



Amlak Finance PJSC

Investor Presentation

Q3 2020

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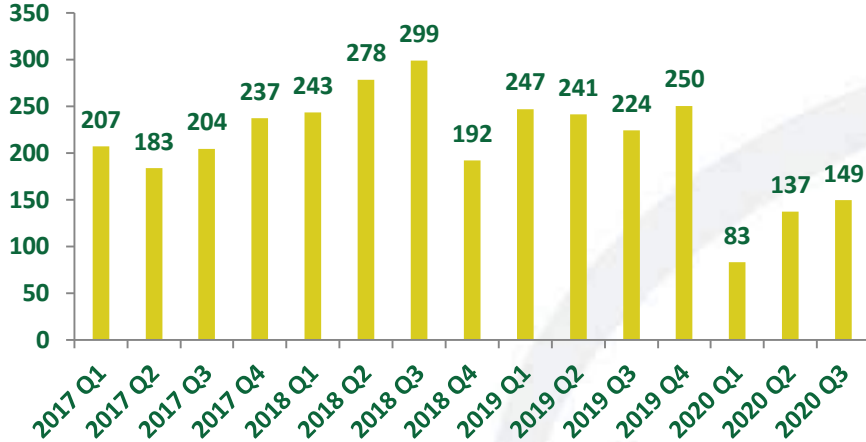
UAE and Dubai Economy

- DLD announced that 10,728 new investors entered the real estate market of Dubai in the first nine months of 2020 representing 70% of the total investors of the period. This could be due to reduced EIBOR rates and an increased LTV ratio.
- The central bank revealed that in the second quarter of 2020 the Total Banking Assets grew by 2% when compared to the previous quarter and stood at AED 3.1902 Trillion which is an increase of 7.8% when compared to the previous year.
- Dubai's Department of Economic Development (DED) issued 11,363 new licenses in the third quarter of the year. Of the new licenses, 6,149 (54.1%) – were professional licenses, compared to 5,065 (44.6%) commercial licenses. The remaining were 63 industrial licenses and 86 tourism licenses.
- The Central Bank has forecasted an increase in government spending by 28% for the year 2020 resultant from the several economic stimulus provided by the governing authorities. It is expected that more stimulus packages will be rolled out by both the local and federal governments.
- As per the latest data from FCSA (Federal Competitiveness and Statistics Authority) the Consumer Price Index fell by 2.59% in August 2020 when compared to the previous year.
- The UAE Central Bank has revised its earlier forecast of a decline of 3.6% in real GDP for the year 2020 and is now expecting it to drop by 5.2%. It also expects the non-energy economy to drop by 4.5% for the year. As per the bank the overall GDP for Q2 2020 fell by 7.8% while the non-oil GDP fell by 9.3%.



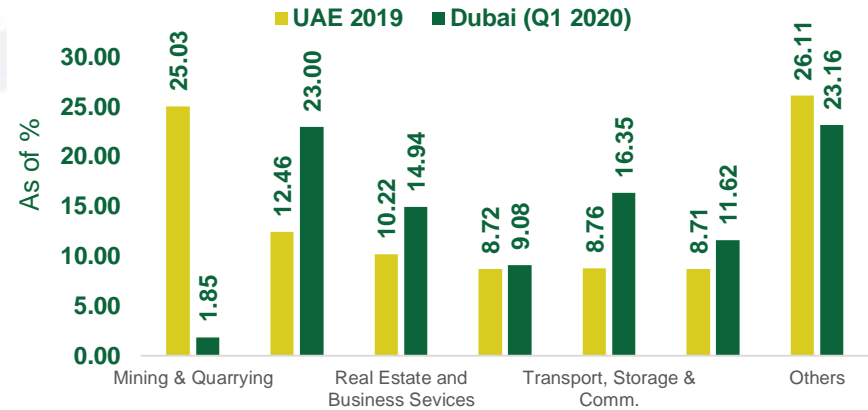
Key Economic Indicators

1 Brent OPEC Oil Basket Price in UAE (AED)



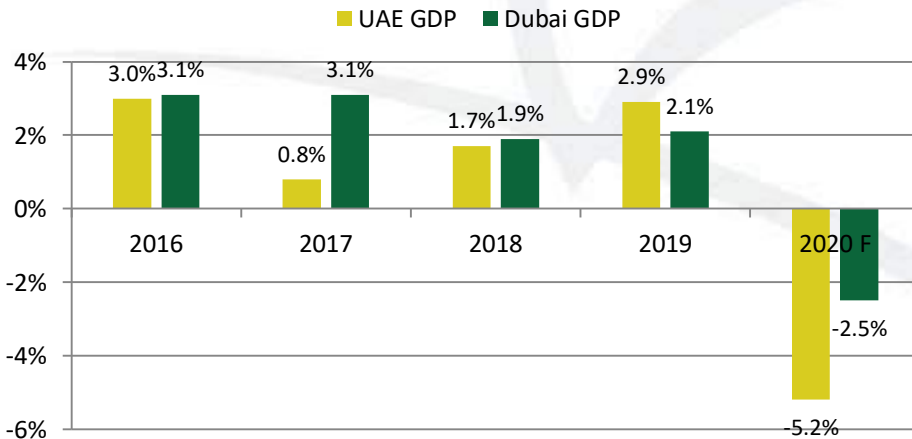
Source: Oilprice.com

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



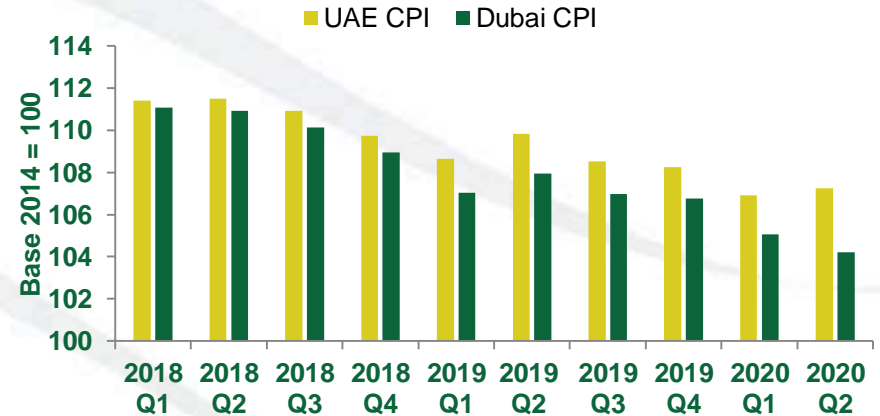
Source: Dubai Statistics Center, National Bureau of Statistics

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

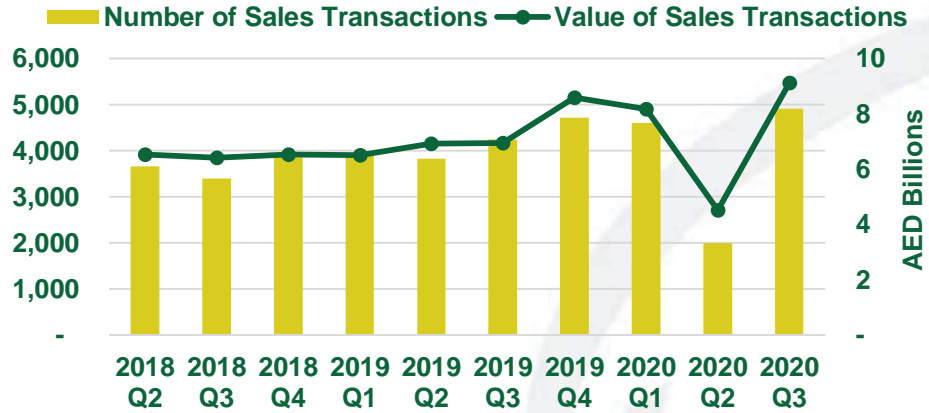
Dubai Real Estate Market

- The total residential supply added to the Dubai market in the third quarter of 2020 is around 9000 units. The annual supply for the year 2020 now stands at around 25,000 units.
- Sales transactions in the Dubai residential market increased by 53% in the third quarter of 2020 when compared to the previous quarter, however they decreased by 21% when compared to same term last year. Sales and rental prices dropped 2.5% and 4.5% respectively in the third quarter of 2020 when compared to the previous quarter.
- The third quarter witnessed an increased demand for ready villas. The secondary villa transactions increased by 152% when compared to the previous quarter while the value increased by 101%. The volume has been the highest since 2013. Due to increased demand the sales price for villas increased slightly by 0.1% after a long period of decline.
- The off-plan market did not perform as it used to in the pre-COVID19 era. There was a slight decline of 3% in the quarterly volume of off-plan transactions when compared to Q2.
- Town Square witnessed the highest volume of ready apartment transactions in Q3 2020 with 447 units sold followed by Dubai Marina at 301 and JVC at 204. For off-plan apartment transactions JVC remained at the top followed by The Lagoons at 243 and Sobha Hartland at 190.
- Dubai Hills Estate remains at the top for ready villa transaction volume at 125 units sold in Q3 2020, followed by Arabian Ranches at 88 and Mudon at 84. For Off-plan villa transactions, Tilal Al ghaf took the lead at 429 units sold in Q3 2020 followed by Arabian Ranches Phase 3 and Emaar South at 89 and 78 units sold respectively.
- No new projects were launched in the third quarter of 2020.



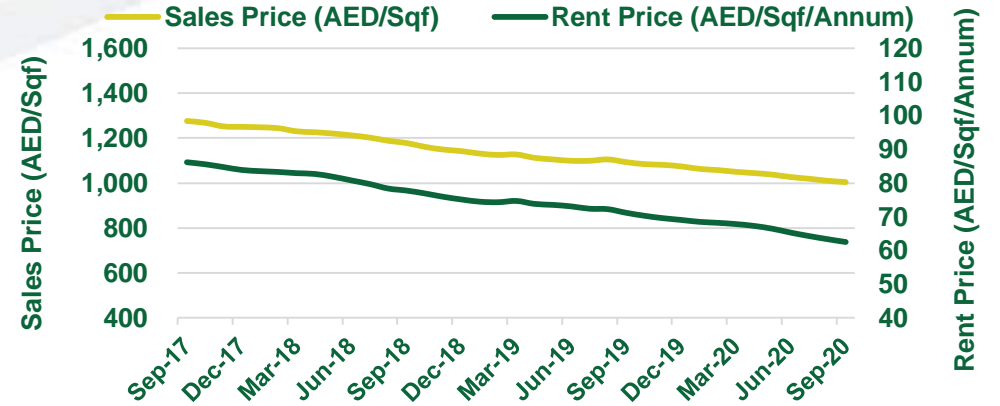
Key Real Estate Indicators

Number and Value of Real Estate Transactions



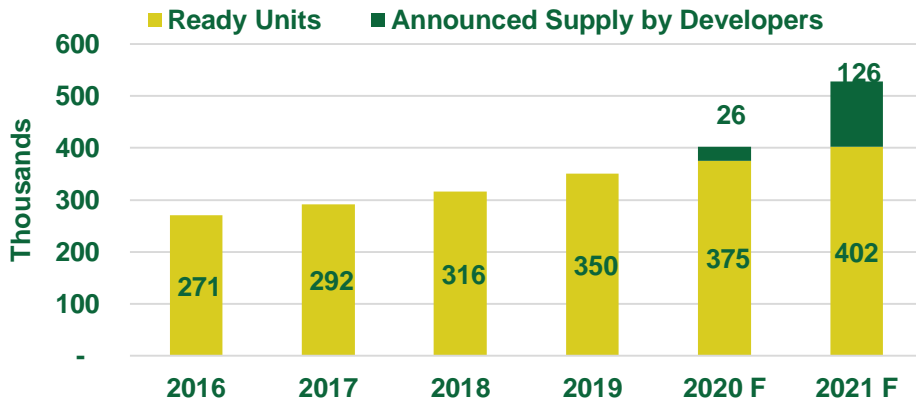
Source: Reidin

Dubai Residential Sales and Rental Price Changes



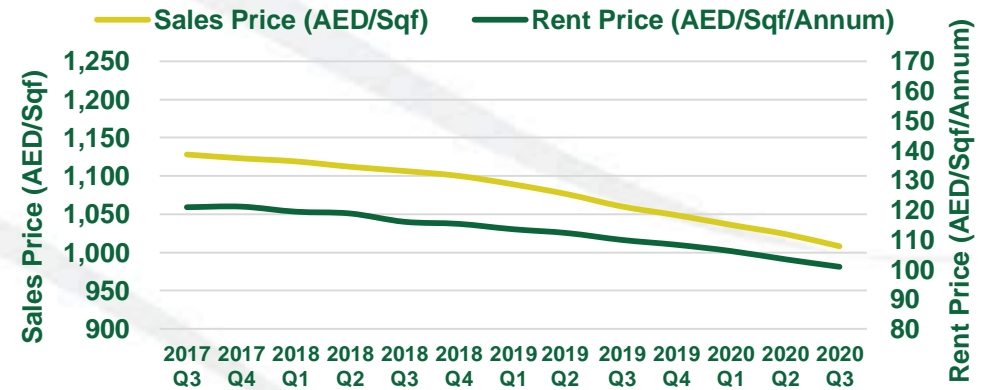
Source: Reidin

Dubai Residential Supply Trends (Freehold Areas)



Source: Reidin

Dubai Commercial Rental Prices

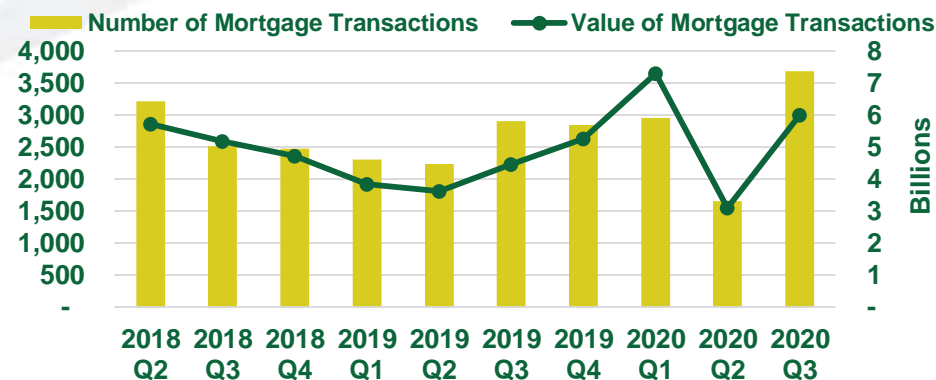


Source: Reidin

Dubai Mortgage Market

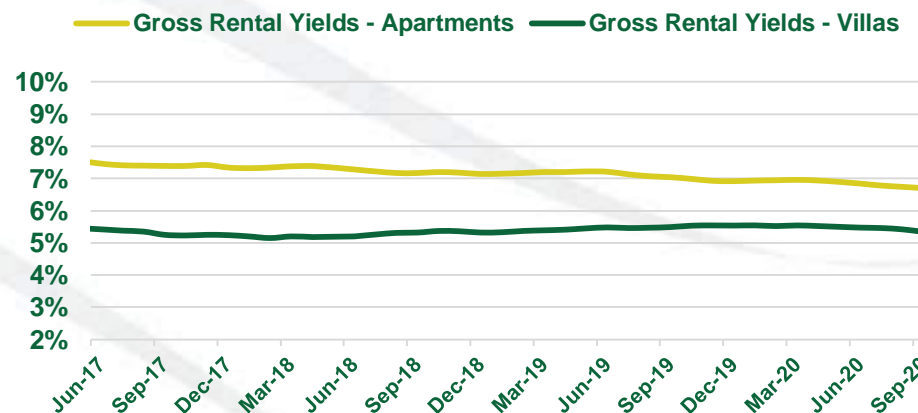
- The Central Bank of UAE dropped the 3 months, 6 months and 12 months EIBOR rates by 33%, 43% and 39% respectively.
- There was a 123% increase in volume of ready mortgage transactions and a 100% increase in off-plan mortgage transactions in Q3 2020.
- The value of mortgage transactions increased by 93%. The value of transactions have not increased with the same pace of the volume, suggesting an increased interest of the market in affordable properties and also decline in prices as a whole.
- The villa mortgage transactions increased by 115% while the value increased by 117%. Both volume and value grew with the same extent as villa prices have stabilised in the third quarter after a long period of decline.
- At the end of the second quarter the Gross Rental Yields for apartments and villas are 6.70% and 5.34% respectively.

Mortgage Transactions Over the Years



Source: Reidin

Rental Yields in Dubai



Source: Reidin

Company Profile

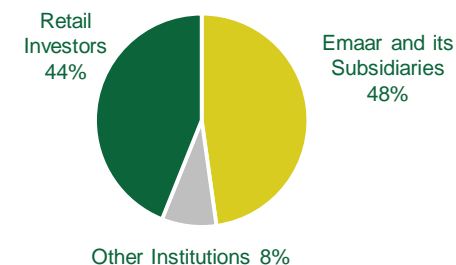
Background

- 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	18.35%

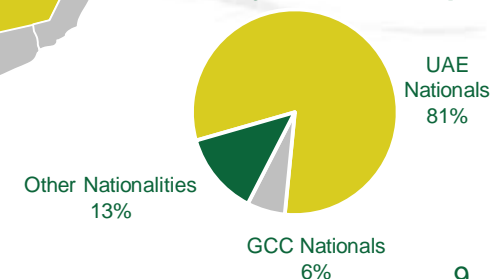
Ownership Structure



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 Intent

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

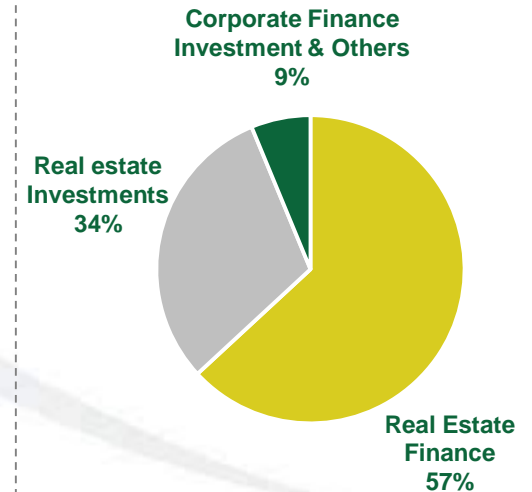
Real Estate Investments (REI)

- 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 – Q3 2020



Segment Strategy

Real Estate Finance (REF)

Key Metrics	Actual Q3 2020	Targeted 2020
Portfolio Level	AED 2.1Bn	AED 2.2Bn
Delinquency Rate	3.3%	5%
Rental Income	AED 15Mn	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 Q3 2020	Targeted 2020
Rental Income	AED 20Mn	AED 19Mn
Rental Yield	3.9%	5%
Mark to Market (MTM) on real estate assets	AED (268)Mn	AED (69)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 Q3 2020	Targeted 2020
Dividend Income	AED 2Mn	AED 2Mn
KSA IPO Sale %	30%	30%
Return on Investment (ROI)	11.3%	8.1%

- Focus on exiting non-core investments

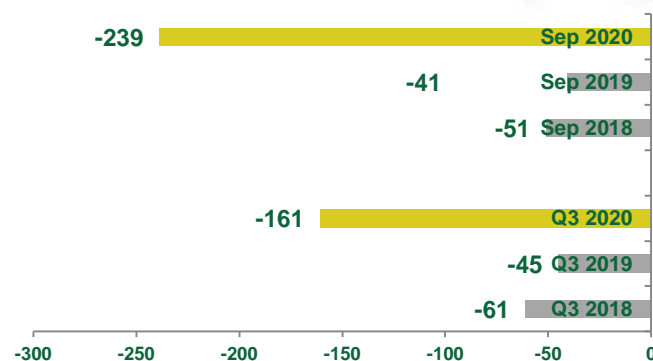
Group Income Statement

AED in Mn

Particulars	Q3 2020	Q3 2019	Q3 2020 vs. Q3 2019		Sep 2020	Sep 2019	Sep 2020 vs. Sep 2019	
			Variance	Change in %			Variance	Change in %
Income from Financing and Investing assets	42	44	(2)	-5%	129	131	(2)	-2%
Rental income	10	15	(5)	-33%	35	44	(9)	-20%
Sale of properties under development	-	-	-	-	-	-	-	-
Fair value gain / (loss) on investment properties	(110)	(11)	(99)	900%	(328)	73	-401	-549%
Loss on sale of investment properties	(17)	(4)	(13)	325%	(34)	(10)	(24)	240%
Other Income	85	4	81	2025%	121	25	96	384%
Total Income	10	48	(38)	-79%	(77)	263	(340)	-129%
Reversal of impairments / (impairments)	(88)	(15)	(73)	487%	(160)	(74)	(86)	116%
Amortization of initial fair value gain on investment deposits	(37)	(24)	(13)	54%	133	(74)	207	-280%
Operating Expenses	(24)	(29)	5	-17%	(75)	(88)	13	-15%
Cost of sale of properties under development (including related operating expenses)	-	-	-	-	-	-	-	-
Share of results of an associate	2	3	(1)	-33%	16	15	1	7%
Profit Before Distribution to financiers / investors	(137)	(17)	(120)	706%	(163)	42	(205)	-488%
Distribution to financiers / investors	(24)	(28)	4	-14%	(76)	(83)	7	-8%
Profit / (Loss) for the year	(161)	(45)	(116)	258%	(239)	(41)	(198)	483%

Sep stands for first 9 months of the year (i.e. 9 months from Jan to Sep) .Q3 stands for the third quarter of the year only (i.e. 3 months Jul to Sep)

Profit / (Loss) for the period



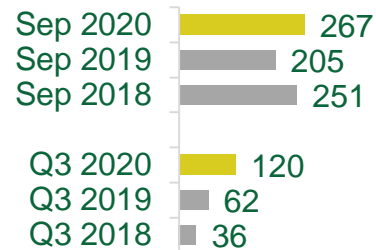
Highlights

- Total revenues (excluding fair value loss on investment properties) of Sep 2020 amounted to AED 267 million, higher by 30% compared to AED 205 million in Sep 2019.
- Revenues from financing business activities is marginally lower by 2% comparing to the same period in 2019.
- The company reported net loss of AED 239 million in Sep 2020 compared to AED 41 million net loss in Sep 2019.
- Operating costs remained under control amounting to AED 75 million, a decrease of 15% compared to the same period in 2019.
- Impairment charge of AED 160 million on Islamic Financing Assets compared to AED 74 million in same period last year; this increase in impairment can largely be attributed to the impact of COVID-19. .

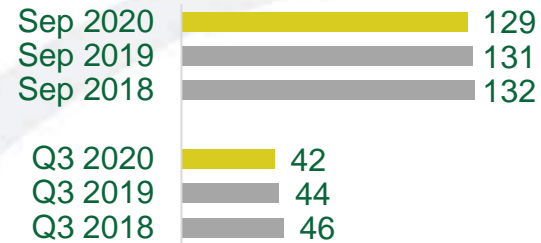
Group Income Statement (cont'd)

AED in Mn

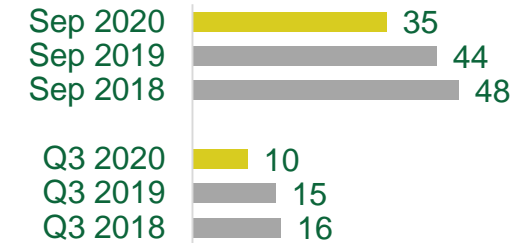
Total Income (Excluding fair value gain/loss on investment properties)



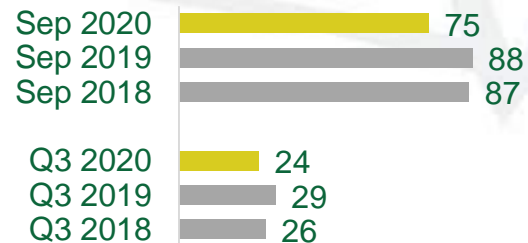
Income from Financing and Investing Assets



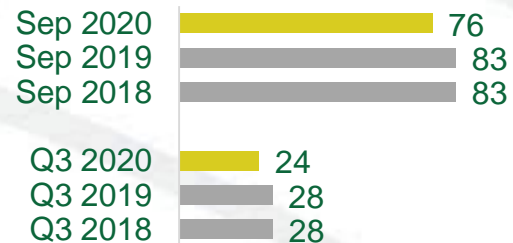
Rental Income



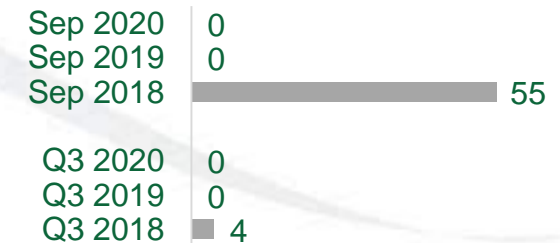
Operating Expenses



Distribution to Financiers/Investors



Net Gain on Sale of Properties Under Development



Group Balance Sheet

AED in Mn

Particulars	Sep 2020	YE 2019	Sep 2020 vs. YE 2019	
			Variance	Change in %
Cash and Balances with Banks	241	183	58	32%
Islamic Financing and Investing Assets	2,246	2,435	(189)	-8%
Real Estate Investments	1,842	2,320	(478)	-21%
Corporate Investments	222	297	(75)	-25%
Other Assets	78	72	6	8%
Total Assets	4,629	5,307	(678)	-13%
Investment Deposits and Other Islamic Financing	3,786	4,171	(385)	-9%
Other Liabilities (Incl Non-Controlling Interest)	357	429	(72)	-17%
Equity	486	707	(221)	-31%
Total Equity & Liabilities	4,629	5,307	(678)	-13%

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



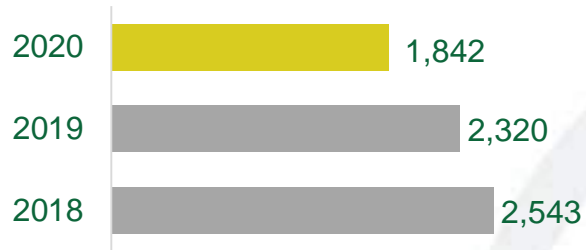
Islamic Financing and Investing Assets



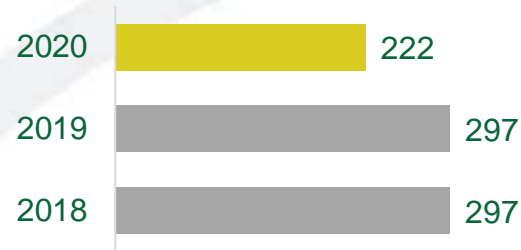
Group Balance Sheet (cont'd)

AED in Mn

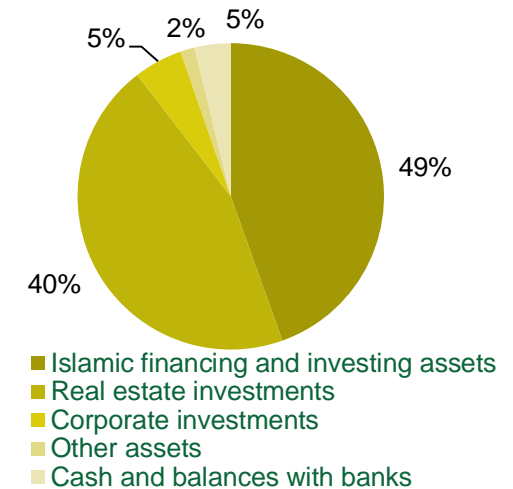
Real Estate Investments



Corporate Investments



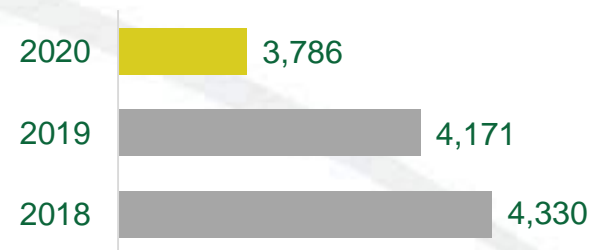
Assets Mix – Sep 2020



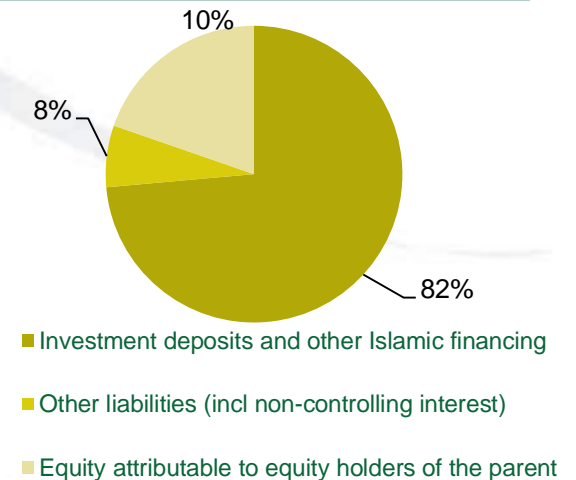
Total Assets



Investment Deposits and Other Islamic Financing

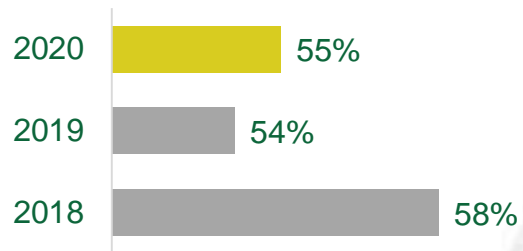


Liability and Equity Mix – Sep 2020

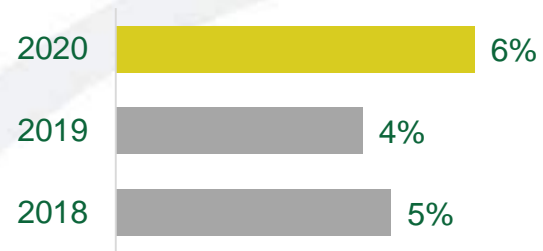


Financial Ratios

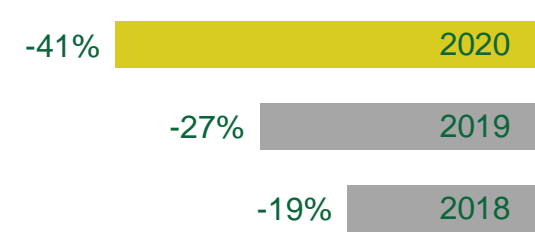
Net Financing to Deposit Ratio



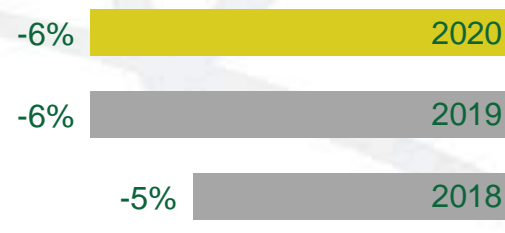
Liquid Assets to Total Assets Ratio



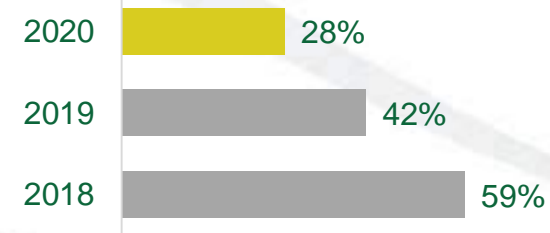
Return on Equity (ROE)



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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