



# Investor Presentation

5<sup>th</sup> of March 2018



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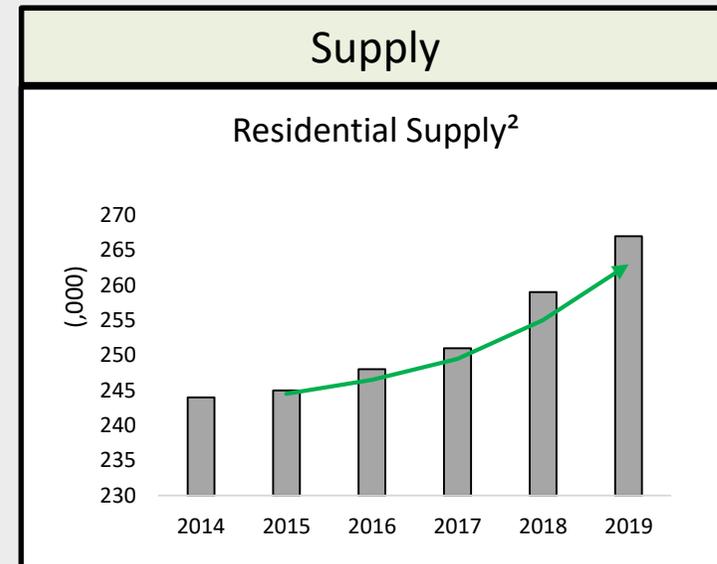
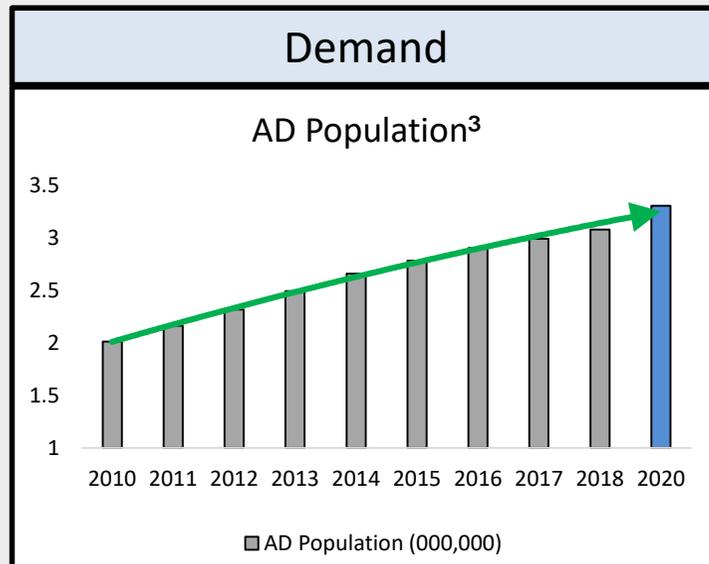
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# ABU DHABI REAL ESTATE MARKET DRIVERS

- ❑ Strong Abu Dhabi macro environment – one of the few remaining ‘AA’ rated economies
- ❑ Abu Dhabi Vision 2030 – non-oil GDP diversification
  - ❑ Real GDP is expected to reach approximately 1,020 billion in 2022 growing at an average annual increase of 4.3% between 2017 and 2022<sup>1</sup>.
- ❑ Residential real estate drivers
  - ❑ Population
  - ❑ Housing formations
  - ❑ Rotation of stock
- ❑ Aldar plays a pivotal role in the real estate sector as it is responsible for approximately one third of total new residential supply entering the market in 2018



<sup>1</sup> Oxford Economics, Jan '18

<sup>2</sup> JLL Realestate Overview, Jan '18

<sup>3</sup> SCAD, Jan '18

# ALDAR PROPERTIES PJSC OVERVIEW

BBB and Baa2 rated (S&P and Moody's respectively)

Leading Abu Dhabi developer and asset manager behind the Emirate's most iconic and complex projects



Incorporated and listed on the Abu Dhabi Stock Exchange in 2005

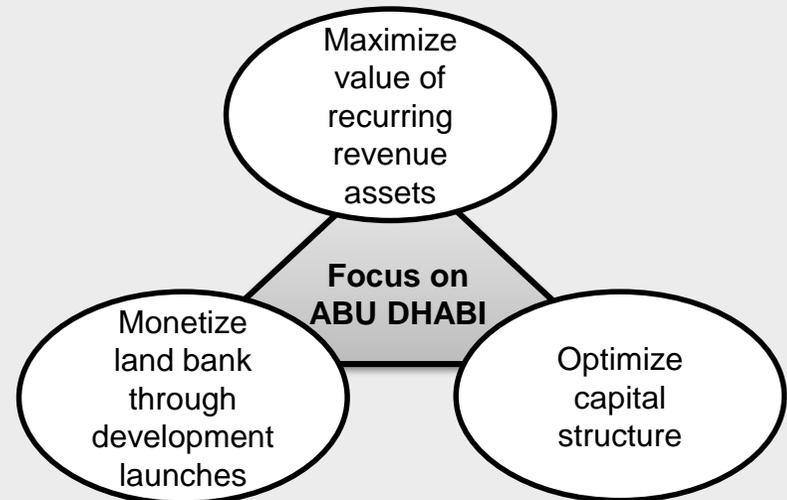
Strong financial position and conservative financial debt policies to optimize gross debt capacity across the business

Two principle businesses – development and asset management

Strategic partner of Abu Dhabi Government – Aligned with Abu Dhabi Plan 2030

\$ 4.6 <sup>1</sup> billion market cap	<ul style="list-style-type: none"> <li>S&amp;P rating: BBB</li> <li>Moody's rating: Baa2</li> </ul>
\$ 425m NOI (2017)	\$1.4 billion investment plan
Govt partner of choice	\$5 billion AM assets

## The strategy



<sup>1</sup> Market capitalization as at 21 Feb 2018



# 2017 AT A GLANCE



Launch and sale of The Bridges on Reem Island



Launch and sale of Water's Edge on Yas Island



Completion of International Tower acquisition



Commenced handover of Ansam and Al Hadeel

## OPERATIONAL HIGHLIGHTS

- \$953 million full year development sales value
- \$425 million recurring revenue NOI guidance met, supported by a strong Q4
- Resilient asset management occupancy performance throughout 2017

## FINANCIAL HIGHLIGHTS

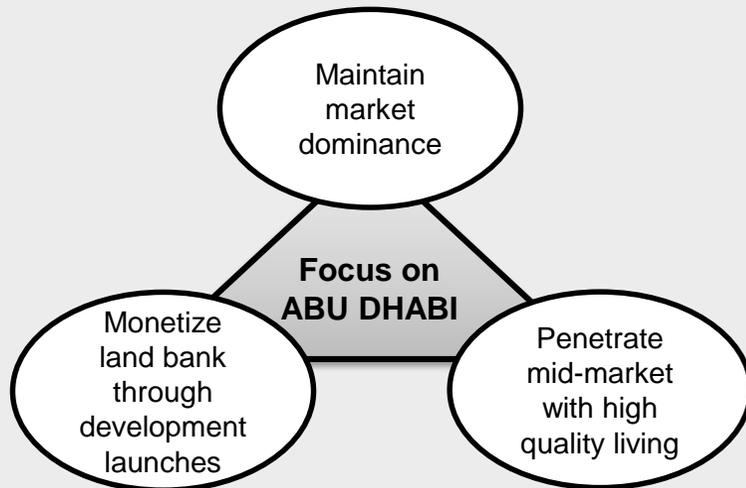
- \$1.7 billion revenue (2016: \$1.7 billion)
- \$735 million gross profit (2016: \$735 million)
- \$545 million net profit (2016: \$762 million)
- 2017 dividend of 12 fils proposed, 9% increase on 2016

# DEVELOPMENT OVERVIEW

## Where we stand today

- ❑ Aldar plays a pivotal role in the real estate sector
  - ❑ Largest real estate developer in Abu Dhabi - \$940 million in sales in 2017
  - ❑ Delivering approximately one third of new residential supply into the market
- ❑ Efficient and desirable development business generating strong margins – c.\$300 million stabilized EBITDA per year
- ❑ Over 7,000 units currently launched into market – focused around infrastructure enabled destinations

10 current projects	7,000 units launched
\$ 1.1 billion revenue backlog	75 million sqm land bank in Abu Dhabi
Strong gross profit margins	Launch cycle of 1,500 units per year



## Development strategy

- Focused around core infrastructure enabled destinations
  - Five major residential projects under development on Yas Island
- Addressing underserved segments in the market
- Launch cycle of 1,500 units per year through the cycle

# 2017 DEVELOPMENT HIGHLIGHTS

## DEVELOPMENT SALES ACTIVITY

- Development sales value of \$953 million
  - Strong Q4 – \$300 million across over 600 units, driven by sales at Water's Edge and West Yas
- 1,900 units launched in 2017 – ahead of 1,500 unit guidance
- 83% sold across all Aldar units launched as at 31 December 2017

## CONTRACT AWARDS

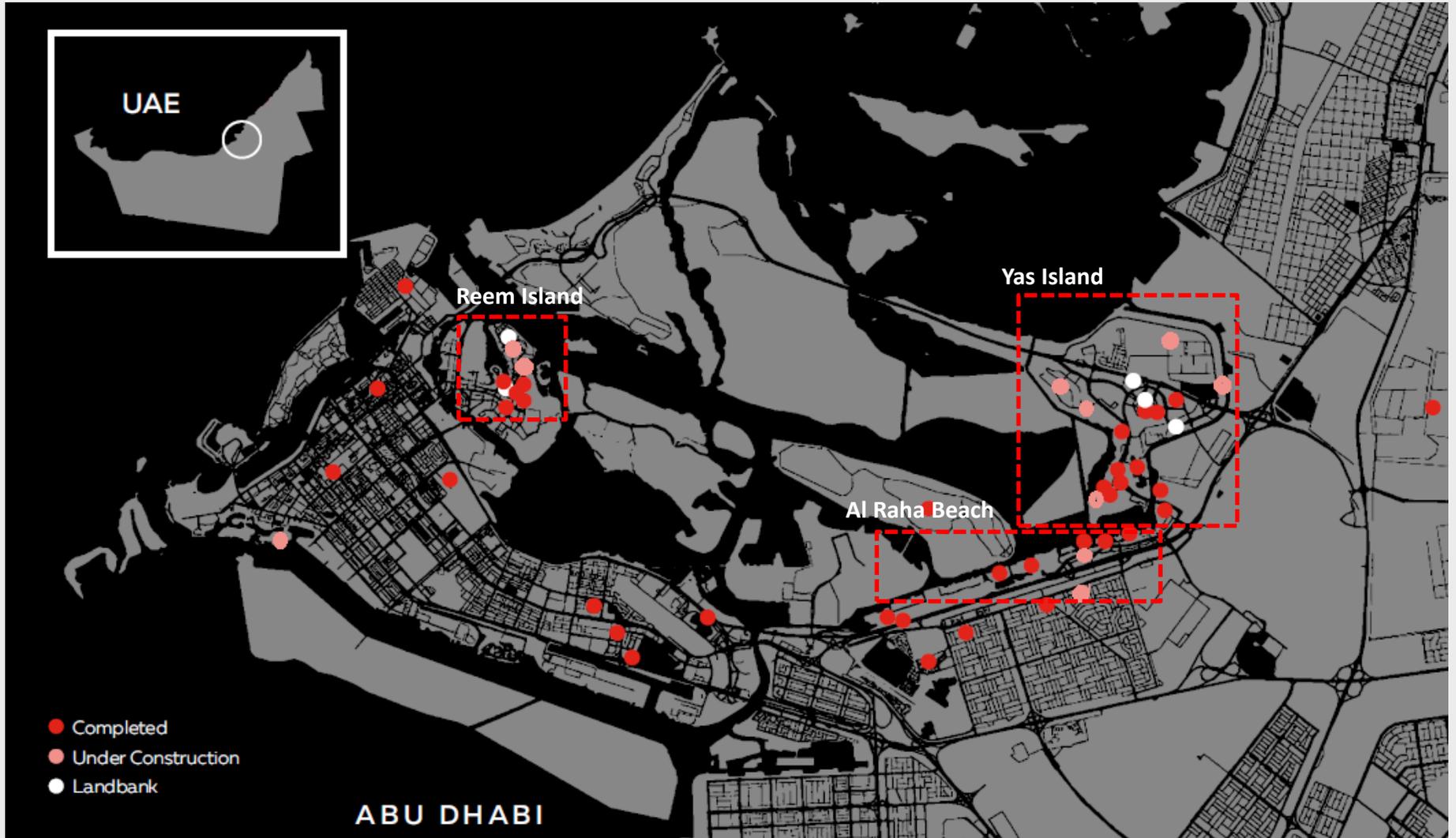
- \$816 million contract awards in 2017 across Yas Acres, Mayan and The Bridges

## DEVELOPMENT MANAGEMENT

- Key projects on track – West Yas to commence handovers from Q1 2018



# ABU DHABI MAP





# CLEAR DEVELOPMENT PIPELINE OVER COMING YEARS

*AED \$2.9 BILLION (AED 10.5 Billion) IN SALES ACROSS CURRENT PROJECTS*

**Al Merief: 281 units  
(100% sold)**



**Nareel: 147 units  
(59% sold)**



**Meera: 408 units  
(91% sold)**



**The Bridges: 1,272 units  
(93% sold)**



**Q4 2017**

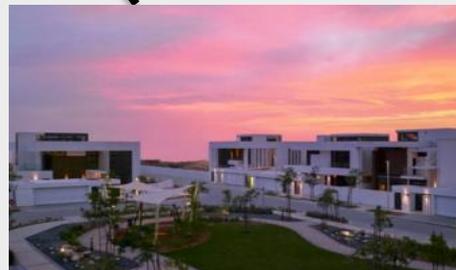
**2018**

**2019**

**2020**



**Ansam: 552 units (93% sold)  
Al Hadeel: 233 units (93% sold)**



**West Yas: 1,010 units (71% sold)**



**Yas Acres 652 units (66% sold)  
Mayan: 512 units (81% sold)**



**Water's Edge: 2,255 units  
(P1-3 79% sold)**

# \$5 BILLION ASSET MANAGEMENT PORTFOLIO

## RETAIL

~15-20% of total market stock under management



470,000 sqm GLA across 25 assets

94% Yas Mall trading occupancy



## RESIDENTIAL

High-quality residential portfolio across Abu Dhabi



4,800 units across 10 developments

36% Bulk tenants as at Dec 2017



## COMMERCIAL

~10% of total Abu Dhabi market stock



243,000 sqm GLA across 7 office assets

75% Government and GRE lease tenants



## HOSPITALITY

~10% of total Abu Dhabi market stock



2,500 hotel key rooms across 9 hotels

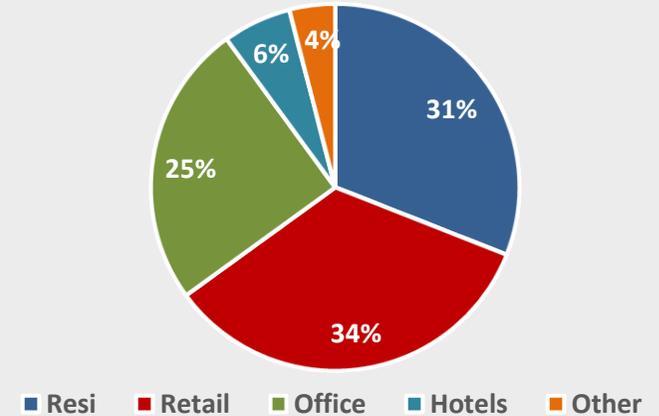
90% hotel keys located on Yas Island



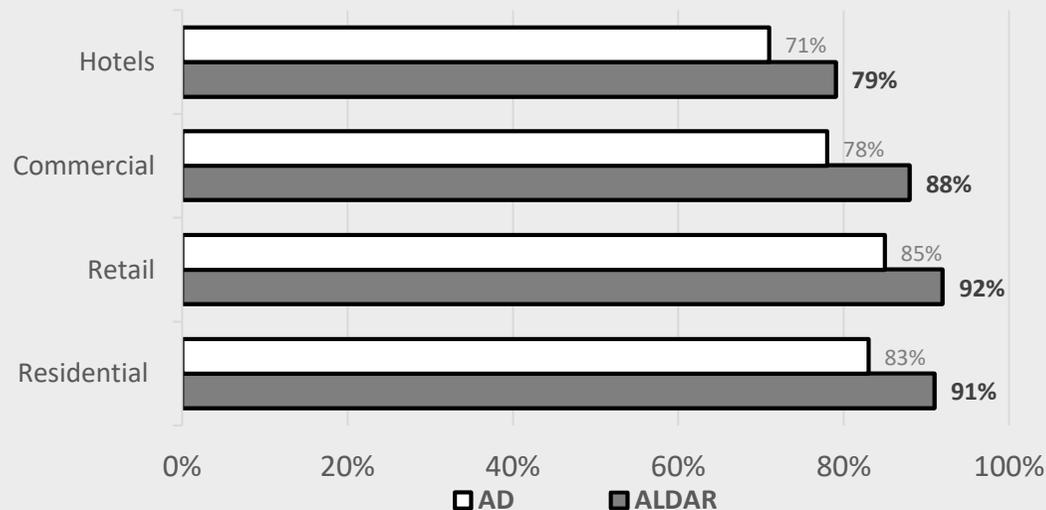
# ASSET MANAGEMENT PERFORMANCE

- ❑ Large and diverse \$5 billion asset management business generating \$425 million of NOI
- ❑ \$1.4 billion investment plan in place that will drive both long and short term NOI growth
- ❑ Outperforming wider market across all sectors supported by high quality real estate offering in prime locations

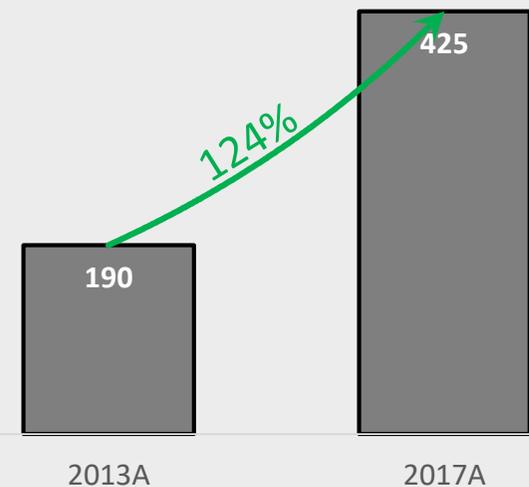
2017FY NOI breakdown



Asset Performance (occupancy)

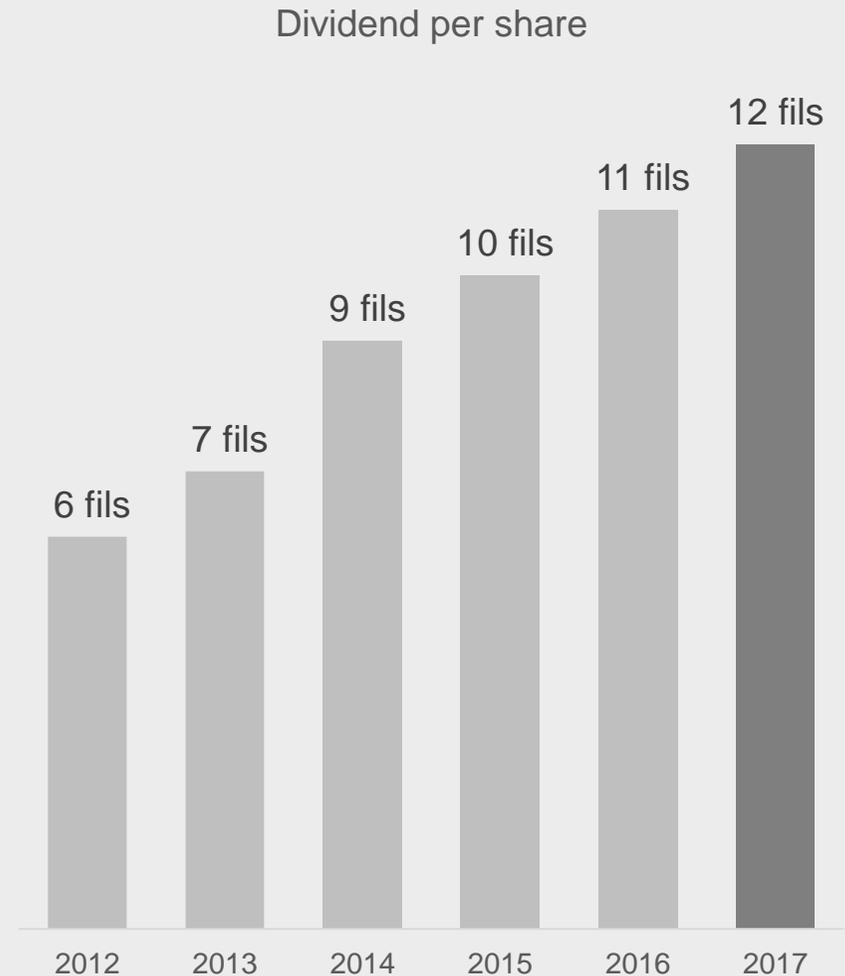


NOI growth (\$ million)



## FOCUS ON SHAREHOLDER RETURN

- Progressive dividend over last six years, supported by growth and stabilization of recurring revenues
- Formalised asset management and development dividend policy provides clear and transparent shareholder returns
- 2017 proposed dividend of 12 fils per share
  - 65 - 80% distributable FCF pay-out
  - 20 - 40% of realized profit upon completion
- \$1.4 billion investment plan to grow both long and short term NOI
- Robust and desirable development pipeline ensures year on year development profits
- Fully dedicated to maximising shareholder returns



# SUMMARY

## **Strong development business**

- Develop in infrastructure enabled destinations
- Tapping into market demand – high quality, mid-market residential

## **High quality, diverse asset management business**

- High-quality diversified \$5 billion asset portfolio
- Resilient performance despite softer market backdrop delivered \$425 million NOI
- Target long and short term NOI growth through \$1.4 billion investment plan

## **Group strategy remains unchanged**

- Strong cash and liquidity position
- Highest non-financial UAE credit rating (BBB & Baa2: S&P & Moody respectively)
- Transparent financial debt and dividend policies for both development and asset management

## Appendix

# FINANCIAL STATEMENTS – PROFIT AND LOSS



AED millions	Q4 2017	Q4 2016	2017 FY	2016 FY
Revenues	1,869	1,411	6,180	6,237
Direct costs	(1,096)	(889)	(3,525)	(3,598)
<b>Gross profit</b>	<b>773</b>	<b>552</b>	<b>2,655</b>	<b>2,639</b>
<i>Gross profit Margin</i>	<i>41%</i>	<i>37%</i>	<i>43%</i>	<i>42%</i>
SG&A expenses	(143)	(112)	(407)	(404)
Depreciation and Amortization	(48)	(50)	(186)	(199)
Gain on disposals	-	-	4	14
Share of profit from associates/ JVs	(1)	13	42	67
Other Income	127	475	636	954
Finance expense	(68)	(62)	(254)	(241)
Finance income	37	31	125	120
Fair value gains/ (losses), provision/ reversal for impairments	(532)	(109)	(613)	(198)
<b>Net Profit for the period</b>	<b>144</b>	<b>707</b>	<b>2,006</b>	<b>2,752</b>
<b>Attributable to:</b>				
Owners of the Company	141	728	1,996	2,782
Non-controlling interests	3	(21)	10	(30)
<b>Profit for the period</b>	<b>144</b>	<b>707</b>	<b>2,006</b>	<b>2,752</b>
<i>Basic and diluted earnings per share (fils)</i>	<i>2</i>	<i>9</i>	<i>25</i>	<i>35</i>

# FINANCIAL STATEMENTS – BALANCE SHEET



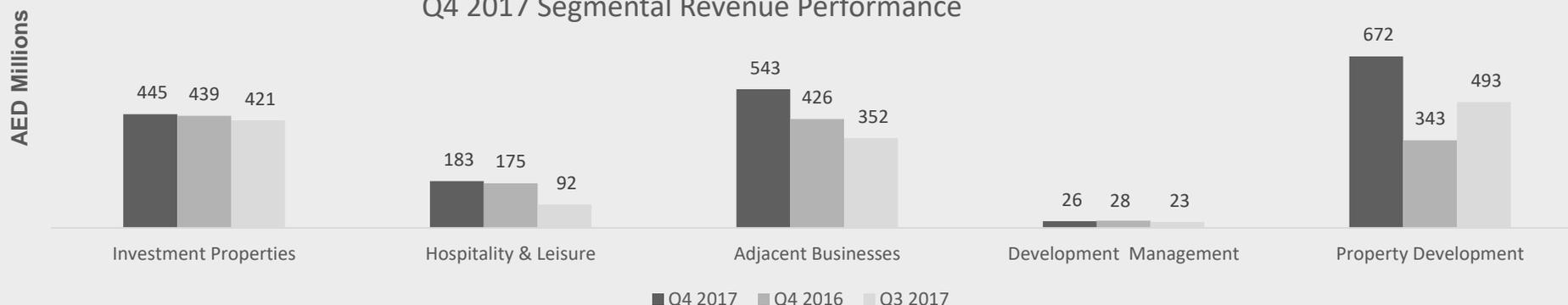
AED millions	As at 31 Dec 2017	As at 31 Dec 2016
Property, plant and equipment	2,931	2,986
Investment properties	16,077	15,773
Development work in progress	1,477	1,298
Inventory	2,593	2,449
Receivables	5,353	5,263
Cash	6,885	6,696
Other Assets	1,082	1,096
<b>Total Assets</b>	<b>36,397</b>	<b>35,561</b>
Equity	23,235	22,086
Debt	5,956	5,564
Payables, Advances and Other Liabilities	7,206	7,911
<b>Total Liabilities and Equity</b>	<b>36,397</b>	<b>35,561</b>

# QUARTERLY SEGMENTAL ANALYSIS



**Q4 2017 recurring revenues of AED 796 million (Q4 2016: AED 787 million, Q3 2017: AED 666 million) <sup>1</sup>**

### Q4 2017 Segmental Revenue Performance



**Q4 2017 recurring revenues gross profit of AED 438 million (Q4 2016: AED 424 million, Q3 2017: AED 360 million) <sup>1</sup>**

### Q4 2017 Segmental Gross Profit Performance

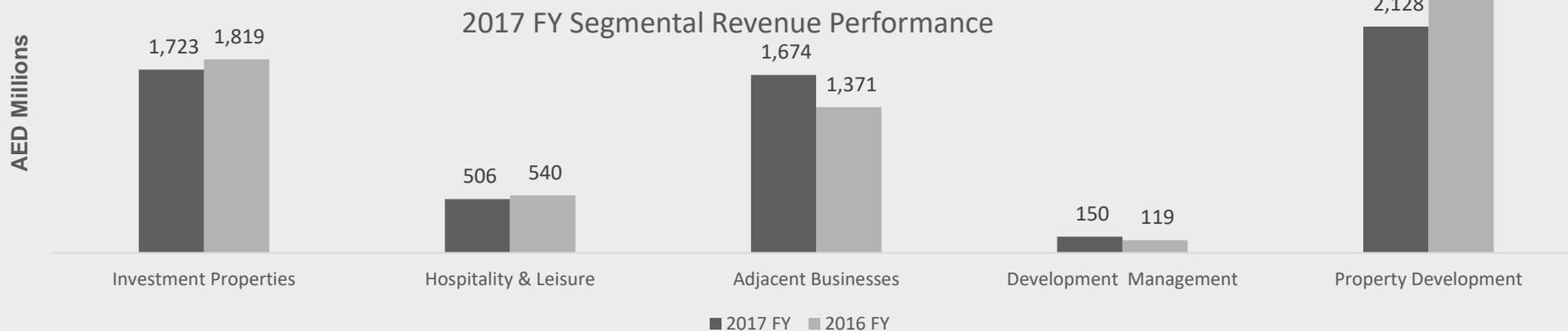


<sup>1</sup> Recurring revenues assets include Investment Properties, Hospitality & Leisure, Operative Villages, Schools (Aldar Academies) and Property & Facilities Management (Khidmah). Q4 2017 recurring revenues excludes Pivot revenue of AED375m (Q4 2016 revenue: AED253m, Q3 2017 revenue: AED198m), Q4 2017 recurring revenues gross profit excludes Pivot gross loss of AED1m (Q4 2016 gross loss: AED65m, Q3 2017 gross profit: AED1m). NB: Prior results segmental analysis included a separate Operative Villages segment, this now forms part of Investment Properties.

# FULL YEAR SEGMENTAL ANALYSIS



**2017 FY recurring revenues of AED 2,851 million (2016 FY: AED 2,945 million) <sup>1</sup>**



**2017 FY recurring revenues gross profit of AED 1,557 million (2016 FY: AED 1,584 million) <sup>1</sup>**



<sup>1</sup> Recurring revenues assets include Investment Properties, Hospitality & Leisure, Schools (Aldar Academies) and Property & Facilities Management (Khidmah)

2017 FY recurring revenues excludes Pivot revenue of AED1,052m (2016 FY revenue: AED785m)

2017 FY recurring revenue gross profit excludes Pivot gross profit of AED4m (2016 FY gross loss: AED107m)

NB: Prior results segmental analysis included a separate Operative Villages segment, this now forms part of Investment Properties

# GOVERNMENT TRANSACTIONS



Transaction (AEDm)	Remaining cash inflows			Remaining P&L events
	2018	2019	Total	Other income
Sale of Al Raha Beach Land <sup>1</sup>	285	190	475	-
Infrastructure recoverables <sup>2</sup>	363	256-535	619-898	201-480 <sup>3</sup>
	<b>648</b>	<b>446-725</b>	<b>1,094-1,373</b>	<b>201-480</b>

<sup>1</sup> Al Raha Beach land plot handed over in Q3 2016 with a payment plan structure

<sup>2</sup> Cash flow timing depends on handover of related assets

<sup>3</sup> Additional infrastructure reimbursement submissions made to Government of Abu Dhabi, subject to approval

# THANK YOU

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