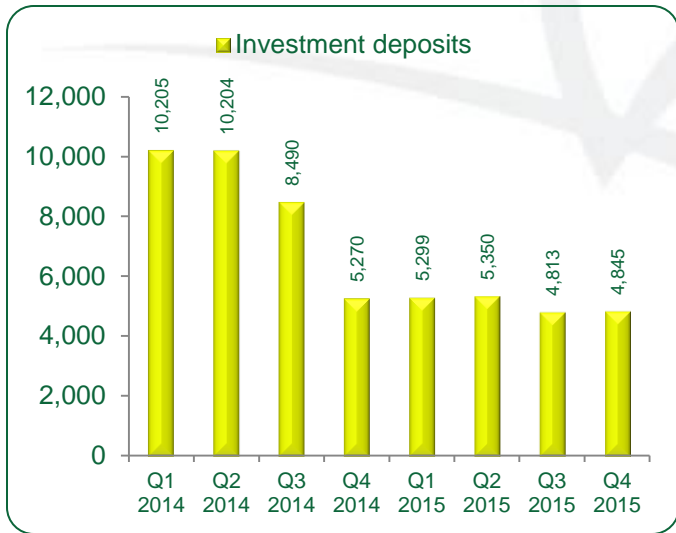
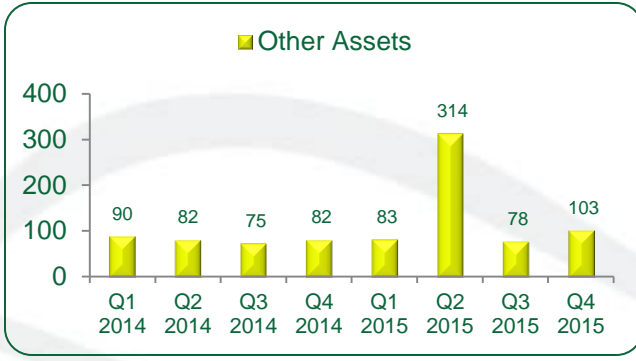
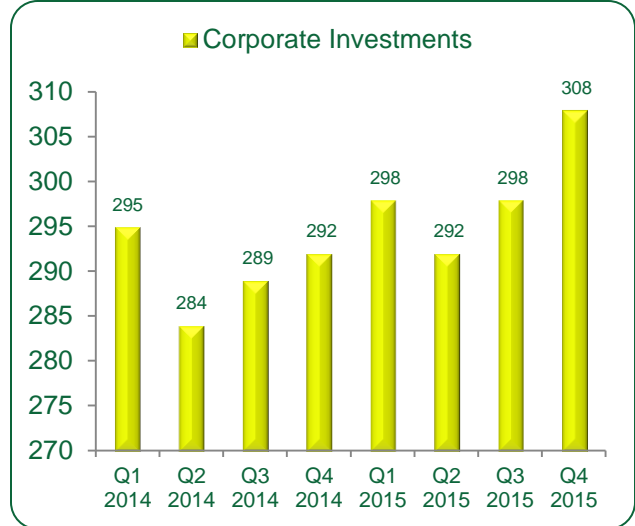
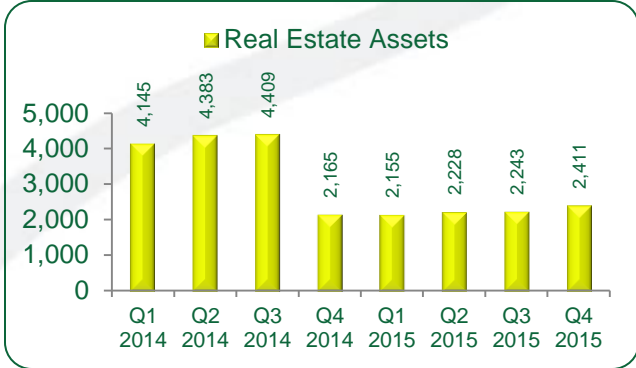
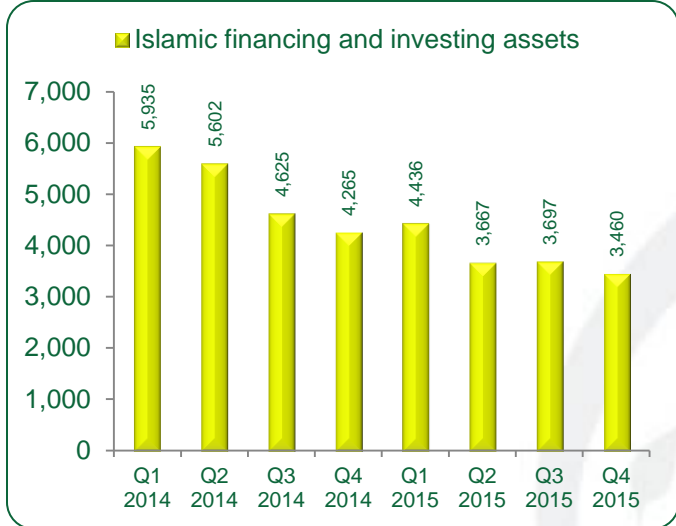
AED in Million

Description	31-Dec-15	30-Sep-15	2015				2014			
			31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Cash and balances with banks	606	405	606	405	1,184	345	498	1,037	1,817	1,668
Islamic financing and investing assets	3,460	3,697	3,460	3,697	3,667	4,436	4,265	4,625	5,602	5,935
Available-for-sale investments	26	24	26	24	24	24	24	29	29	28
Real Estate Assets	2,411	2,243	2,411	2,243	2,228	2,155	2,165	4,409	4,383	4,145
Investment in Associate	282	274	282	274	268	274	268	260	255	267
Other Assets	103	78	103	78	314	83	82	75	82	90
Total Assets	6,888	6,721	6,888	6,721	7,685	7,317	7,302	10,435	12,168	12,133
Investment Deposits	4,845	4,831	4,845	4,813	5,350	5,299	5,270	8,490	10,204	10,205
Other liabilities (including non-controlling interest)	456	388	456	388	654	338	332	493	513	524
Equity	1,587	1,520	1,587	1,520	1,681	1,680	1,700	1,452	1,451	1,404
Total Equity & Liabilities	6,888	6,721	6,888	6,721	7,685	7,317	7,302	10,435	12,168	12,133

Whilst total balance sheet has remained steady after restructuring in 2014 the mortgage book has continued to diminish given early settlements and restrictions on new origination.

Group Balance Sheet – Quarterly Trends

AED in Million



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STRATEGY

2016 +

Amlak pursues a strategy of sustainable growth, customer centricity and operational excellence, underpinned by prudence and corporate governance and responsibility:

Growth

- ❑ As a specialized real estate finance provider in the region, sustainable growth has been placed at the root of the corporate strategy. Key focus will be on developer finance and retail mortgage sectors for growth in core revenue streams. Amlak also pursues creating long term value from its real estate portfolio by considering development of land parcels in conjunction with suitable partners in an effort to better and faster fulfill its restructuring commitment to its financiers.

Funding

- ❑ Optimum and sustainable long-term funding will remain as a critical focus for the organization which will underpin its balance sheet and profitability growth strategy. A number of innovative funding options are being explored which allows Amlak to free capital and place itself as one of the leading real estate finance originators in the UAE.

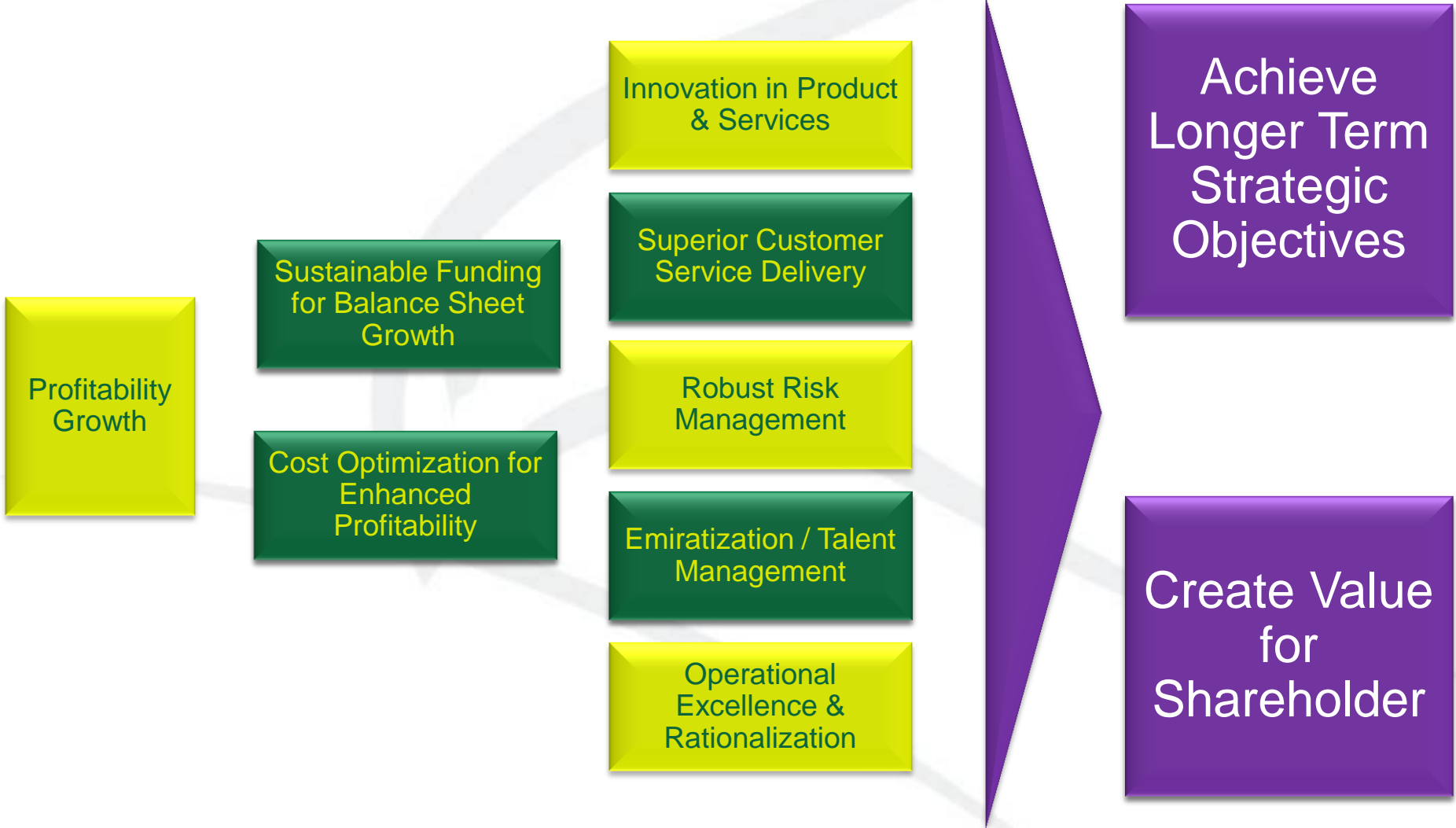
Value Propositions

- ❑ Differentiated, innovative products in the retail mortgage landscape based on customer needs are the focus of the organization in 2016 and beyond. Key target segments will be resident and non-resident in addition to commercial financing.

Organizational Capabilities

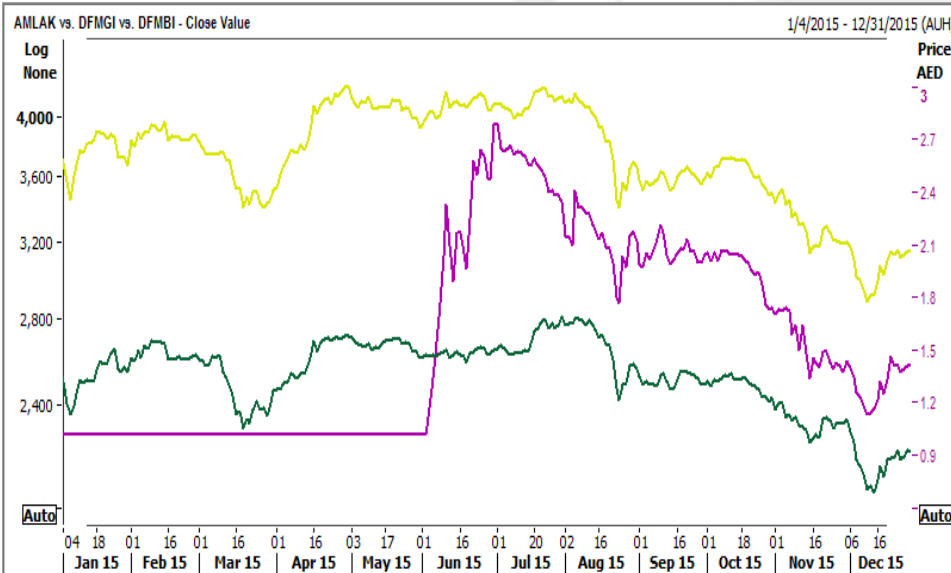
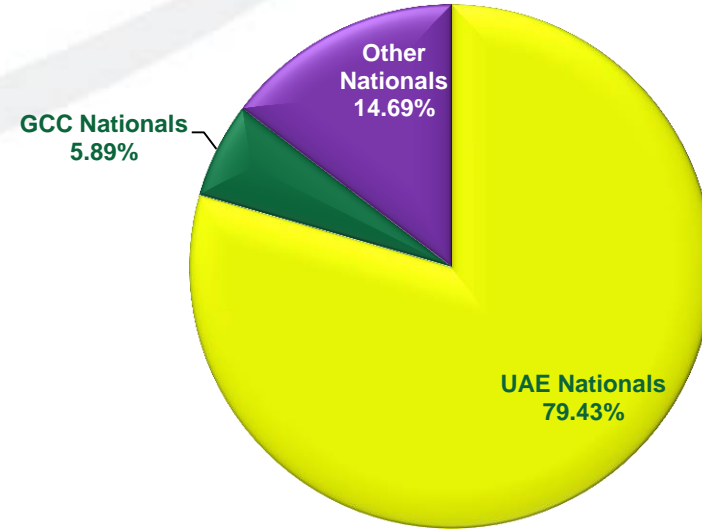
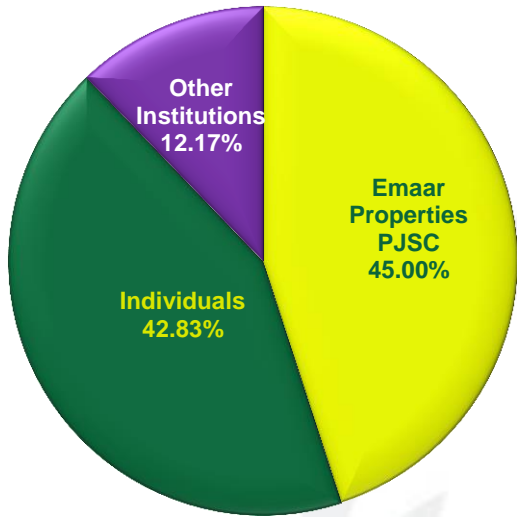
- ❑ Improving customer service delivery through technology, targeted product development, robust risk management, progressive staff development and talent management as well as boosting corporate brand will be the other main strategic priorities.

2016 Priorities



STOCK INFORMATION

Company Stock Information



Amlak's shares were re-admitted to Dubai Financial markets in June 2015 after more than 6 year of financial restructuring. The share price movements has closely correlated the DFM general Index and the banking sector.

As per latest Article of Association, foreign shareholding in the company cannot exceed 40% of the authorized share capital.

AWARDS



DUBAI CHAMBER
CSR LABEL

