Summary of
Amlak Restructuring Process- 2008 to 2015

Subsequent to the meeting of Board of Directors of Amlak Finance held on Wednesday, 20th of May 2015 and the announcement of Tuesday, 2nd of June 2015 as the date for Amlak shares to restart trading on the Dubai Financial Market, we would like to summarize through the following key financial highlights events related to Amlak from the year 2008 to date.

Financial Highlights:

Description	AED in '000							
	Q1-2015*	2014*	2013	2012	2011	2010	2009	2008
Total Assets	**7,317,256**	**7,301,771**	**12,106,189**	**12,139,468**	**12,648,092**	**13,121,757**	**14,236,698**	**15,846,463**
Total Liabilities	**5,494,771**	**5,461,875**	**10,431,929**	**10,461,873**	**10,961,822**	**11,225,130**	**12,109,143**	**13,786,000**
Equity attributable to equity holders of the parent	*1,679,793*	*1,699,573*	*1,389,621*	*1,392,267*	*1,398,773*	*1,608,665*	*1,840,927*	*2,031,276*
Non Controlling Interests	*142,692*	*140,323*	*284,639*	*285,328*	*287,497*	*287,962*	*286,628*	*29,187*
Total Equity	**1,822,485**	**1,839,896**	**1,674,260**	**1,677,595**	**1,686,270**	**1,896,627**	**2,127,555**	**2,060,463**
Total Liabilities & Equity	**7,317,256**	**7,301,771**	**12,106,189**	**12,139,468**	**12,648,092**	**13,121,757**	**14,236,698**	**15,846,463**
Profit /(Loss) for the year attributable to								
-Equity holders of the parent	*3,721*	*58,858*	*48,234*	*9,072*	*(209,899)*	*(219,002)*	*(177,373)*	*240,245*
-Non controlling interests	*2,369*	*(144,316)*	*(689)*	*(2,169)*	*(465)*	*(4,080)*	*21,795*	*(40,387)*
Net Group Profit /(Loss) for the year	**6,090**	**(85,458)**	**47,545**	**6,903**	**(210,364)**	**(223,082)**	**(155,578)**	**199,858**

*Financials available on the web site of Dubai Financial Market

Overview of Amlak Finance:

Amlak Finance is a public joint stock company which is licensed by the UAE Central Bank for Islamic financing operations in accordance with Sharia principles. Amlak was incorporated in the year 2000 and its shares were listed on Dubai Financial Market on 2004.

Amlak's business focuses on two key areas namely; real estate finance and real estate investments. The financing business includes retail customer property financing and wholesale developer financing, whereas, real estate investment includes holding ready properties and developing land, and under construction properties.

UAE financial crisis and its impact on Amlak Finance:

With the advent of the financial crisis in 2008 impacting UAE real estate markets, Amlak faced serious risk of insolvency in the form of a "depositor run" by its Financiers. In addition, its investment real estate portfolio was

significantly impaired which would have resulted in full erosion of its equity capital base if a fair-value impairment were to be recognized and recorded.

Following suspension of Amlak's shares in the Dubai Financial Market in 2008, the Ministry of Finance and Central Bank (together as Liquidity Support Providers) stepped in, to support the Company by way of a cash injection of AED1.7 billion allowing Amlak to meet its ongoing financial obligations, and to mitigate against systemic financial risk in the market. At the same time, Amlak commenced a financial and debt restructuring process with its Financiers under the supervision and guidance of a Steering Committee established by the UAE cabinet under the chair of Ministry of Economy with representative from other federal regulatory bodies including Ministry of Finance, Central Bank and SCA, in 2009.

The restructuring was needed to stabilize Amlak's position, and avoid bankruptcy of a Central Bank regulated business. The restructuring process was closely overseen and directed by the Steering Committee who supported Amlak extensively in negotiations, to reach a balanced and amicable restructuring solution with the Company's Financiers, under the Shari'a financing principles. These efforts included critical support to the Company for reduction of profit rates payable to the Financiers, and real estate purchase and payment commitments, both of which allowed the Company to maintain a going concern business operation during the period of restructuring.

In conjunction, Amlak's management continued to manage the business operations under very challenging financial constraints over these years. Amlak adopted a strategy of prudence and austerity, undertaking many firm steps and initiatives to control costs, protect the quality of assets and tightly manage cash and liquidity position of the Company. Robust controls and measures allowed Amlak to turnaround its performance from significant losses during 2009 – 2011 to profitability from 2012 onwards resulting in improvements to shareholders' equity. The Company's 2014 net profit attributable to its shareholders was recorded at AED 59 million.

The key initiatives taken by management were;

- Reduction in workforce (more than 60% from 2008 level)
- Other operating cost savings including reduction in profit payable to depositors (AED 2.5Bn)
- Reduction in potential fair value losses and avoidance substantial cash outflow as a result of a well managed exit from real estate purchase commitments (AED 2Bn)
- Reduction in liabilities and commitments (AED 10.8Bn during 2009 – 2014), which included:
  - Conversion of fixed developer payments to construction progress milestone payments
  - Cancellation of mortgages for on-hold projects based on mutual agreements with customers and developers
  - Expiry of corporate and bank guarantees
  - Additional cash generated from operations (AED4.3Bn)

Amlak's Restructuring Process:

Under the direction and close guidance of the of the Steering Committee, Amlak developed a number of restructuring solutions which were extensively reviewed and negotiated with the Financers to ultimately reach a full consensual agreement in June 2014, which was subsequently approved and signed up in November 2014, after shareholders' approval in an EGM held on 28 September 2014.

In the restructuring agreement, the commercial financiers converted AED1.3bn of their deposits into a convertible instrument with a 12 year maturity. The Company paid a 20% down payment to commercial financiers and the remaining amount was termed out for a 12 year period. The Liquidity Support Providers were to be repaid over a 6 year period. An appropriate security package was also granted to the Financiers to close the restructuring successfully.

The restructuring deal provided a number of benefits all round, including;

a) The reduction of Amlak's total Investment Deposit liabilities. This was achieved through the Company's Financiers converting part of their facility into a convertible contingent Islamic Instrument. The Instrument with Mudaraba features, allows the Financiers to benefit from realized value growth in Amlak's underlying property portfolio over the life of the Instrument. Any amount of the Instrument which hasn't been redeemed by maturity can be converted into Company's equity.
b) Protection of Shareholder Equity avoiding total erosion of existing shareholder equity
c) Long term support and avoidance of significant losses to Financiers
d) A fixed repayment plan to Financiers and Liquidity Support providers
e) Elimination of Profit Rate Risk and Structural Liquidity GAP/ mismatch between asset and liabilities over medium to long term
f) Sustainability of business operations over the long term enabling Amlak to meet all its expected restructuring business plan commitments
g) Healthy equity position and gearing ratio for the Company meeting all regulatory requirements, which helps creating a solid foundation for its recovery and future growth
h) Amlak held its first Annual General Meeting (AGM) since 2008 in which the shareholders approved the financial statements of the Company for the periods 2008 to 2014 and agreed for the company's shares to start trading again once SCA suspension has been lifted.

Summary of Amlak Future Business Plan:

Amlak has taken a number of strategic measures over the last few years in order ensure long term sustainability and growth, and to reduce business risk. Amlak is now well placed to resume normal business operations and work towards long-term growth and creating value for its shareholders once again.

Amlak is confident that it will continue to generate annual profits, and intends to put itself back into a leadership position as a premier and specialized property financing provider in the UAE. Amlak has taken steps to introduce a host of new products, value added services and innovative financing solutions to its existing and new customers. In doing so, Amlak aims to achieve superior product and service differentiation as well as innovative funding solutions suitable for its business model and financing asset profile.

Amlak will focus on core business of property financing, as well as reducing exposure to proprietary real estate assets, to better manage and mitigate financial risk.