



Amlak Finance PJSC

Investor Presentation

Q2 2020

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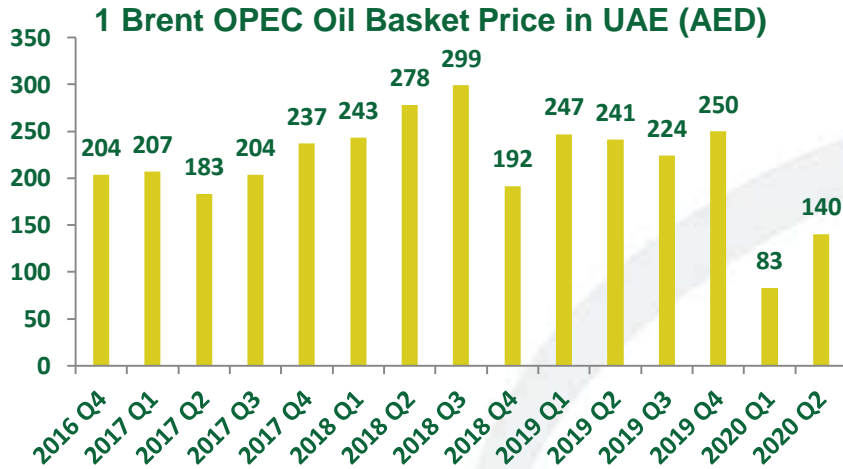
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UAE and Dubai Economy

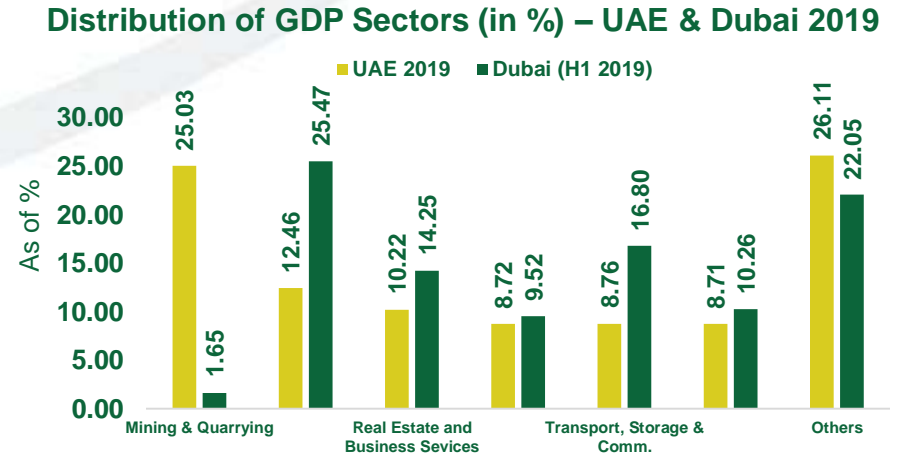
- UAE Central Bank forecasts fourth quarter economic recovery. It also expects the non-oil economy to drop by 4.1%.
- Banks in the UAE could see more job cuts as the pandemic-related economic slowdown, the postponement of EXPO 2020 and a lower interest regime drive down their profitability levels.
- The Central Bank of UAE announced that the April 2020 gross banking assets have risen to AED 3.156 trillion, while preliminary results for May 2020 suggest that the number has now reached AED 3.166 trillion. Abu Dhabi's gross banking assets reached over AED 1.407 trillion in April 2020 while for Dubai they climbed to AED 1.489 trillion, both cities accounting for 92% of the gross banking assets of the country. Banks of the remaining emirates had gross banking assets worth AED 259 billion.
- Dubai's Department of Economic Development (DED) issued 4,306 new licenses in the second quarter of the year. Of the new licenses, 2,447 (57%) – were professional licenses, compared to 1,817 (42%) commercial licenses. The remaining were 25 industrial licenses and 17 tourism licenses.
- The Dubai Government opened the city to international visitors in July.
- Dubai's sovereign wealth fund (Investment Corporation of Dubai) announced full-year revenues of AED 228 billion (\$62 billion) and a net profit of AED 25 billion (\$6.8bn) up by 16.9%. Its assets have grown over AED 1 trillion.
- In April, the UAE Central Bank announced that it has boosted the stimulus package released in March 2020 from \$34 Billion to \$70 Billion. The stimulus was earlier released to help support the economy considering the ongoing crisis.



Key Economic Indicators

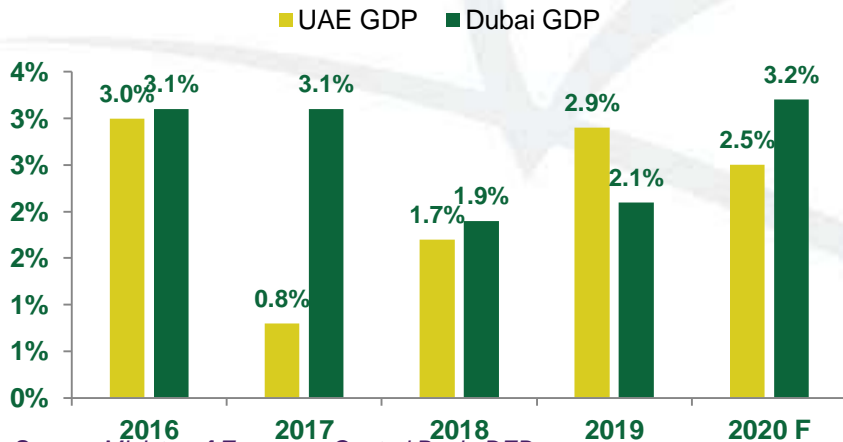


Source: Oilprice.com



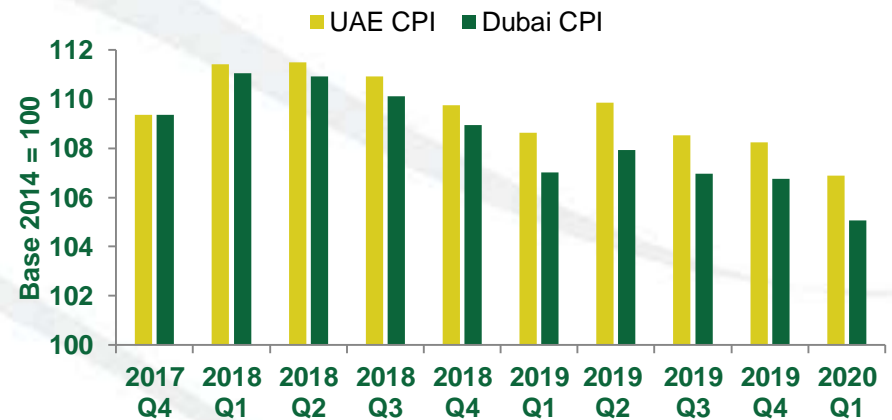
Source: Dubai Statistics Center, National Bureau of Statistics

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

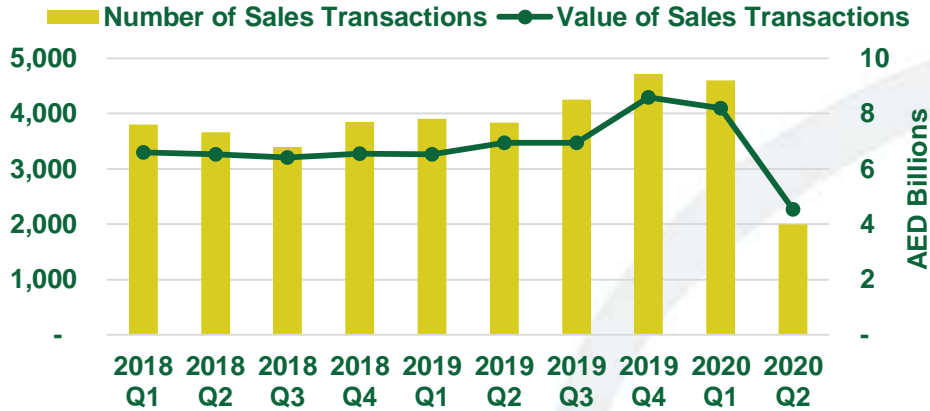
Dubai Real Estate Market

- The total new supply for Q2 2020 is over 8,700 units for the Dubai real estate market in which brings the total supply for H1 2020 to over 15,000 units with around 11,000 apartments & hotel apartments and 4,000 villas & townhouse units).
- Sales transactions in the Dubai residential market dropped 46% in the second quarter of 2020 when compared to previous quarter and 40% when compared to same term last year. Sales and rental prices dropped 2.4% and 1.8% respectively in the first quarter of 2020.
- Despite the transactions being disrupted in the month of March and April due to national sterilization program, volume of sales transactions saw marginal increase during May and June. Apartments contributed 76% of the realized supply of Q1 2020.
- 37k units are in the pipeline in 2020 as per announcements made by developers while 20k is postponed to coming years.
- Dubai Marina saw the most number of apartment transactions in Q2 2020 with 114 units sold. Dubai Hills Estate was the most popular area for villa sales with 103 transactions in Q2 2020.



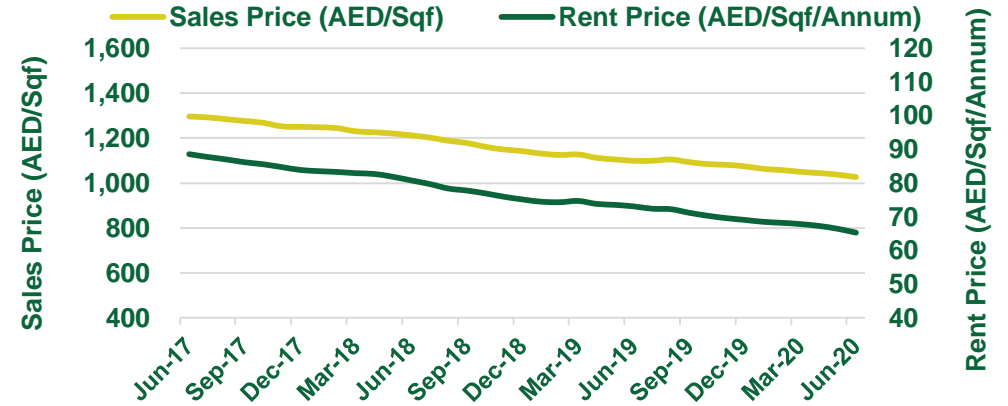
Key Real Estate Indicators

Number and Value of Real Estate Transactions



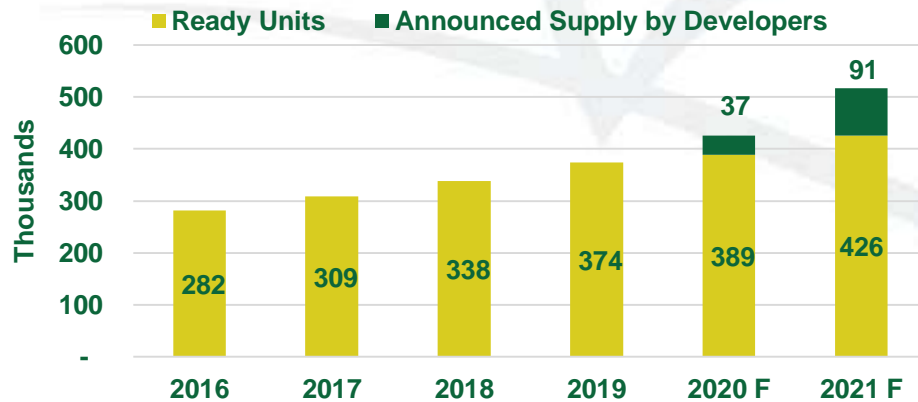
Source: Reidin

Dubai Residential Sales and Rental Price Changes



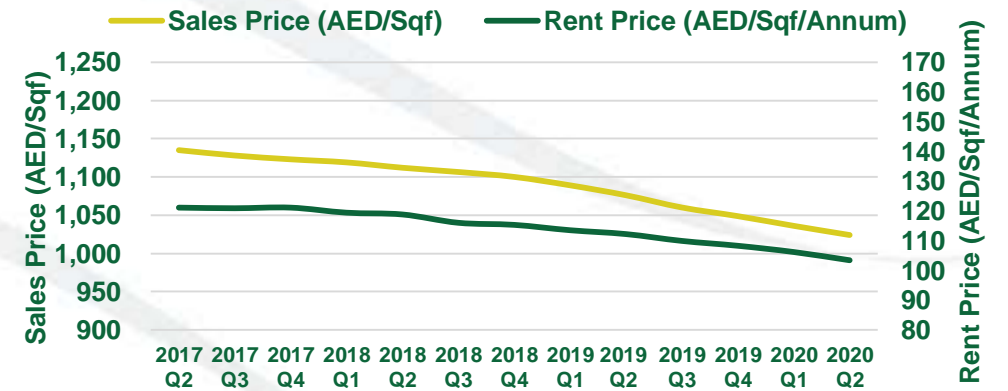
Source: Reidin

Dubai Residential Supply Trends (Freehold Areas)



Source: Reidin

Dubai Commercial Rental Prices

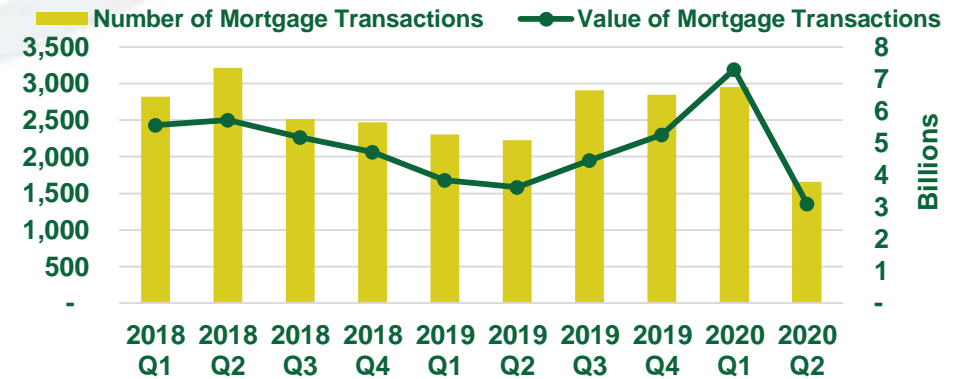


Source: Reidin

Dubai Mortgage Market

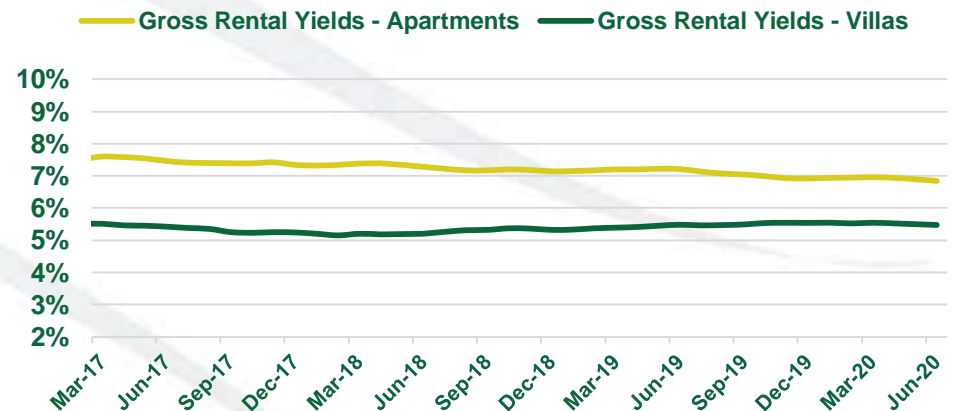
- EIBOR rates continue to fall in Q2 of 2020 and have fallen over 40% when compared to the previous quarter.
- There is a decrease in both ready and off-plan mortgage markets of 44% and 51% respectively in terms of volume in the second quarter of 2020.
- In terms of value of mortgage transactions the decline has been 57% and 77% for ready and off-plan units respectively.
- Due to the COVID 19 crisis and the consequent lockdown which caused uncertainty among investors, the mortgage market has seen the worst decline when compared to past few years.
- Apartments segment saw a 50% reduction in volume in Q2 2020, however there was only an 11% decline in value.
- At the end of the second quarter the Gross Rental Yields for apartments and villas are 6.84% and 5.47% respectively.

Mortgage Transactions Over the Years



Source: Reidin

Rental Yields in Dubai



Source: Reidin

Company Profile

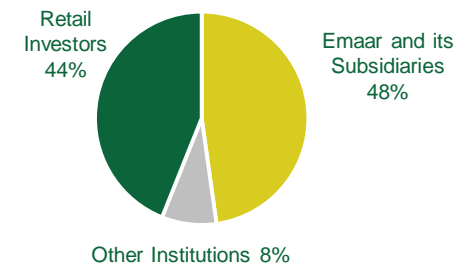
Background

- 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.

Subsidiaries and Associates

Company	Location	% Shareholding
Amlak Property Investment LLC	UAE	100%
Amlak Capital LLC	UAE	100%
Amlak Holding Limited	UAE	100%
Warqa Heights LLC	UAE	100%
Amlak Sky Gardens LLC	UAE	100%
EFS Financial Services LLC	UAE	57.5%
Amlak Limited	UAE	100%
Amlak Finance Egypt Company S.A.E	Egypt	100%
Amlak Nasr City Real Estate Investment LLC	Egypt	100%
Amlak International for Real Estate Finance Company	KSA	26.21%

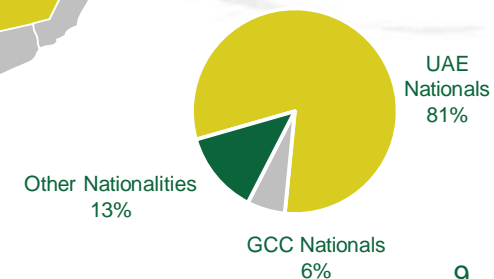
Ownership Structure



Geographic Presence



Nationality of Ownership



Through The Years

2000

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

2004

- Share Capital increase by 6 times to AED750 Mn
- Converted into Sharia Compliant Public Joint Stock Company
- Listed on DFM

2005

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

2006

- Launched "First Amlak Real Estate Fund"
- 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

2009-2013

- 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:
 - Continue serving financier
 - Effective Portfolio management
 - Robust liquidity management
 - Cost rationalization
 - Negotiated significant reduction in liabilities & commitments
 - Protecting Shareholders' value

2014

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

2015

- Reported profit of AED 139 Mn
- Resumption of share trading on DFM in June 2015
- Redemption of AED 200 Mn of Contingent Convertible Instrument (CCI) within the first year after restructuring
- 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
- Long term sustainability and growth
- Improved ability to attract new funding
- Enhancement in shareholder value
- Advance Payment of AED 274 Mn to Financiers

2017

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

2018

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

2019

- Amlak announces Renegotiation of Restructuring Terms with its Financiers
- Amlak announces completion of labour camp project

2020

- the company succeeded in obtaining the signature of all the financiers on the agreement that governs the new terms of its debt restructuring.

Key Strategies

Strategic Priorities

Strategic Intents

Strategic Metrics

Restructuring

- 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
- Exit real estate investments to limit real estate markets volatility impact and reinvest in generation of core revenue stream
- 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

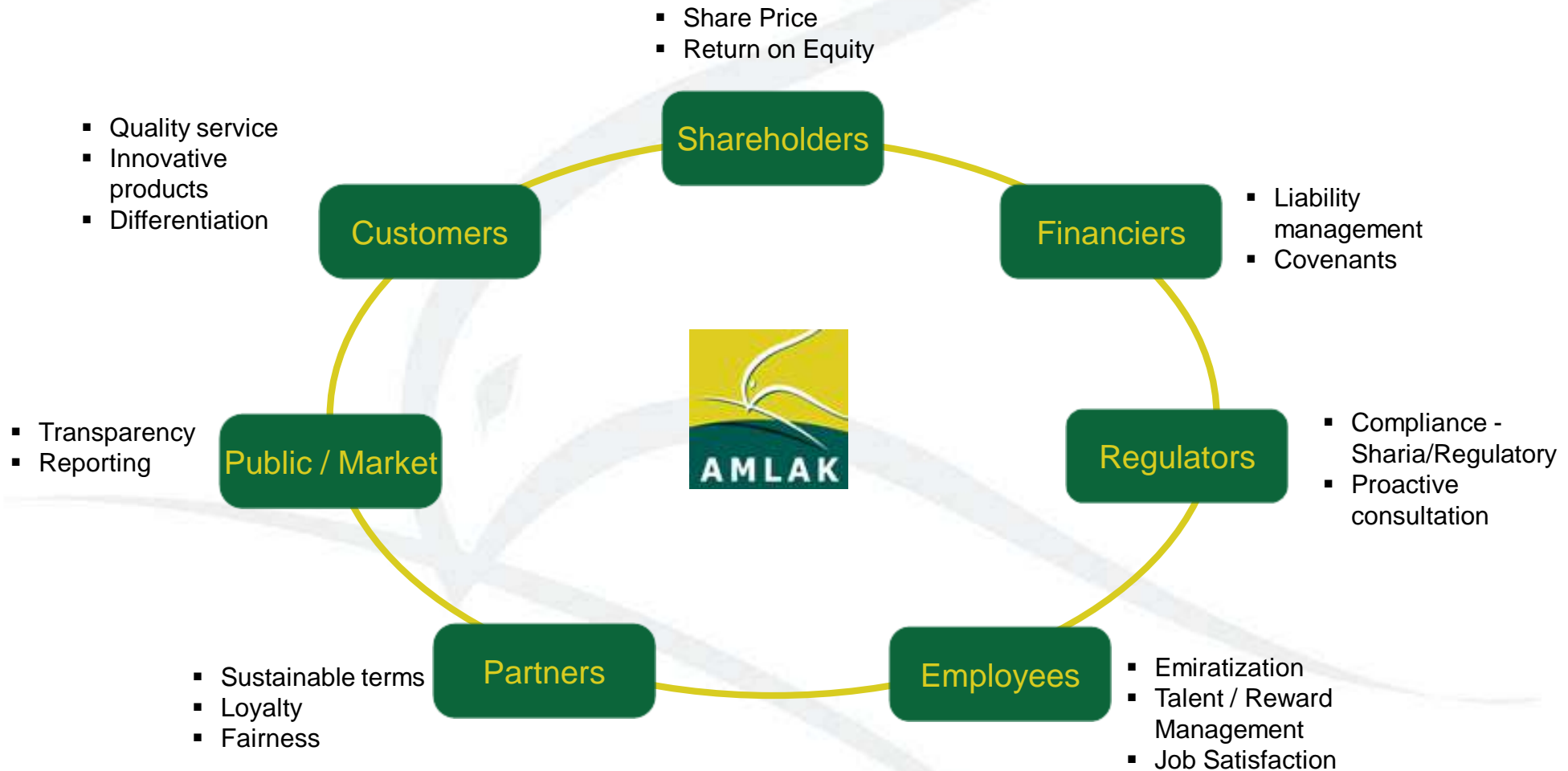
We value our employees and it is our commitment to continually enhance their welfare, training and career and personal development. We strive to improve our working environment and drive forward our desired corporate behaviors.



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

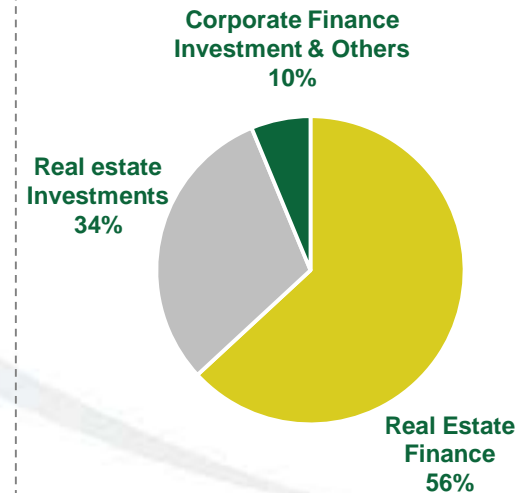
Real Estate Investments (REI)

- Includes investment in ready property, land parcels and properties under development
- Proactive property management to enhance value
- 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 – Q2 2020



Segment Strategy

Real Estate Finance (REF)

Key Metrics	Actual Q2 2020	Targeted 2020
Portfolio Level	AED 2Bn	AED 2.2Bn
Delinquency Rate	4.8%	5%
Rental Income	AED 11Mn	AED 20Mn

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
- Improve portfolio quality

Private Construction

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

Real Estate Investments (REI)

Key Metrics	Actual Q2 2020	Targeted 2020
Rental Income	AED 14Mn	AED 19Mn
Rental Yield	3.6%	5%
Mark to Market (MTM) on real estate assets	AED (191)Mn	AED (50)Mn
Development Completion % - Nad Al Hamar	100%	100%
Development Completion % - Al Ttay	100%	NA

- 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
- Exit Real Estate Investment portfolio

REI Portfolio

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

Corporate Finance & Investment (CFI)

Key Metrics	Actual Q2 2020	Targeted 2020
Dividend Income	-	AED 2Mn
KSA IPO Sale %	-	30%
Return on Investment (ROI)	9.4%	8.4%

- Focus on exiting non-core investments

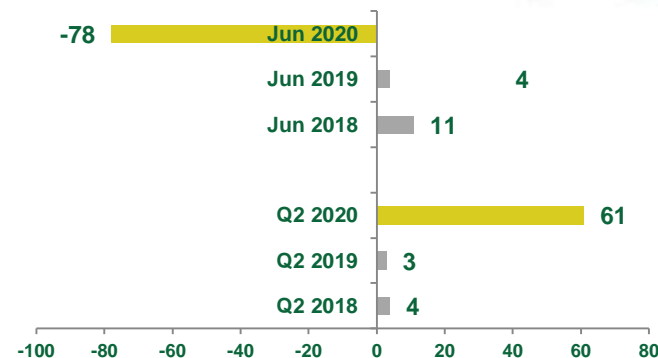
Group Income Statement

AED in Mn

Particulars	Q2 2020	Q2 2019	Q2 2020 vs. Q2 2019		H1 2020	H1 2019	H1 2020 vs. H1 2019	
			Variance	Change in %			Variance	Change in %
Income from Financing and Investing assets	43	44	(1)	-2%	87	87	-	-
Rental income	12	14	(2)	-14%	25	29	(4)	-14%
Sale of properties under development	-	-	-	-	-	-	-	-
Fair value gain / (loss) on investment properties	(89)	29	(118)	-407%	(218)	84	302	-360%
Loss on sale of investment properties	(10)	(6)	(4)	67%	(17)	(6)	(11)	183%
Other Income	21	12	9	75%	36	21	15	71%
Total Income	(23)	93	(116)	-125%	(87)	215	(302)	-140%
Reversal of impairments / (impairments)	(66)	(15)	(51)	340%	(72)	(59)	(13)	22%
Amortisation of initial fair value gain on investment deposits	192	(24)	216	-900%	170	(50)	220	-440%
Operating Expenses	(23)	(30)	7	-23%	(51)	(59)	8	-14%
Cost of sale of properties under development (including related operating expenses)	-	-	-	-	-	-	-	-
Share of results of an associate	8	6	2	33%	14	12	2	17%
Profit Before Distribution to financiers / investors	88	30	58	193%	(26)	59	(85)	-144%
Distribution to financiers / investors	(27)	(27)	-	-	(52)	(55)	3	-5%
Profit / (Loss) for the year	61	3	58	1933%	(78)	4	(82)	-2050%

H1 stands for first half of the year (i.e. 6 months from Jan to June) .Q2 stands for the second quarter of the year only (i.e. 3 months Apr to Jun)

Profit / (Loss) for the period



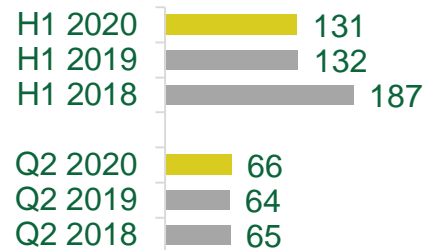
Highlights

- Total revenues (excluding fair value loss on investment properties) of H1 2020 amounted to AED 131 million, marginally lower compared to AED 132 million in H1 2019.
- Revenues from financing business activities stand similar comparing to the same period in 2019.
- The company reported net loss of AED 78 million in H1 2020 compared to AED 4 million net profit in 2019.
- Operating costs remained under control amounting to AED 51 million, a decrease of 14% compared to the same period in 2019.
- Impairment charge of AED 72 million on Islamic Financing Assets compared to AED 59 million in same period last year; this increase in impairment can largely be attributed to the impact of COVID-19. .

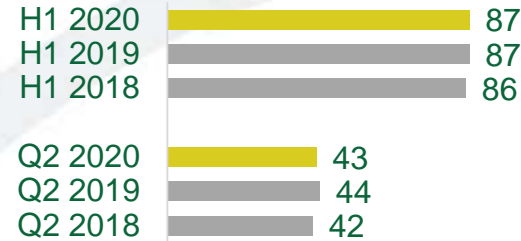
Group Income Statement (cont'd)

AED in Mn

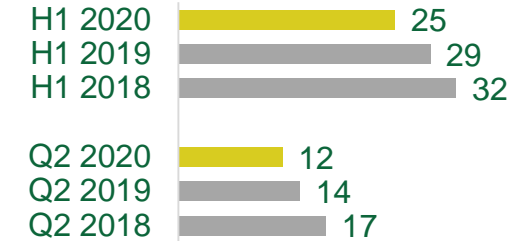
Total Income (Excluding fair value loss on investment properties)



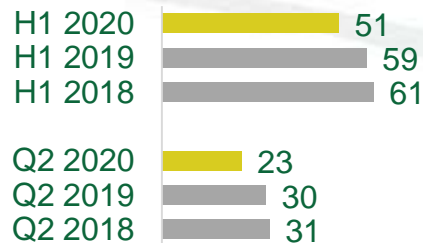
Income from Financing and Investing Assets



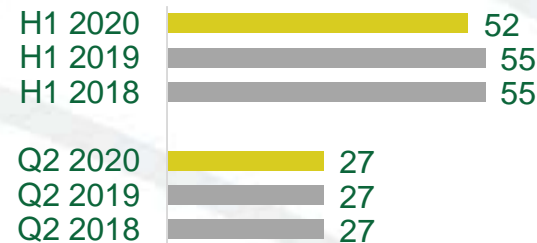
Rental Income



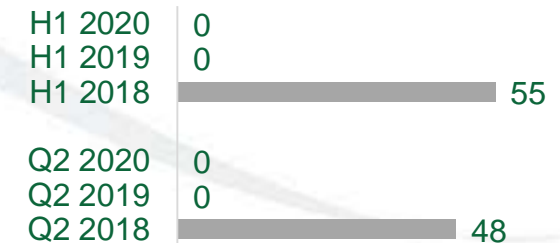
Operating Expenses



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



Net Gain on Sale of Properties Under Development



Group Balance Sheet

AED in Mn

Particulars	H1 2020	YE 2019	H1 2020 vs. YE 2019	
			Variance	Change in %
Cash and Balances with Banks	192	183	9	5%
Islamic Financing and Investing Assets	2,300	2,435	(135)	-6%
Real Estate Investments	2,034	2,320	(286)	-12%
Corporate Investments	310	297	13	4%
Other Assets	66	72	(6)	-8%
Total Assets	4,902	5,307	(405)	-8%
Investment Deposits and Other Islamic Financing	3,889	4,171	(282)	-7%
Other Liabilities (Incl Non-Controlling Interest)	374	429	(55)	-13%
Equity	639	707	(68)	-10%
Total Equity & Liabilities	4,902	5,307	(405)	-8%

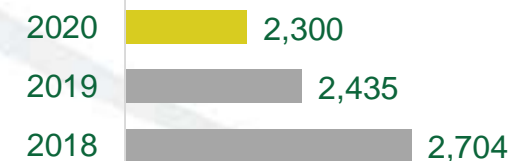
Highlights

- Total assets of Amlak stand at AED 5 billion and total liabilities at AED 4 billion, similar to the 2019 year-end financial position

Cash and Balances with Banks



Islamic Financing and Investing Assets



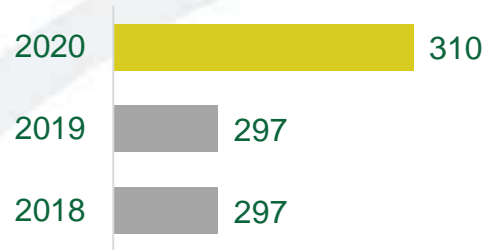
Group Balance Sheet (cont'd)

AED in Mn

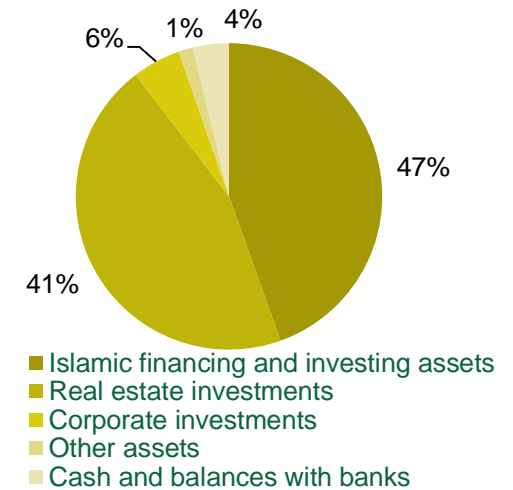
Real Estate Investments



Corporate Investments



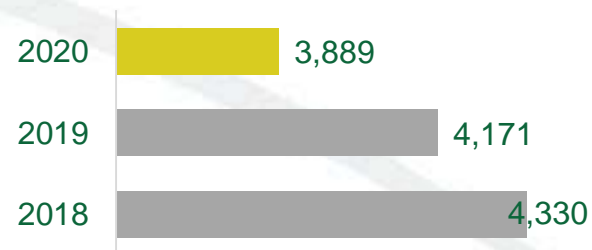
Assets Mix – H1 2020



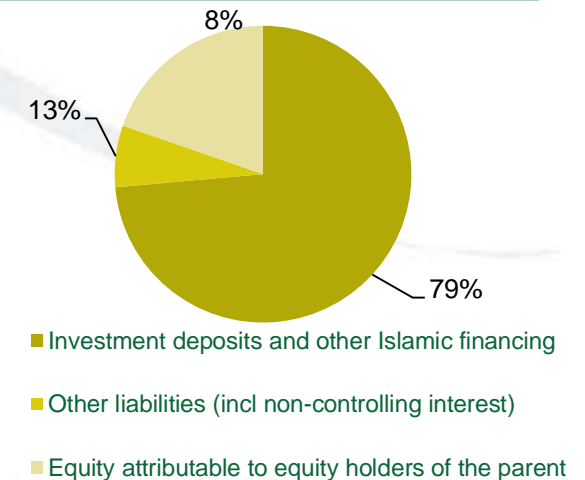
Total Assets



Investment Deposits and Other Islamic Financing

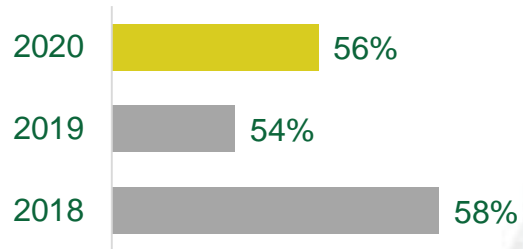


Liability and Equity Mix – H1 2020

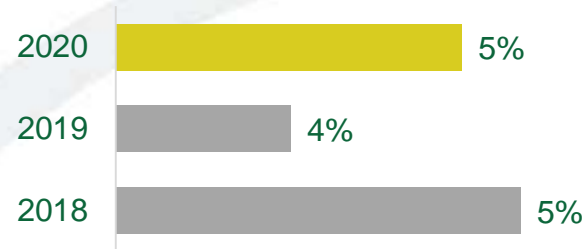


Financial Ratios

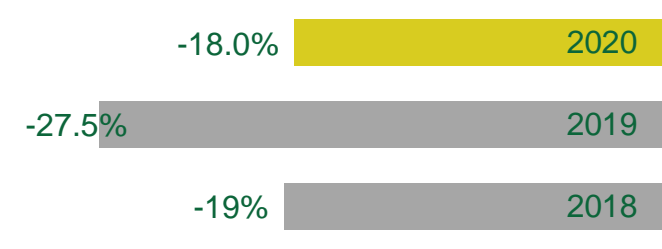
Net Financing to Deposit Ratio



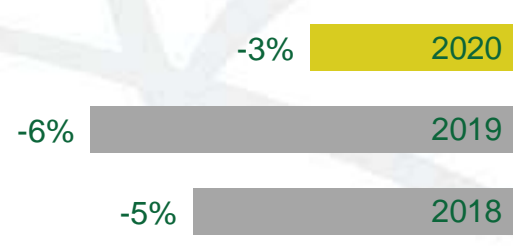
Liquid Assets to Total Assets Ratio



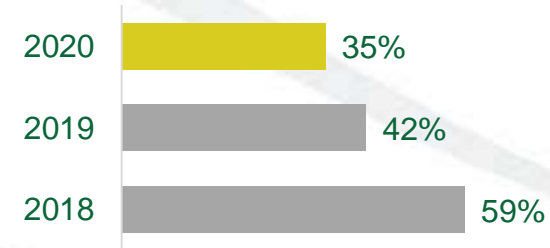
Return on Equity (ROE)



Return on Assets (ROA)



Cost to Income Ratio



Awards



2017

2018

2019



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

1. Best Islamic Finance CSR Company UAE 2019
2. Best Sharia Compliant Property Finance Company UAE 2019

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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