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THE REGION – MENASA / GCC/ UAE

AN ECONOMIC POWERHOUSE
MENASA REGION:
SOLID ECONOMIC FUNDAMENTALS
-PROMISING GROWTH

MENASA region is emerging as a powerful economic bloc with tremendous growth potential, combining the sovereign wealth funds (SWFs) of the Mena region to the economic growth story of, say, India, hence, the economic paradigm shift towards this region from other emerging markets.

GDP 2012 (USD Millions)

- 7% of global GDP

Population Projections

- 29% of Global Population

Oil Reserves and Production (% of Global Total)

- MENASA
- MENA
- North America
- South America
- Europe

Source: IMF, World Bank
The UAE, the second biggest Arab economy, is set to record 4% growth in GDP in 2013, led by a focus on adopting industrial policies that will drive sustainable development across the UAE.

-GCC Region - Liquidity on the Back of High Oil Prices - Key Emerging Market

GCC Region accounted for US $70 Bn of FDI funds inflow.

GCC region rated most promising region under WEF & World Bank rating.

GCC - GDP Projections 2010 - 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013 e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>4.1%</td>
<td>1.5%</td>
<td>3.6%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>3.4%</td>
<td>5.7%</td>
<td>4.5%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Oman</td>
<td>4.1%</td>
<td>4.4%</td>
<td>3.6%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Qatar</td>
<td>16.6%</td>
<td>18.7%</td>
<td>6.0%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>4.1%</td>
<td>6.8%</td>
<td>3.6%</td>
<td>4.4%</td>
</tr>
<tr>
<td>UAE</td>
<td>3.2%</td>
<td>3.3%</td>
<td>3.8%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

GCC - Country Ratings 2012

<table>
<thead>
<tr>
<th>Country</th>
<th>S&amp;P</th>
<th>Moody's</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>BBB</td>
<td>Baa1</td>
<td>BBB</td>
</tr>
<tr>
<td>Kuwait</td>
<td>AA</td>
<td>Aa2</td>
<td>AA</td>
</tr>
<tr>
<td>Oman</td>
<td>A</td>
<td>A1</td>
<td>A</td>
</tr>
<tr>
<td>Qatar</td>
<td>AA</td>
<td>Aa2</td>
<td>AA-</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA-</td>
</tr>
<tr>
<td>UAE</td>
<td>AA</td>
<td>Aa2</td>
<td>AA-</td>
</tr>
</tbody>
</table>

GCC - FDI Share by Country 2012

GCC region accounted for US $70 Bn of FDI funds inflow.

GCC region rated most promising region under WEF & World Bank rating.

GCC Ranking 2012

GCC region rated most promising region under WEF & World Bank rating.

GCC region accounted for US $70 Bn of FDI funds inflow.

GCC region rated most promising region under WEF & World Bank rating.

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GCC region accounted for US $70 Bn of FDI funds inflow.

GCC region rated most promising region under WEF & World Bank rating.
UAE: GROWTH PROSPECTS

Key Contributors to Growth

- Recovery in oil prices
- Strong growth in the non-hydrocarbon sector
- UAE's service driven economy benefitting from the global trade
- USD 50 billion worth of infrastructural projects still under construction in UAE

UAE Import/Export Projections (% Growth)

Oil / Gas as % of GDP (2012)

<table>
<thead>
<tr>
<th>Country</th>
<th>Oil / Gas as % of GDP (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAHRAIN</td>
<td>21%</td>
</tr>
<tr>
<td>OMAN</td>
<td>41%</td>
</tr>
<tr>
<td>SAUDI ARABIA</td>
<td>41%</td>
</tr>
<tr>
<td>UAE</td>
<td>45%</td>
</tr>
<tr>
<td>QATAR</td>
<td>61%</td>
</tr>
</tbody>
</table>

Source: Dubai Chamber of Commerce
DUBAI

THE FINANCIAL HUB OF MIDDLE EAST
Dubai: Vision & Economic Strengths

“Our vision is clear, our goals are obvious, our strengths are great, our will is strong and we are ready. We want Dubai to be a global center of excellence, creativity and leadership”.

- HH Sh. Mohammed Ruler of Dubai

Dubai’s core strengths remain fundamentally sound

Well diversified economy based on international trade, banking and finance, tourism, information technology and infrastructure.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly sophisticated financial centre</td>
<td>Dubai is ranked 7th as per ‘International Financial Centres Competitive Assessment Report’, a competitive study of 15 key global and regional financial centres done by KPMG</td>
</tr>
<tr>
<td>Favorable business environment</td>
<td>Dubai has been rated very high in ease of doing business ranking 19th globally - World Competitiveness Index</td>
</tr>
<tr>
<td>Strategic location with a strong logistics infrastructure to bolster trade</td>
<td>Trade capacity in UAE has tremendously improved over the years with free-zones like JAFZA and trade growth at 15% in 2013</td>
</tr>
<tr>
<td>Solid tourism sector</td>
<td>Hotel occupancy rates remained high throughout 2013 at 87%, benefitting both tourism and trade activities. - DSC, 2012-13 Report</td>
</tr>
</tbody>
</table>

Dubai GDP Share Breakdown by Economic Sectors – 2012

Source: Dubai Chamber of Commerce

www.dfm.ae
Organizational restructuring of government departments & related entities

Successful debt restructuring across all sectors with zero defaults

GDP is projected to grow at 4%+ and above going forward, as per IMF, way above the average GDP growth of western counterparts

Key Achievements in 2013:

- Dubai GDP growth for 2013 is recorded at 4.9% and expected to grow 4.7% in 2014
- 15%+ growth in direct foreign trade
- 11% growth in tourism as of 2013
- Dubai is ranked 19th in world competitiveness index up five positions from last year
- UAE ranks 14th in AT Kearney FDI Confidence Index serving as main hub in Arab world
- Real estate market is back on track with 20%+ growth in 2013 –making Dubai – the best growth performance internationally.

While challenges remain, the Dubai economy is on a much sounder footing especially as much of the excesses and speculative elements of the economy have been weeded out. What Dubai is now left with is an unparalleled logistics, commercial, retail, communications and transportation infrastructure in the region - and ready for accelerated growth.
Dubai’s strength by international standards

- Sectors qualified to be part of future growth path

Globally fast growing industries with a strong position in Dubai

Globally faster growing sectors
- Financial services
- Tourism
- Trade
- Professional services
- Construction
- Government services

Globally slower growing sectors
- Agriculture
- Electricity/Water
- Manufacturing
- Communication
- Oil and gas

Future global growth 2010–2015

Source: DSP 2015
Only UAE offer a wide array of trade exchanges/products in the entire MENA region
END-OF-PERIOD MARKET CAPITALIZATION
(2003 – Q1, 2014)

All figures in AED Mn

Source: DFM/ND Analytics
DFM exchange has seen a surge in trading driven by improved domestic economic environment and enhanced banking system liquidity. The YTD trading volumes are up 428% YoY on the DFM exchange.
MARKET VELOCITY
DFM PERFORMANCE

VELOCITY
(2003 – Q1, 2014)

Source: DFM Analytics
DFM / NASDAQ DUBAI

TWO EXCHANGES, ONE MARKET
UAE MARKETS: REGULATIONS & OWNERSHIP

Regulatory Authorities

Stock Exchanges

Ownership Structure

SCA (UAE Regulations)

ADX

DFM

NASDAQ Dubai

DFSA (International Regulations)

Government of ABU DHABI

100%

Public Stake

79.62%

20.38%

33.33%
32.1% Index growth in Q1, 2014 as compared to 2013.
Q1, 2014 has been a growth quarter with institutional investor trading hovering around to 26%, however with the MSCI upgrade to emerging market status, a surge in institutional activity is expected in 2nd quarter of the year.
DFM : TRADING ACTIVITY
LOCAL VS. FOREIGN INVESTMENT

UAE VS. Non UAE Trading Activity

Non UAE Trading Activity

Source : Reuters / DFM / ND Analytics
DFM : TRADE MATRICES
SECTOR MIX

Trade Activity – By Sector Q1, 2014

Real Estate, 49.94%

Banking, 22.78%

Financial Services, 16.75%

Transportation, 4.97%

Services, 1.58%

Insurance, 2.61%

Others, 0.02%

* Others includes Consumer Staples and Industrial Sectors

Source : DFM / ND Analytics
DFM: OWNERSHIP
SHARE OWNERSHIP RATIOS

Distribution of Share Ownership Q1, 2014

BY TYPE OF INVESTOR

INSTITUTIONAL, 69.6%
RETAIL, 30.4%

BY NATIONALITY

UAE, 82%
ARAB, 4%
GCC, 5%
OTHERS, 9%

FOREIGN OWNERSHIP AS % OF MARKET CAPITALIZATION

Source: DFM / ND Analytics
DFM : MARKET ACTIVITY
DFM SHARE PRICE

Source: Reuters / DFM / ND Analytics
DFM: REVENUE MIX

Revenue Breakdown 2008-2013

Source: Reuters / DFM / ND Analytics
• Easy accessibility
• No income and capital gains tax
• Non-restricted repatriation of capital
• Minimal foreign exchange risk
• Foreign ownership allowed for most listed companies
• Diverse base of listed companies
• Local and international regulatory framework
• Innovative trading capabilities
• Upgrade to MSCI Emerging Market Status

• G30 Compliance and addressing the gaps

• Organizational restructuring and monetization of financial services

• Initiating investor–centric services to increase liquidity and trading activities post merger

• Smartphone based services

• IPO focus and listings
### Key Features

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>Emerging</th>
<th>DFM / ND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. ECONOMIC DEVELOPMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A.1 Sustainability of economic development</td>
<td>No requirement</td>
<td>Strong economic fundamentals with expected GDP growth of 4.5% for 2013-14</td>
</tr>
<tr>
<td><strong>B. SIZE AND LIQUIDITY REQUIREMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.1 Number of companies meeting the following standard index criteria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Company size (Full market cap)</td>
<td>USD 873 Mn</td>
<td>USD 89 Bn</td>
</tr>
<tr>
<td>ii) Security size (Float market cap)</td>
<td>USD 436 Mn</td>
<td>USD 20 Bn</td>
</tr>
<tr>
<td>iii) Security liquidity</td>
<td>15% ATVR</td>
<td>55%</td>
</tr>
<tr>
<td><strong>C. MARKET ACCESSIBILITY CRITERIA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.1 Openness to foreign ownership</td>
<td>Significant</td>
<td>49% (Current Foreign Ownership – 18%)</td>
</tr>
<tr>
<td>C.2 Ease of capital inflows/outflows</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>C.3 Efficiency of operational framework</td>
<td>Good &amp; tested</td>
<td>Good &amp; tested *</td>
</tr>
<tr>
<td>C.4 Stability of the institutional framework</td>
<td>Modest</td>
<td>Good *</td>
</tr>
</tbody>
</table>

---

*Successful DVP implementation and introduction of SBL as part of G30 compliance*
### Key Features

**UNCHANGED**

1. T+2 settlement cycle;
2. Pre-validation of sell orders will be maintained. This means a seller’s agent trading account with local custodian must have securities balances for pre-validation before a sell order can become a valid order.

**CHANGED**

1. Permitting Local Custodians ability to reject cash and securities settlement of sell trades back to executing Broker for settlement if Local Custodians do not receive (matched) settlement instructions from clients – Local Custodians now have full control of assets [unnecessary to operate dual accounts].
2. Enhancing current rejection process for settlement of purchase trades;
3. Introduction of a Late Confirmation Period of T+4
4. Securities fails handling mechanisms which comprises:
   a. Optional buy-in [between T+2 and T+3]
   b. Mandatory buy-in by DFM on T+4.
   c. Cash close out against the Local Custodian client [if mandatory buy-in against selling Broker by DFM fails on T+4]. Penalties for Late Confirmation.

### Reasons for adopting the changes

1. Reduce risk in Local Brokers having unlimited access to the Local Custodian Client Agent Trading Account.
2. Eliminate the requirement to use a dual account structure.
3. Progression in meeting international best practices under a pre-validation of sale market infrastructure.
4. Facilitate the achievement of Emerging Market status under the MSCI market classification.
New organizational structure

Key Growth Initiatives

- Trading Enhancements
  - Margin Trading
  - Equity Swaps
  - Warrants
  - Enhanced Brokerage Services

- iVESTOR Cards
  - Dividend Distribution
  - Market Data Feed

- Web Advertising
  - Online Subscription
  - IPO initiatives

- e-Reports & e-Services
  - DVP
  - SBL
  - In-house IPO System

DFM

EXCHANGES

DSX
ND
Financial Services
Business Development
CSD
The following initiatives have been taken to support campaign:

2009
- Step by Step “DFM Guide to going public” launched
- IPO Market Study Results from one on one with 40 potential IPO candidates

2010
- IPO Retreat for private, semi-government and family owned businesses.
- MOU with JAFZA (JABAl Ali Free Zones

2011
- Targeted IPO marketing campaign to attract issuers throughout the period

2010 - 2013
- Dialog with top 100 companies in prime position of going public on DFM & NASDAQ Dubai

2012
- Access to Capital Seminar for JAFZA
- Regional IPO Market Study for NASDAQ Dubai
- MOU with Dubai SME
- 2nd Access to Capital Seminar for SME

2013
- NASDAQ Dubai IPO Guide
- Road show for IPO in India & Kuwait.
- 2nd IPO Retreat on November 19th.
In-depth market intelligence and value added services

Robust and reliable trading environment

In-depth IR and trading analysis

Free accessibility of international investors

Investor and consumer visibility

One of the most liquid markets in the G.C.C.

STRATEGIC INITIATIVES
ROBUST ENVIRONMENT FOR FUTURE LISTINGS
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