Dubai Financial Market
Investor Presentation
2014
MENA region: Macroeconomics ........................................ 1
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UAE Capital Markets: DFM / ND / ADX ..................... 10
Two Exchanges, One Market: DFM & ND .................... 16
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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.
GCC REGION:
LIQUIDITY ON THE BACK OF HIGH OIL PRICES – KEY EMERGING MARKET

The UAE, the second biggest Arab economy, is set to record 4% growth in GDP in 2015, led by a focus on adopting industrial policies that will drive sustainable development across the UAE.

-IMF 2015 Forecast

GCC – GDP 2010 - 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</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>4.9%</td>
</tr>
</tbody>
</table>

GCC – Country Ratings 2013

<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 Ranking 2013

<table>
<thead>
<tr>
<th>Region</th>
<th>Competitiveness</th>
<th>Ease of Doing Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCC</td>
<td>25th</td>
<td>30th</td>
</tr>
<tr>
<td>Euro Area</td>
<td>26th</td>
<td>39th</td>
</tr>
<tr>
<td>South Asia</td>
<td>32nd</td>
<td>80th</td>
</tr>
<tr>
<td>MENA</td>
<td>36th</td>
<td>99th</td>
</tr>
</tbody>
</table>

GCC – FDI Share by Country 2013

GCC region accounted for US $24 Bn of FDI funds inflow

- Bahrain, 4.1%
- Kuwait, 7.6%
- Oman, 6.7%
- Qatar, 0.0%
- UAE, 43.3%
- KSA, 38.4%

Source: IMF, World Bank
UAE: GROWTH PROSPECTS

- Strong growth in the non-hydrocarbon sector
- Regional wealth and liquidity creative impact of stable oil prices
- Fiscal discipline with increase in investment spending
- UAE's service driven economy benefitting from the global trade
- US$ 50 B worth of infrastructural projects still under construction in UAE

UAE Import/Export (% Growth)

Oil / Gas as % of GDP (2013)

Source: Dubai Chamber of Commerce
DUBAI

THE FINANCIAL HUB OF MIDDLE EAST
“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.

### Strengths

<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 12th 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</td>
</tr>
</tbody>
</table>

**Dubai GDP Share Breakdown by Economic Sectors – 2013**

- Real Estate & Construction: 25%
- Trade: 28%
- Hotels & Restaurants: 6%
- Other Sectors: 6%
- Government Sector: 4%
- Transportation: 12%
- Manufacturing: 11%
- Financial Sector: 10%
- Transportation: 12%
- Other Sectors: 6%

Source: Dubai Chamber of Commerce, Dubai Statistic Centre, IMF
Dubai plan to become the Capital of Islamic Economy in the next 3 years

Dubai plan to become the Capital of Islamic Economy in the next 3 years

DUBAI: ISLAMIC ECONOMY INITIATIVE

Initiative:
The vision of His Highness Sheikh Mohammed, Ruler of Dubai, to transform Dubai into the capital of the Islamic economy has given a different resonance to this fast-growing sector of global economy. Dubai has indeed a row of strengths to take on that status.

The Strength:
1. The geo-economics of Dubai and the combination of Eastern and Western cosmocultures, makes it easier to do business and more accessible to the key regions of Africa, the Levant, the GCC and Asia.
2. The legal and judiciary systems in Dubai guarantee the necessary security for business and FDI.
3. World class Infrastructure and expertise

DFM Participation

Islamic Economy

Islamic Jurisdiction

Islamic Finance

Halal Certification

1. Sukuks
2. Sharia Compliant Derivative Product
3. New Islamic IPOs
DUBAI: RECENT EVENTS

- 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 2014:

- Dubai GDP growth for 2014 is expected at 4.7%
- Foreign direct trade grew past AED 1 trillion mark in the first 9 months of 2014
- Dubai ranks 5th among top global destinations for travelers
- Dubai is ranked 8th in world competitiveness index up four 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 23%+ growth in 2014 –making Dubai – one of the top performing market globally.

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.

Source: IMF / Dubai Chamber AT Kearney / JLL
Dubai's strength by international standards

Globally fast growing industries with a strong position in Dubai

Globally faster growing sectors

Future global growth 2010–2015

Globally slower growing sectors

Very weak

Average

Strong

Sectors qualified to be part of future growth path

Source: DSP 2015

www.dfm.ae
CAPITAL MARKETS
UNITED ARAB EMIRATES
Only UAE offer a wide array of trade exchanges/products in the entire MENA region.
MARKET CAPITALIZATION
LIQUIDITY REVIEW


All figures in AED Mn

24.2% growth in market capitalization in 2014

Source: DFM/ND Analytics
The DFM exchange has seen a surge in trading driven by improved domestic economic environment and MSCI upgrade. The year end trading volumes are up 136% on the DFM exchange.
TRADE VALUES:
DFM PERFORMANCE

AVERAGE TRADED VALUE - DFM
(2003 – 2014)

All figures in AED ‘000

Source: DFM/ND Analytics
MARKET VELOCITY
DFM PERFORMANCE

VELOCITY *
(2003 – 2014)

Source: DFM/ND Analytics
UAE MARKETS: REGULATIONS & OWNERSHIP

**Regulatory Authorities**
- SCA (UAE Regulations)
- DFSA (International Regulations)

**Stock Exchanges**
- ADX (Abu Dhabi Securities Exchange)
- DFM (Dubai Financial Market)
- NASDAQ Dubai

**Ownership Structure**
- Government of Abu Dhabi: 100%
- ADX: 79.62%
- DFM: 79.62%
- NASDAQ Dubai: 66.67%
- Public Stake: 20.38%
- 33.33%
12% Index growth in 2014

Source: DFM/ND Analytics
DFMGI is among the top 10 best performing markets in the world.

Index performance of global exchanges 2014

Source: Reuters / DFM / ND Analytics
2014 has been a growth year with institutional investor trading hovering around to 28%, with the MSCI upgrade to emerging market status.

Source: DFM/ND Analytics
DFM : TRADING ACTIVITY
UAE VS. FOREIGN TRADING

UAE VS. Non UAE Trading Activity

Non UAE Trading Activity

Source : DFM/ND Analytics
Table: Trade Activity – By Sector 2014

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>REAL ESTATE</td>
<td>63.10%</td>
</tr>
<tr>
<td>BANKING</td>
<td>16.28%</td>
</tr>
<tr>
<td>FINANCIAL SERVICES</td>
<td>13.72%</td>
</tr>
<tr>
<td>TELECOM</td>
<td>0.87%</td>
</tr>
<tr>
<td>OTHERS</td>
<td>1.25%</td>
</tr>
<tr>
<td>INSURANCE</td>
<td>1.30%</td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>3.47%</td>
</tr>
</tbody>
</table>

*Others includes Services, Consumer Staples and Industrial Sectors

Source: DFM/ND Analytics
Distribution of Share Ownership 2014

BY TYPE OF INVESTOR

- Retail, 26%
- Institutional, 74%

BY NATIONALITY

- UAE, 83.7%
- GCC, 4.8%
- Others, 9.0%
- Arab, 2.5%

FOREIGN OWNERSHIP AS % OF MARKET CAPITALIZATION

- 2006: 10%
- 2007: 13%
- 2008: 8%
- 2009: 12%
- 2010: 12%
- 2011: 11%
- 2012: 12%
- 2013: 16%
- 2014: 16%

Source: DFM/ND Analytics
DFM Share Price Movement 2014

Source: DFM/ND Analytics
## DFM: FINANCIALS
### Revenue Mix

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Commission Fees</td>
<td>374.7</td>
<td>158.7</td>
<td>76.8</td>
<td>114.8</td>
<td>341.6</td>
<td>806.0</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>91.5</td>
<td>73.2</td>
<td>54.6</td>
<td>45.3</td>
<td>53.4</td>
<td>75.4</td>
</tr>
<tr>
<td>Other Fee Income</td>
<td>36.7</td>
<td>31.9</td>
<td>51.9</td>
<td>37.0</td>
<td>63.7</td>
<td>86.9</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>502.9</td>
<td>263.8</td>
<td>183.3</td>
<td>197.1</td>
<td>458.7</td>
<td>968.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>43.1</td>
<td>57.2</td>
<td>56.6</td>
<td>57.5</td>
<td>71.7</td>
<td>78.7</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>18.7</td>
<td>28.6</td>
<td>29.6</td>
<td>24.6</td>
<td>28.0</td>
<td>30.9</td>
</tr>
<tr>
<td>Rent</td>
<td>5.8</td>
<td>9.0</td>
<td>9.2</td>
<td>7.6</td>
<td>7.6</td>
<td>7.9</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11.3</td>
<td>17.2</td>
<td>16.7</td>
<td>10.8</td>
<td>7.0</td>
<td>6.5</td>
</tr>
<tr>
<td>Amortization</td>
<td>75.9</td>
<td>75.9</td>
<td>75.9</td>
<td>62.4</td>
<td>62.4</td>
<td>62.4</td>
</tr>
<tr>
<td>Other Expense</td>
<td>1.5</td>
<td>3.4</td>
<td>9.5</td>
<td>2.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>156.3</td>
<td>191.3</td>
<td>197.5</td>
<td>165.2</td>
<td>176.7</td>
<td>186.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1.0)</td>
<td></td>
</tr>
<tr>
<td>Revaluation of Investments - Trading</td>
<td>-</td>
<td>1.0</td>
<td>(0.4)</td>
<td>-</td>
<td>-</td>
<td>(22)</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>-</td>
<td>5.5</td>
<td>7.9</td>
<td>3.2</td>
<td>3.5</td>
<td>(0.5)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>346.6</td>
<td>79.0</td>
<td>(6.9)</td>
<td>35.2</td>
<td>284.6</td>
<td>759.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>0.04</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td>0.04</td>
<td>0.09</td>
</tr>
</tbody>
</table>

Source: Reuters / DFM / ND Analytics
DFM : FINANCIALS
REVENUE MIX & GROWTH

Revenue Breakdown 2009-2014

Trading Commission Fees
Net Investment Income
Other Fee Income

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
STRATEGIC INITIATIVES
ADDRESSING FUTURE GROWTH

• 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
• Smartphone based services
• IPO focus and listings (4 New IPO in 2014 – Marka / Emaar Malls / Amanaat / Dubai Parks)
Key criteria’s for Emerging Market status

DFM has met all eligibility criteria’s for MSCI upgrade and is been moved to Emerging Market status effective June 2014

### 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>Strong economic fundamentals with expected GDP growth of 4% for 2015</td>
</tr>
<tr>
<td>A.1 Sustainability of economic development</td>
<td>No requirement</td>
<td></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>3</td>
<td>12</td>
</tr>
<tr>
<td>ii) Security size (Float market cap)</td>
<td>USD 873 Mn</td>
<td>USD 97 Bn</td>
</tr>
<tr>
<td>iii) Security liquidity</td>
<td>USD 436 Mn</td>
<td>USD 25 Bn</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></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
PRE & POST MSCI UPGRADE 2014

UAE vs. Foreign Ratios (Average):

<table>
<thead>
<tr>
<th></th>
<th>UAE</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holdings</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>Trading</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td></td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>56%</td>
<td>44%</td>
</tr>
</tbody>
</table>

PRE-UPGRADE
Jan – Apr 2014

Month of UPGRADE
May–June 2014

POST UPGRADE
July 2014 -
## 32 STRATEGIC INITIATIVES
COMPLYING WITH INTERNATIONAL BEST PRACTICES

### Delivery Vs. Payment: Enhancements

#### DvP methodology has been successfully implemented at DFM as of 2012-13. Further enhancements are carried out in 2013-14

#### Key Features

<table>
<thead>
<tr>
<th>UNCHANGED</th>
<th>CHANGED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. T+2 settlement cycle;</td>
<td>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].</td>
</tr>
<tr>
<td>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.</td>
<td>2. Enhancing current rejection process for settlement of purchase trades;</td>
</tr>
<tr>
<td></td>
<td>3. Introduction of an irrevocable rejection on T+2 and a late confirmation period of T+4</td>
</tr>
<tr>
<td></td>
<td>4. Securities fails handling mechanisms which comprises:</td>
</tr>
<tr>
<td></td>
<td>a. Optional buy-in [between T+2 and T+3]</td>
</tr>
<tr>
<td></td>
<td>b. Mandatory buy-in by DFM on T+4.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>d. Buyer cash compensation in the unlikely event securities are available for delivery.</td>
</tr>
</tbody>
</table>

#### 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.
STRATEGIC INITIATIVES
ORGANIZATIONAL RESTRUCTURING

New Organizational Structure

EXCHANGES

DFM

DSX
ND
Financial Services
Business Development
CSD

Key Growth Initiatives

• Trading Enhancements
  • Margin Trading
  • Sukuk & Murabaha Trading
  • Equity Swaps
  • Warrants
  • Enhanced Broker Services (eBAR)

• iVESTOR Cards
  • Dividend Distribution
  • Market Data Feed
  • eIPO

• Web Advertizing
  • Online Subscription
  • IPO initiatives
  • Enhanced Issuer Services (eSAR)

• e-Reports
• e-Services
• DVP
• SBL
• EFSAH
The following initiatives have been taken to support the campaign:

- **2009**
  - Step by Step “DFM Guide to going public” launched
- **2010**
  - IPO Market Study Results from one on one with 40 potential IPO candidates
  - IPO Retreat for private, semi-government and family owned businesses.
  - MOU with JAFZA
- **2011**
  - Research over 500 companies in prime position of going public on DFM & NASDAQ Dubai
- **2012**
  - Access to Capital Seminar for JAFZA Dubai
  - Regional IPO Market Study for NASDAQ Dubai
  - MOU with Dubai SME
- **2013**
  - 2nd Access to Capital Seminar for SME
  - NASDAQ Dubai IPO Guide
- **2014**
  - Road show for IPO in India & Kuwait.
  - 2nd IPO Retreat on November 19th, 2013
  - MARKA, Emaar Mall, Amanaat, Dubai Parks IPO listing on DFM
  - 10+ new IPO in the pipeline to be listed in the coming months
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