



# INVESTOR PRESENTATION

MAY 2017

## DISCLAIMER

---

This disclaimer governs the use of this presentation. You must not rely on the information in the presentations and alternatively we recommend you to seek advice from an appropriately qualified professional. If you have any specific questions about any matter in this presentation you should consult an appropriately qualified professional.

The statements made in this presentation are only forward thinking statements. Such statements are based on expectations and are subject to a number of risks and uncertainties that could differ materially from any expected outcome or results expressed or implied in these statements.

Without prejudice to the generality of the foregoing paragraph, we do not represent, warrant, undertake or guarantee that the information in the presentation is accurate or use of guidance in the presentation will lead to any particular outcome or result.

We will not be liable to you in respect of any business losses, including without limitation loss of or damage to profits, income, revenue, use, production, anticipated savings, business, contracts, commercial opportunities reputation or goodwill.

# ALDAR AT A GLANCE

- Leading Abu Dhabi developer behind the Emirate's most iconic and complex projects
  - Ferrari World, Yas Marina F1 circuit, World Trade Centre, The Gate Towers, Yas Island, Al Raha Beach and Shams Abu Dhabi infrastructure
- Incorporated and listed on the Abu Dhabi Stock Exchange in 2005
- 75 million sqm land bank
- Large and diverse AED 18 billion asset management business
- Strategic partner of the Government of Abu Dhabi
  - Aligned with Abu Dhabi Plan 2030
- Clear dividend policy providing transparency and visibility on shareholder returns

AED 17.5<sup>1</sup> billion  
market cap

23,000 residential  
units delivered to  
date

AED 1.6 billion  
NOI guidance  
(2017E)

3,400 off-plan  
residential units  
currently launched  
– over 80% sold

AED 2.8 billion net  
profit in 2016FY  
(+8%)

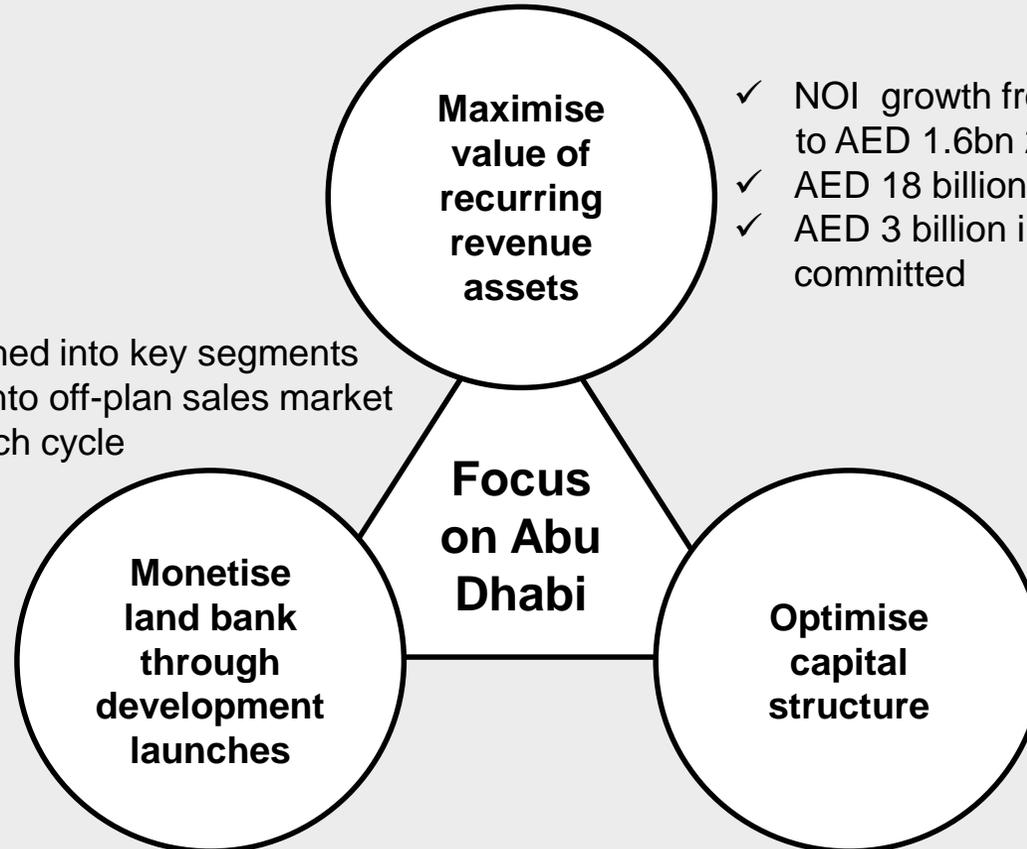
11 fil per share  
dividend for  
2016FY  
(+10%)

<sup>1</sup> Market capitalization as at 9 May 2017

# BUSINESS OVERVIEW

	Developer		Asset Manager		Adjacent businesses
Features	75 million sqm land bank	1,500 unit off-plan launch cycle	AED 18 billion assets	AED 1.6 billion NOI (2017E)	Education (Aldar Academies)
	Focus on key destinations	6.1 million approved GFA	Diverse revenue mix	Target 40% growth in NOI by 2020	Property and facilities management (Khidmah)
Debt policy	Currently unlevered		35-40% LTV		Construction (Pivot)
Dividend policy	Discretionary dividend on handover		65-80% distributable FCF pay-out		

# EXECUTION OF STRATEGY



- ✓ 7 developments launched into key segments
- ✓ 2,800 units launched into off-plan sales market
- ✓ 1,500 unit annual launch cycle

- ✓ NOI growth from AED 0.7bn in 2013 to AED 1.6bn 2016
- ✓ AED 18 billion asset valuation
- ✓ AED 3 billion investment growth plan committed

- ✓ Maintain financial flexibility in line with investment grade parameters
- ✓ Extended debt maturities
- ✓ Formalised dividend policy

## KEY MESSAGES

---

### **Strong development business**

- 1,500 units per year launch guidance – AED 3 billion sales value target in 2017
- Destination development around Yas Island, Shams Abu Dhabi and Al Raha Beach
- Tapping into market demand – high quality, mid-market residential

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

- Resilient 2016 performance despite softer market backdrop
- 2017 NOI guidance flat – AED 1.6 billion
- Committed to growth of NOI growth – AED 3 billion investment plan now fully committed

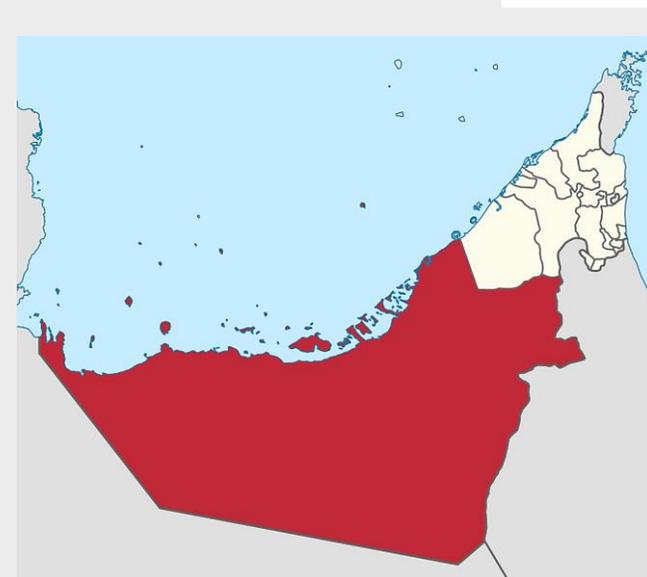
### **Group strategy remains unchanged**

- Financial position remains strong
- Formal dividend policy in place provides transparency and visibility on shareholder returns
- Capital structure – efficient and sustainable

# ABU DHABI MACRO OVERVIEW



- Strong 'AA' rated economy
  - Net assets 282% of GDP – one of the highest globally<sup>1</sup>
  - GDP per capita \$75k<sup>2</sup>
  - Government debt 3.6% of GDP<sup>1</sup>
  - C.6% of global oil reserves
- Low oil prices driving fiscal reform and operational efficiency
  - Increased non-oil net revenues from removal of fuel/utility subsidies, additional municipality charges and the introduction of VAT from 2018
  - Government operational expenditure cut by 30-35% in 2016<sup>4</sup>
- .... but capital investment programme continued to support diversification strategy
  - Nuclear power plant, increased oil capacity, road networks
  - Midfield airport terminal, Louvre museum, Warner Bros and Sea World parks
- Confidence and growth from here
  - Oil stabilising at c\$55/bbl post OPEC supply cut agreement
  - Projected fiscal surplus in 2017 and c.4.5% surpluses from 2018<sup>2</sup>
  - Total GDP growth projected at c.2.7% pa out to 2020<sup>2</sup>
  - Non-oil economy represents c.62% of total GDP and estimated to grow at 4.0-4.5% out to 2018<sup>2</sup>
  - 2.8m population expected to rise to 3.5m by 2020<sup>2</sup>



Abu Dhabi map

## Abu Dhabi context

- Capital and largest Emirate in UAE (over 80% of the total land)
- Population of 2.8 million (2015), a 80% increase since 2008
- FY16E nominal GDP of USD209 billion<sup>2</sup> – representing c.60% of total UAE nominal GDP
- 49% of 2015 GDP<sup>3</sup> is generated from hydrocarbon sector
- 2.0% real GDP growth (FY16E)<sup>2</sup>
- 2.8% inflation (CPI) (FY16E)<sup>2</sup>
- Key global oil producer and exporter – 7th largest oil reserves in the world (92bn barrels)
- Transition and investment underway to develop a more diversified economy

<sup>1</sup> Source: Fitch January 2017

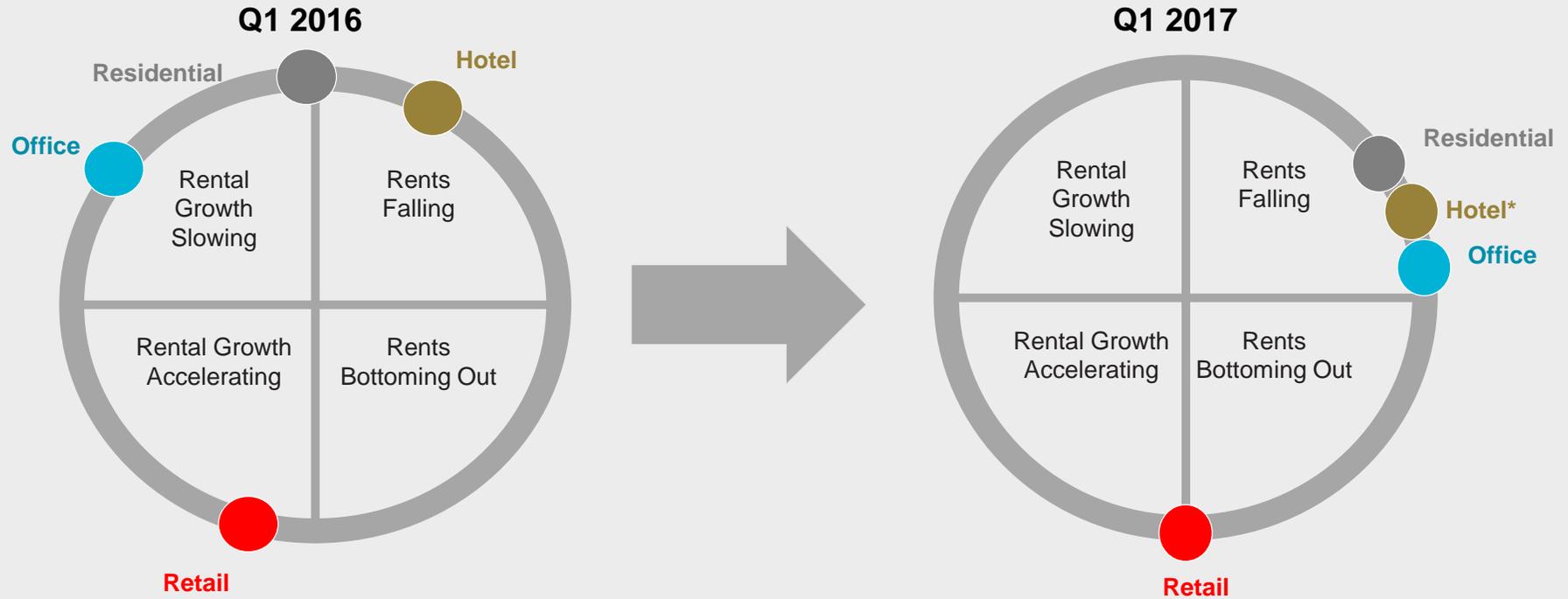
<sup>2</sup> Source: S&P, February 2017

<sup>3</sup> Source: Statistical Centre for Abu Dhabi (SCAD)

<sup>3</sup> Source: Abu Dhabi Sovereign Bond Prospectus 2016

# Q1 2017 REAL ESTATE MARKET OVERVIEW

**Residential saw continued decline, while retail, office and hotels remained relatively stable**



\* Hotel clock reflects the movement of RevPAR  
 Source: JLL Q1 2017 Abu Dhabi Real Estate Market Overview

# DEVELOPMENT OVERVIEW

## Where we stand today

- 8 major projects at various stages of development
- 3,400 units currently launched to market to date
- AED 3.9 billion revenue backlog as at 31 Mar 2017
- Fully owned land bank and key GFA approvals in place

## Development strategy

- Focused around core destinations
- Untapped segments in the market
- Launch cycle of 1,500 units per year

8 current projects

3,400 units launched

AED 3.9 billion revenue backlog

75 million sqm land bank

6.1 million sqm approved GFA across 3 key destinations

Launch cycle of 1,500 units per year

# DESTINATION DEVELOPMENT – YAS ISLAND

## Growing local population

- Aldar currently has over 3,500 units under development
- Bring c.10,000 residents onto Yas Island by 2020
- Further projects under review

## Government – enabling key tourism infrastructure

- Existing projects – Ferrari World, Yas Waterworld, Yas Marina F1 race track and Yas Marina
- New projects under construction – c.\$6bn between Yas South, Warner Bros and SeaWorld
- Target 30 million visitors by 2018 and 48 million by 2022
- New Midfield terminal to expand capacity



Yas Island projection 2020

# KEY DEVELOPMENT OPPORTUNITIES

## Mid-market opportunity

- Success of Meera – over 90% sold to date
- Underserved income brackets remain for residential real estate in Abu Dhabi
- Further capacity for high quality, mid-market product

## Land sales have featured in the past

- As master developer, its important to bring other developers into these destinations
- Currently marketing over 20 plots across Shams Abu Dhabi, Yas Island and Al Raha Beach with a gross value of AED 2.1 billion

Location	Plots	GFA ('000 sqm)	Value (AEDm)
Yas Island	7	294	800
Shams	13	624	1,300
Al Raha Beach	1	17	40
<b>Total</b>	<b>21</b>	<b>935</b>	<b>2,140</b>

## NEW REAL ESTATE LAW

- Introduced from 1 January 2016 – a significant step forward for the Abu Dhabi real estate sector
- Key features
  - Enhanced industry regulation
  - Mandatory escrow accounts
  - Title deeds and registry
  - Strata title
  - Enhanced protections for off-plan purchasers
  - Clarity around mortgage enforcement
- New laws create a more stable, robust and transparent legal platform for owning, investing in, developing and financing real estate in Abu Dhabi
  - Small amount of institutional money historically invested into Abu Dhabi real estate
  - Changing buyer base – owner occupier vs investor, buyer demographics

## DEVELOPMENT OUTLOOK

- Focus remains on untapped segments of the market – mid-market and release of further phases of existing projects (Yas Acres and Mayan)
- 1,500 unit guidance remains
- Opportunistic land sales
- Target AED 3.0 billion sales value for 2017

# ASSET MANAGEMENT OVERVIEW

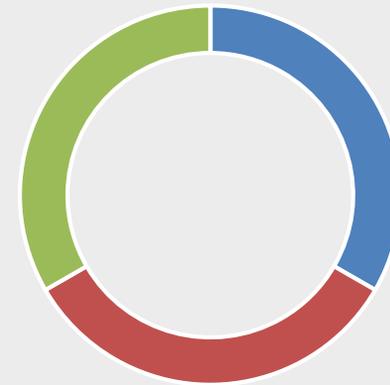
## Large and diverse asset base

- AED 18 billion asset value across retail, residential, office and hotels
- Diverse NOI contribution
- Strong occupancy performance across asset classes

## Committed to growth

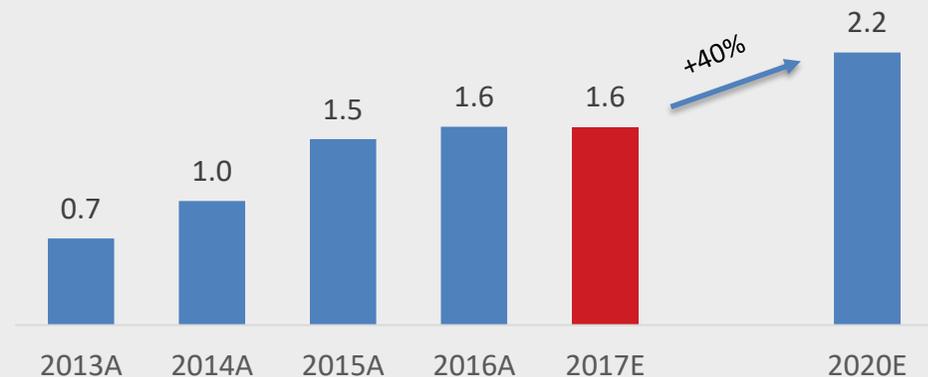
- Track record of delivering growth over last few years on handover of key assets
- Target 40% growth in NOI by 2020
  - Organic growth of existing assets
  - AED 3 billion investment plan now fully committed

Diverse NOI contribution (2016E split)



■ Residential ■ Retail ■ Office, hotels and other

Growth of NOI set to grow (AED billions)



## ASSET MANAGEMENT PERFORMANCE



**470,00**

sqm GLA across 25  
retail assets

**95%**

Yas Mall  
trading occupancy



**4,800**

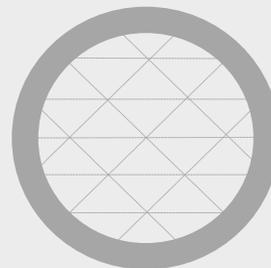
Residential units  
across 10  
developments

**90%**

Mar 2017 residential  
occupancy

**35%**

Bulk tenants as at  
Mar 2017



**204,000**

sqm GLA across 7  
office assets

**95%**

Mar 2017 office  
occupancy

**77%**

Government and  
GRE lease tenants



**2,500**

hotel key rooms  
across 9 hotels

**84%**

Q1 2017 average  
occupancy

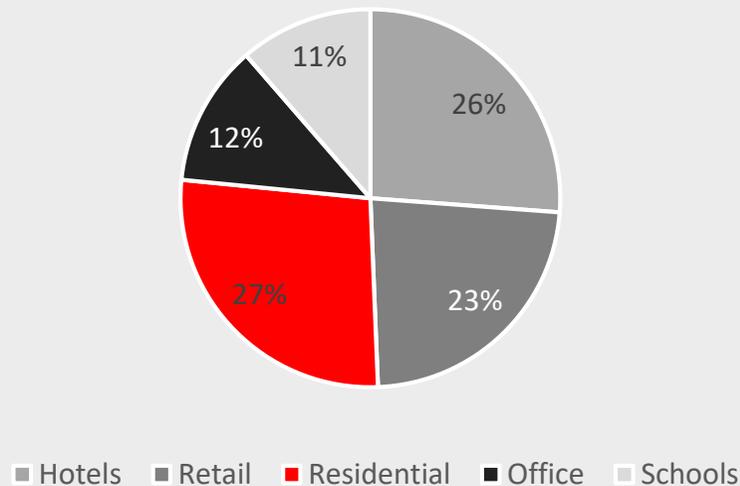
**90%**

hotel keys located  
on Yas Island

# AED 3 BILLION INVESTMENT PLAN FULLY COMMITTED

- AED 3 billion now fully committed, including 8 assets across residential, retail, office, hotels and schools
- 90% investment plan allocated to development projects – achieve higher yield on cost
- Produce AED 300 million stabilised NOI
- Continue to monitor opportunities in the market

Investment split by asset class



Al Mamoura school, opened in Sep 2016



Daman House, acquired in Dec 2015

## ASSET MANAGEMENT SUMMARY

### 2016

- Resilient, high-quality asset base
- Solid occupancy performance despite market conditions
- Achieved original NOI target

### 2017

- 2017 NOI guidance remains at AED 1.6 billion
- AED 3 billion investment plan now fully committed – four further projects
- Expect investment opportunities to exist in the market
- 2020 NOI target unchanged – AED 2.2 billion

# CAPITAL STRUCTURE

---

## Debt policy

- Operating in line with debt policy to maintain 35-40% LTV against the 100% owned investment properties and operating businesses
- AED 5.5 billion gross debt as at 31 mar 17 – no further significant pay down of debt expected
- 3.25 years weighted average debt maturity as at 31 Mar 17
- Debt capacity will grow as we build out recurring revenue business to achieve 2020 target
- S&P and Moody's upgrades – BBB (Aug-16) and Baa2 (Feb-17) respectively

## Development business funding

- Fully paid land bank – 75 million sqm
- Escrow accounts
- Changing payment plan terms
- Modest working capital funding requirement anticipated

# DIVIDEND POLICY

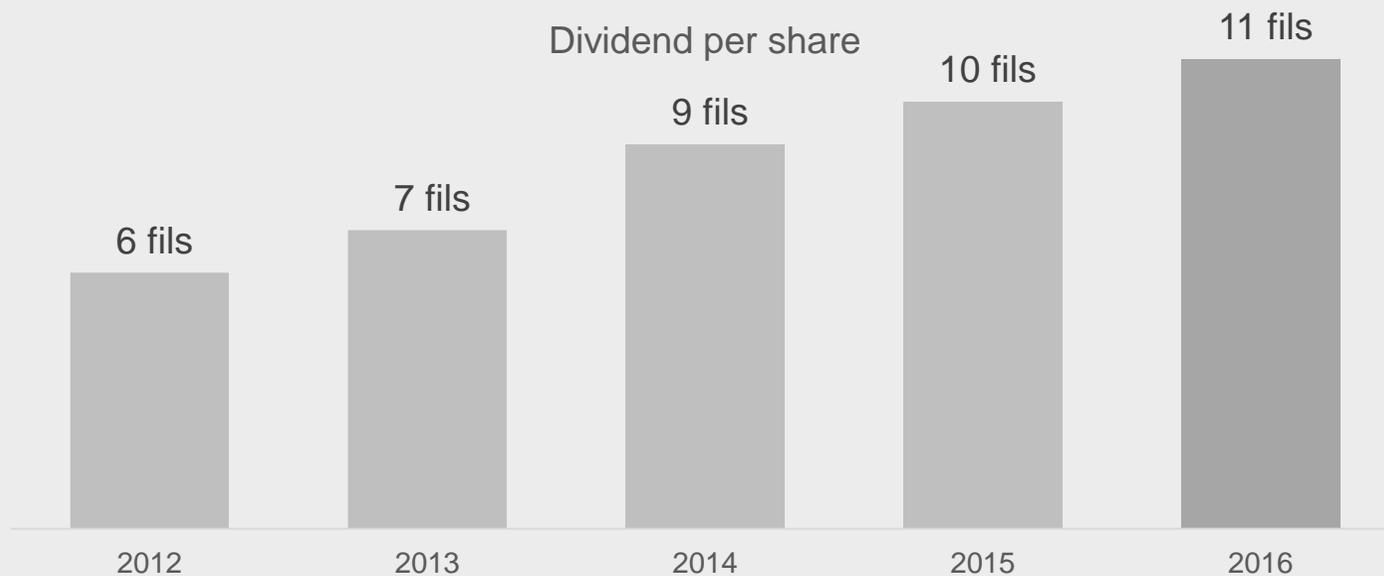
		Asset management business		Development business
Policy	Pay-out factor	Distributable free cash flow <sup>1</sup>	+	Realised profit
	Range	65-80%		Discretionary
Methodology/ key drivers		Net operating income Less: Interest expense Maintenance capex Overheads		

- New dividend policy applicable from 2016
- Based on the cash flow performance of the asset management and development businesses
  - Asset management dividend component based on 65-80% distributable free cash flow of 100% owned recurring revenue assets
  - Development dividend component based on a discretionary percentage of realized cash profit on off-plan project completion

<sup>1</sup> Distributable free cash flow from 100% owned investment properties and operating businesses – recurring revenues excluding Khidmah (only 60% owned)

## FOCUS ON SHAREHOLDER RETURN

- Progressive dividend over last five years, supported by growth and stabilization of recurring revenues
- Formalised dividend policy provides clear and transparent shareholder returns
- 2016 proposed dividend of 11 fils per share
  - Top-end of distributable free cash flow pay-out range
  - No development dividend component – no handovers during the year



## SUMMARY

---

### **Strong development business**

- 1,500 units per year launch guidance – AED 3 billion sales value target in 2017
- Destination development around Yas Island, Shams Abu Dhabi and Al Raha Beach
- Tapping into market demand – high quality, mid-market residential

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

- Resilient 2016 performance despite softer market backdrop
- 2017 NOI guidance flat – AED 1.6 billion
- Committed to growth of NOI growth – AED 3 billion investment plan now fully committed

### **Group strategy remains unchanged**

- Financial position remains strong
- Formal dividend policy in place provides transparency and visibility on shareholder returns
- Capital structure – efficient and sustainable

**APPENDIX**

# DEVELOPMENT SUMMARY TABLE – 31 MAR 17



Project	Location	Recognition	Launch date	Q1 2017		Total as at 31 Mar 2017 *							Expected completion
				Sold units <sup>1</sup>	Sold unit sales value (AEDm) <sup>1</sup>	Sold units <sup>1</sup>	Sold unit sales value (AEDm) <sup>1</sup>	Units launched	% sold	Revenue recognition %	Revenue recognised	Revenue backlog	
Ansam	Yas Island	Over-time	2014	5	9	504	840	547	92%	71%	594	246	2017
Hadeel	Al Raha Beach	Over-time	2014	1	2	214	426	233	92%	67%	284	142	2017
Nareel	Abu Dhabi Island	Over-time	2015	10	85	86	1,097	147	59%	68%	746	351	2017
Merief	Khalifa City	Over-time	2015	-	-	281	609	281	100%	11%	68	541	2018
Meera	Reem Island	Over-time	2015	5	8	371	461	408	91%	39%	179	282	2018
Mayan	Yas Island	Over-time	2015	8	16	405	726	512	79%	0%	-	726	2019
Yas Acres	Yas Island	Over-time	2016	21	74	427	1,583	652	65%	0%	-	1,583	2019
The Bridges	Reem Island	Over-time	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2020
<b>Aldar developments</b>				<b>50</b>	<b>195</b>	<b>2,288</b>	<b>5,742</b>	<b>2,780</b>	<b>82%</b>		<b>1,871</b>	<b>3,871</b>	
West Yas	Yas Island	n/a	2015	148	666	572	2,559	1,017	56%				
<b>Total developments</b>				<b>198</b>	<b>861</b>	<b>2,860</b>	<b>8,301</b>	<b>3,797</b>	<b>75%</b>				

<sup>1</sup> Sold units and sold units sales value includes all units where a sales purchase agreement ("contract") has been signed. This does not include sales reservations and pending sales contracts. Total units and values as at period end are net of cancellations.

# Q1 2017 FINANCIAL STATEMENTS



AED millions	Q-o-Q		2016FY
	Q1 2017	Q1 2016	
Revenues	1,578	1,232	6,237
Direct costs	(825)	(690)	(3,598)
<b>Gross profit</b>	<b>753</b>	<b>542</b>	<b>2,639</b>
<i>Gross profit Margin</i>	<i>48%</i>	<i>44%</i>	<i>42%</i>
SG&A expenses	(86)	(102)	(404)
Depreciation and Amortization	(50)	(48)	(199)
Gain on disposals	-	15	14
Share of profit from associates/ JVs	16	18	67
Other Income	83	253	954
Finance expense	(61)	(59)	(241)
Finance income	31	29	120
Fair value gains/ (losses), provision/ reversal for impairments	(45)	8	(198)
<b>Net Profit for the period</b>	<b>641</b>	<b>654</b>	<b>2,752</b>
<b>Attributable to:</b>			
Owners of the Company	637	649	2,782
Non-controlling interests	4	5	(30)
<b>Profit for the period</b>	<b>641</b>	<b>654</b>	<b>2,752</b>
<i>Basic and diluted earnings per share (fils)</i>	<i>0.08</i>	<i>0.08</i>	<i>0.35</i>

AED millions	Q-o-Q	
	As at 31 Mar 2017	As at 31 Dec 2016
Property, plant and equipment	2,951	2,986
Investment properties	15,770	15,773
Development work in progress	1,391	1,298
Inventory	2,519	2,449
Receivables	5,057	5,263
Cash	6,975	6,696
Other Assets	1,084	1,096
<b>Total Assets</b>	<b>35,747</b>	<b>35,561</b>
Equity	21,865	22,086
Debt	5,519	5,564
Payables, Advances and Other Liabilities	8,363	7,911
<b>Total Liabilities and Equity</b>	<b>35,747</b>	<b>35,561</b>

## GOVERNMENT TRANSACTIONS

Transaction (AEDm)	Remaining cash inflows			Remaining P&L events
	2017	2018	Total	Other income
Sale of F1 Race Track	348	-	348	-
Sale of Al Raha Beach Land <sup>1</sup>	285	475	760	-
Shams Infrastructure Reimbursement <sup>2</sup>	300	-	300	340
	<b>933</b>	<b>475</b>	<b>1,408</b>	<b>340</b>

<sup>1</sup> Al Raha Beach land plot handed over in Q3 2016 and recognized through the P&L

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

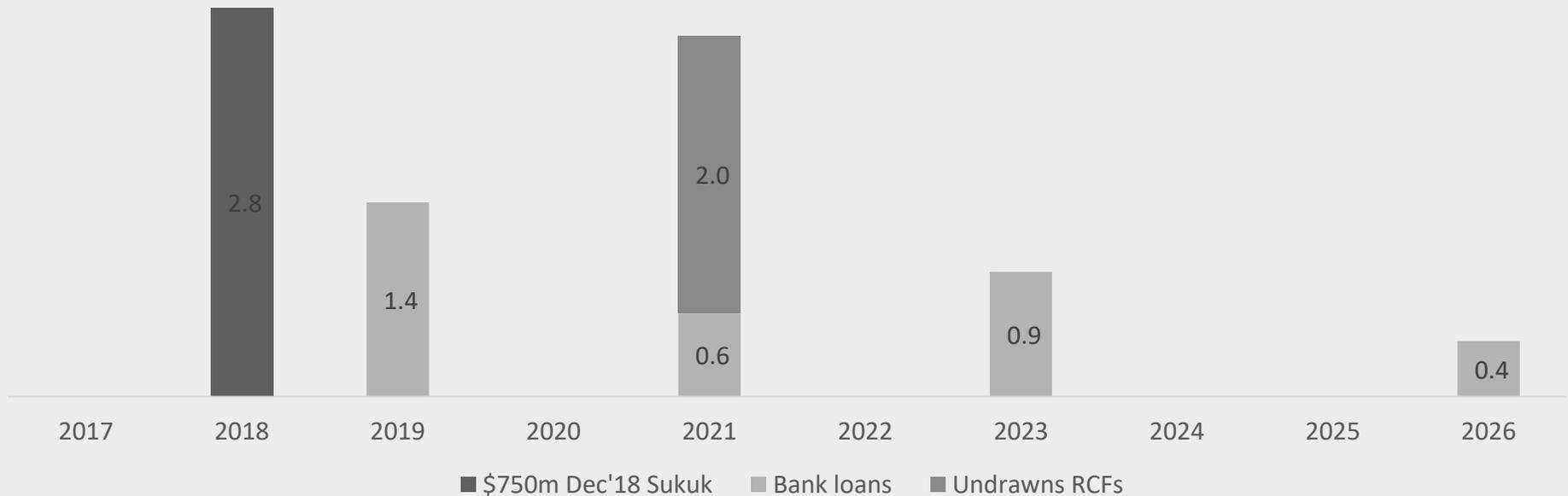
<sup>3</sup> Excludes AED 0.3 bn of on-balance sheet infrastructure recoverables outstanding as at 31 Mar 17 (31 Dec 16: AED 0.3 bn)

## FISCAL CHANGES IN ABU DHABI

Sector	Previously	Recent changes
Residential	n/a	Introduction of a 3% municipality fee on annual rent for expats
Hotels	6% tourism fee	Introduction of a 4% municipality fee and AED15/night destination charge
Retail	n/a	5% VAT on rent (from 1 January 2018) and 5% VAT on retail goods
Office	n/a	5% VAT on rent (from 1 January 2018)
Utilities	Heavy subsidies to utility pricing for both locals and expats	Subsidies reduced for locals and removed for expats
Fuel	Fixed, low-cost pricing	Monthly repricing based on oil price performance over last calendar month

# CREDIT OVERVIEW

Debt maturity profile 2017-2026 (AED billion)



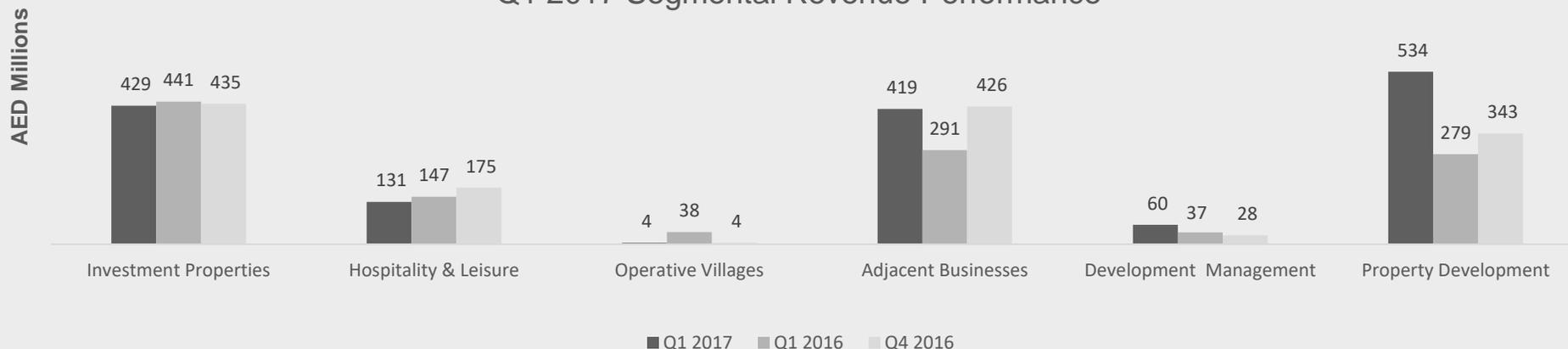
- Weighted average debt maturity is 3.25 years (31 Mar 17)
- C.45% debt is fixed (\$750m sukuk)
- Q1 2017 blended interest rate 3.5%

Credit rating summary		
Moody's	Baa2	Feb-17
S&P	BBB	Aug-16

# QUARTERLY SEGMENTAL ANALYSIS

**Q1 2017 recurring revenues of AED 723 million (Q1 2016: AED 749 million, Q4 2016: AED 787 million) <sup>1</sup>**

### Q1 2017 Segmental Revenue Performance



**Q1 2017 recurring revenues gross profit of AED 402 million (Q1 2016: AED 417 million, Q4 2016: AED 424 million) <sup>1</sup>**

### Q1 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 (PFM) (Khidmah)  
 Q1 2017 recurring revenues excludes Pivot revenue of AED262m (Q1 2016 revenue: AED168m, Q4 2016 revenue: AED253m),  
 Q1 2017 recurring revenue gross profit excludes Pivot gross profit of AED5m (Q1 2016 gross profit: AED8m, Q4 2016 gross profit: AED65m)

# FULL YEAR SEGMENTAL ANALYSIS

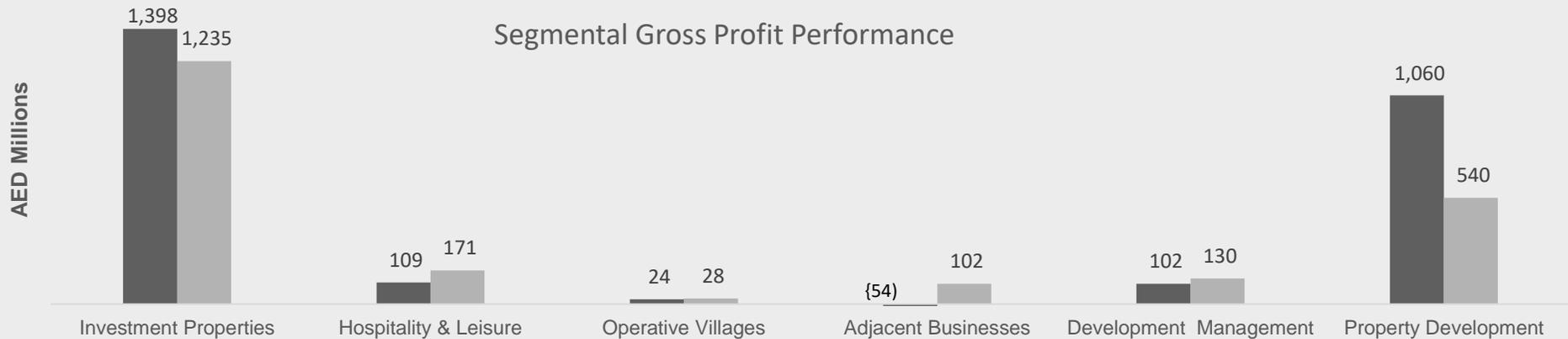
**2016FY recurring revenues of AED2,945 million (2015FY: AED2,865 million) <sup>1</sup>**

Segmental Revenue Performance



**2016FY recurring revenues gross profit of AED1,584 million (2015FY: AED1,505 million) <sup>1</sup>**

Segmental Gross Profit Performance



<sup>1</sup> Recurring revenues assets include Investment Properties, Hospitality & Leisure, Operative Villages, Schools (Aldar Academies) and Property & Facilities Management (PFM) (Khidmah)  
 2016 FY recurring revenues excludes Pivot revenue of AED785m (2015 FY revenue: AED451m)  
 2015 FY recurring revenue gross profit excludes Pivot gross loss of AED107m (2015 FY gross profit: AED31m)

# BUSINESS OVERVIEW



## Development

Property Development

- Current projects – Ansam, Hadeel, Nareel, Merief, Meera, Mayan and Yas Acres

Development Management

- Development management projects including Abu Dhabi Plaza Kazakhstan and West Yas
- National Housing Initiative – no active projects

## Asset management

Retail

- 470,000 sqm GLA across 27 assets

Residential

- 4,800 units across 10 developments

Office

- 204,000 sqm GLA across 7 assets

Hotels

- 2,536 keys across 9 hotels

Other

- Operative villages

## Adjacent Businesses

Schools

- Aldar Academies – 100% owned

Property & Facilities Management

- Khidmah – 60% owned

Construction

- Pivot – 65.2% owned

# DEVELOPMENT PROJECTS FOCUSED AROUND DESTINATIONS

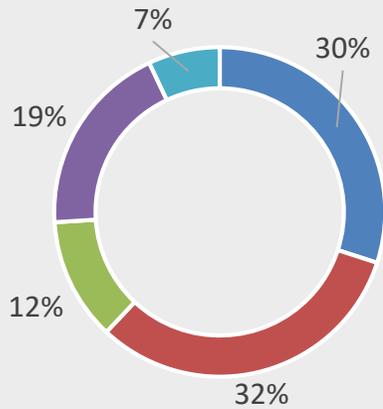
Project	Location	Launch	Details	Expected completion	Announced	Launched	Sold at Q1'17
<b>Ansam</b>	Yas Island	2014	Prime apartments and townhouses	2017	547	547	92%
<b>Hadeel</b>	Al Raha Beach	2014	Prime apartments and townhouses	2017	233	233	92%
<b>Nareel</b>	Abu Dhabi Island	2015	High-end villa plots	2017	146	146	59%
<b>Merief</b>	Khalifa City	2015	Villa plots	2018	281	281	100%
<b>Meera</b>	Reem Island	2015	Mid-market apartment	2018	408	408	91%
<b>Mayan</b>	Yas Island	2015	Prime apartments and townhouses	2019	800	512	79%
<b>Yas Acres</b>	Yas Island	2016	Villas and townhouses	2019	1,315	652	65%
<b>The Bridges</b>	Reem Island	2017	Mid-market apartments	2020	636	636	n/a



# RESIDENTIAL PORTFOLIO

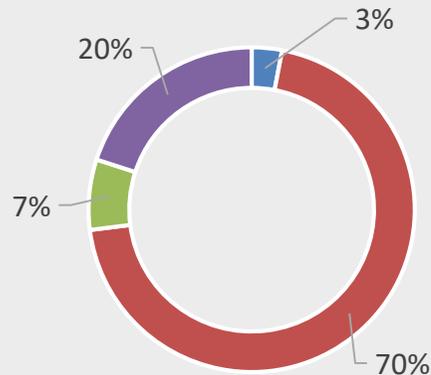
- 4,800 units across 10 developments
- 31 March 2017 occupancy at 90%
- 35% of units on bulk deals
- ‘Flight to quality’ remains true – tenants want newer units with better facilities

Units split by type



■ 1-bed ■ 2-bed ■ 3-bed ■ Villa & T/Hs ■ Other

Split by lease length



■ Under 1yr ■ 1-2yrs ■ 2-5yrs ■ 5yrs+



Al Rayyana – 1,537 residential units, 100% owned



Gate Towers, Shams Abu Dhabi

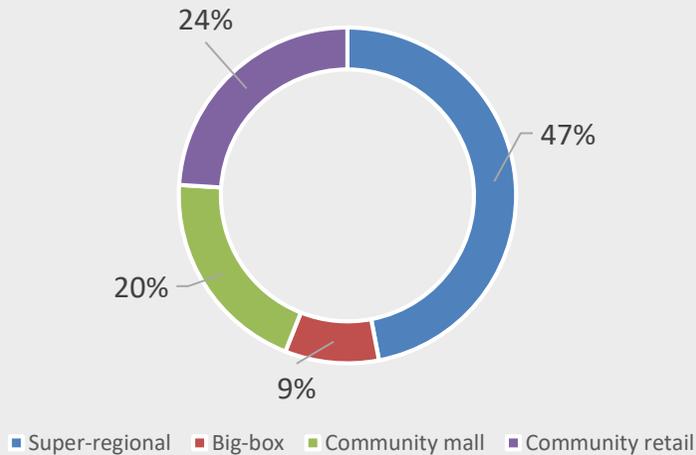
# RETAIL PORTFOLIO

- Retail strategy to own the local convenience store and destination mall
- 470,000 sqm GLA across 25 assets
- GLA split between super-regional, big box, community retail and community malls
- Reinvesting into existing asset to improve consumer experience
- Yas Mall 95% trading occupancy as at 31 Mar 17



Shams Boutik, Shams Abu Dhabi

Retail asset mix



Al Jimi Mall, 45,000 sqm GLA

# OFFICE PORTFOLIO

- 204,000 sqm GLA across 7 assets
- 95% occupancy across portfolio as at 31 December 2016
- 77% GLA leased to Government or GRE
- Limited renewals over 2017 – sub 5% GLA
- Weighted average remaining maturity is 4.5 years

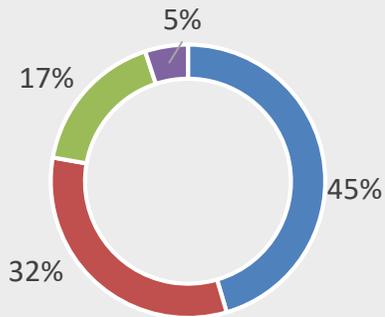


Baniyas Towers – 43,000 sqm GLA



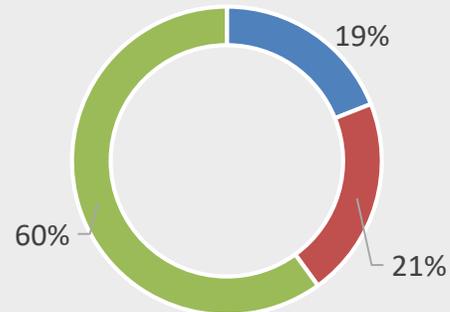
HQ Building, 48,000 sqm GLA

Tenant mix



■ Government ■ GRE ■ Corporate ■ Vacant

Remaining lease maturity

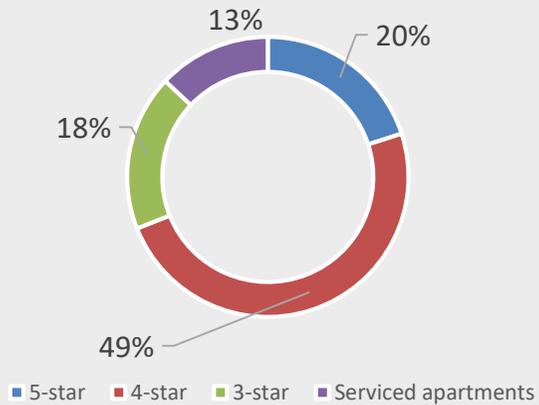


■ 0-3 years ■ 3-5 years ■ Over 5 years

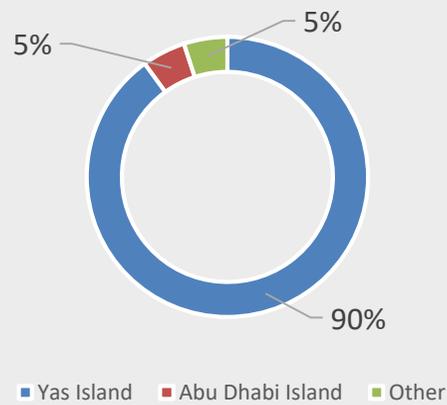
# HOTEL PORTFOLIO

- 2,536 keys across 9 hotels
- Portfolio Q1 2017 occupancy outperforms the market - 84% versus 76% (ADTCA)
- 90% hotel keys located on Yas Island

Keys split by type



Keys split by location



<sup>1</sup> Source: ADTCA



Viceroy hotel, Yas Island



Staybridge, Yas Plaza



## **INVESTOR RELATIONS CONTACT**

Chris Wilson

Head of Investor Relations

T: +971 2 810 5624

M: +971 56 446 0501

E: [cwilson@aldar.com](mailto:cwilson@aldar.com)