Transcript

Aldar Properties FY 2024 Financial Results

Monday, February 10, 2025

Operator Good morning or good afternoon, everyone, and a warm welcome to the Aldar Properties FY 2024 Financial Results call. My name is Emily, and I'll be coordinating your call today. After the presentation, you will have the opportunity to ask any questions, which you can either do so by pressing star followed by the number one on your telephone keypad, or if you are streaming today's call online, please feel free to type any questions into the Q&A chat box that can be found on today's slides. I'll now hand over to Talal Al Dhiyebi, Group Chief Executive Officer. Please go ahead.

Talal Al Dhiyebi Good morning and good afternoon, everyone. I would like to thank you for joining us today to discuss Aldar's financial and operating performance for full year 2024. We have continued to make excellent progress on the execution of our strategy, and this ongoing transformation is evident across all financial metrics.

In 2024, group revenue increased 62% to AED 23 billion. EBITDA grew 51% to AED 7.7 billion, and adjusted EBITDA rose 53% to AED 6.8 billion, meeting our 2024 guidance. Net profit increased 47% to AED 6.5 billion. This significant growth was broad-based across all core businesses and was characterised by greater sector and geographical diversification to drive long-term value.

Aldar Development reinforced its dominant position in Abu Dhabi while also delivering successful launches in Dubai. Our strategic investments in Egypt and the United Kingdom are also performing well and adding to our development proposition. Group development sales increased 20% to AED 33.6 billion in 2024 while our total backlog has grown to nearly AED 55 billion.

Aldar Investment, which has grown into a formidable platform with AED 42 billion AUM, reported a 20% increase in adjusted EBITDA to AED 2.7 billion in 2024. Aldar Investment has also built further scale and leadership in private education, property and facility management, creating businesses of substantial value.

During the year, Aldar leveraged strategic partnerships to unlock new opportunities across retail, commercial, logistics and development. We broadened our collaboration with Mubadala through four joint ventures that will create substantial value for Aldar and its stakeholders.

And we also entered into new relationships with DP World and Expo City that will see the development of our logistics, commercial, retail and residential portfolio. The portfolio will continue to expand significantly through further value-accretive acquisitions and a AED 13.3 billion develop-to-hold pipeline that leverages Aldar's considerable cross-platform strength. These strategic initiatives and partnerships reflect Aldar's strong standing in the real estate sector and commitment to powering long-term growth and value creation while maintaining its financial guardrails.

On slide four, we present an update on recent major announcements. During the last few months, we acquired a AED 2.3 billion tower in DIFC, marking one of the largest commercial property transactions in Dubai's financial district. With this 40-story property, Aldar will become the only owner of both onshore and offshore prime commercial assets in both Abu Dhabi and Dubai.

The transaction increases our footprint in the Dubai commercial market and complements the acquisition of 6 Falak in Dubai Internet City and the development of a Grade A office tower on a prime plot on Sheikh Zayed Road, adjacent to DIFC, both of which were announced earlier in the year.

I'm also pleased to report that following our announcement in September of the landmark series of joint ventures with Mubadala, we have now closed on three of the four transactions. They are the acquisition of the commercial and residential assets in Masdar City, the Al Falah land plot for logistic park development, and the strategic island acquisition between Saadiyat and Reem Island for the development of luxury homes.

We continue to make good progress on the final joint venture with Mubadala related to the establishment of a retail platform and look forward to updating you further in due course.

Turning to slide five, I would like to highlight Aldar's strong progress since embarking on our transformational growth strategy back in 2020. Following this period of consistent year-on-year growth, we are now operating at a significantly elevated scale. Net profit has more than tripled, return on equity has doubled to 16.1%, total shareholder returns have reached 178%, assets under management have more than doubled, development sales are nearly ten times 2020 levels, and the development backlog has grown more than 15-fold.

The quality of earnings has also been enhanced through diversification, with Aldar expanding into new areas, including logistics and ultra-luxury living, while also increasing exposure to the commercial segment and other alternative asset segments. We have also broadened our geographic footprint through successful entries into a number of markets, notably Dubai, Ras Al Khaimah, Egypt, and the UK. This has provided the company with greater resilience and a strong platform to sustain our growth trajectory. And I will discuss the drivers of future growth shortly.

With that, I'll hand over to Faisal to take you through the details on capital deployment, financial and operational performance, as well as sustainability.

Faisal Falaknaz Thank you, Talal. Turning to slide six, and our capital deployment in 2024. We remain committed to deploying capital and investing in growth. We have always taken a highly disciplined approach to how and where we deploy capital, despite benefiting from a strong investment pipeline.

In 2024, we deployed AED 4.4 billion in capital. This included AED 1.9 billion on land acquisitions in the UK to ramp up development activity through London Square. We also invested AED 255 million in the acquisition of 6 Falak commercial building in Dubai Internet City, and a further AED 1.9 billion was deployed in the Masdar City assets and AED 150 million for Al Falah land, both of which are related to the Mubadala partnership.

Looking ahead, the majority of deployments will be focused on our D-Hold strategy on acquisitions related to income-generating assets across our core segments, and new growth sectors of focus. On slide seven, you will see our updated D-Hold pipeline, which is focused on the development of prime assets for retention in the income-generating portfolio. Our current pipeline will see projects completed from this year through to the end of 2028.

The composition reflects the strategic rebalancing of our portfolio through greater exposure to the logistics and commercial asset classes. As you can see on the slide, the pipeline now includes the landmark DIFC tower, which Talal noted earlier, as well as one greenfield school, bringing our D-Hold pipeline to AED 13.3 billion.

Please refer to the appendix of this deck for a detailed breakdown on the D-Hold pipeline by segment, and total Capex expected. Finally, please note that this D-Hold pipeline is additive to Aldar's ongoing acquisition strategy and is expected to significantly boost recurring income streams and long-term capital appreciation.

Turning to slide eight and taking a more detailed look at Aldar Development. The platform delivered a very strong performance while continuing to diversify its product and customer segments, supported by an expanded international sales network. Aldar Development set a new annual sales record of AED 33.6 billion, up 20% year on year, and ahead of guidance. The platform launched 12 developments in the UAE in 2024, including four in Q4.

Revenue increased 90% to AED 15.7 billion, and EBITDA rose by 75% to AED 4.3 billion, in line with our full-year guidance. We are particularly pleased with the demographic split of our customer base, which is encouraging for our future growth and reflects the strong appeal of the UAE as a lifestyle and investment destination.

UAE sales to overseas and expatriate buyers increased to AED 22.2 billion in 2024, up from 16 billion the prior year, accounting for 78% of total sales. UAE nationals accounted for AED 6.1 billion of sales, representing 22% of the total. Cash collections in the UAE in Q4 reached AED 3.8 billion, taking the full-year total to AED 11 billion as a result of higher sales performance and a healthy development launch calendar.

In Egypt, SODIC ramped up sales activity in recent months, following the successful launch of Ogami, with sales of AED 3.5 billion. In EGP terms, this represents a record high for the business, with the strong momentum driving revenue backlog growth to over AED 2.4 billion.

London Square laid solid foundations for future growth through the acquisition of 13 land plots in 2024 and the launch of four developments. The business contributed close to AED 1 billion in revenue to Aldar Development for the full year on sales of AED 1.7 billion.

The group revenue backlog reached a record of AED 54.6 billion at the end of December 2024, up from AED 36.8 billion at the end of 2023, providing strong visibility on revenue over the next two to three years.

Turning to slide nine, Aldar Investment has evolved into a platform that houses a varied mix of businesses across asset classes and continues to expand and diversify. In 2024, revenue increased 21% to AED 7 billion, and adjusted EBITDA rose 20% to AED 2.7 billion. This growth was driven by strong performance from the investment properties portfolio, marked by high occupancy and robust rental rates, as well as strategic acquisitions over the last two years that have increased the platform's AUM to AED 42 billion.

We are also pleased to see both Aldar Estates and Aldar Education making a meaningful contribution to earnings in 2024. It is important to note that these income-generating businesses, which have delivered strong bottom line performance, operate at a lower margin than the investment properties portfolio. As a result, and despite their scale, the overall EBITDA margin has remained broadly flat across for the Aldar Investment platform.

On slide ten, you will see further detail on the performance of each segment within Aldar Investment. Adjusted EBITDA for the investment properties portfolio increased 9% to AED 1.6 billion, driven by active management and expansion of the portfolio's high-quality asset base.

Positive macroeconomic conditions in the UAE have supported demand and rental rates across all asset classes, with portfolio occupancy standing at 95%. The commercial portfolio is now 98% occupied, with strong demand for Grade A space driving increased rental rates. Adjusted EBITDA for the segment was up 20% to AED 700 million in 2024. Excluding the gain on commercial asset disposal recognised earlier in the year, adjusted EBITDA rose 11%.

The ADGM Towers, International Tower, Aldar HQ and 6 Falak are now essentially fully occupied, while Al Maryah Tower has reached 90% occupancy, up from 88% at the end of Q3. As mentioned earlier, the commercial segment is a focus of growth through our D-Hold pipeline, and we are establishing a strong presence in key hubs across both Abu Dhabi and Dubai.

For retail, full-year adjusted EBITDA increased 10% to AED 485 million, but it is worth noting that in Q4, year-on-year growth was 30% as Al Hamra Mall became fully operational following completion of its redevelopment. Yass Mall has achieved 99% occupancy, with a 10% rise in tenant sales, 18% increase in footfall in 2024. We are progressing well with the upgrade of Al Jimi Mall, which will complete in H2 of this year.

Logistics, adjusted EBITDA increased 19% to AED 61 million in 2024, with growth primarily driven by the acquisition of 7 Central in Dubai. In Q4, we completed the expansion of Abu Dhabi Business Hub, adding 24,000 square metres of GLA. Occupancy across the logistics portfolio stands at 89%, and we continue to pursue further asset growth through our partnerships with DP World and Mubadala.

The residential portfolio achieved strong rental rates, with occupancy standing at 99% and bulk leases remaining healthy at 63%. Adjusted EBITDA came in at AED 395 million, which was broadly flat when excluding one-off gains from the previous year. Following the termination of a bulk lease in 2023, all 420 units involved have since been released. Meanwhile, the portfolio has continued to conduct strata sales over the year, with AED 276 million in net sales across 249 units.

Hospitality extended its strong performance in 2024, achieving occupancy of over 73%, with average daily rates rising 5% and RevPar up 9% year on year. The business is executing a AED 1.5 billion transformation programme across key assets that will continue to have an impact on earnings through 2025. Adjusted EBITDA declined 9% to AED 350 million due to the reduction in available rooms. On a like-for-like basis, adjusted EBITDA was actually up 12%.

Aldar Education's adjusted EBITDA reached AED 266 million, an increase of 36% year on year, driven by recent acquisitions, a 12% rise in new enrolments across operated schools and higher tuition fees, with the total student body reaching 37,000 students at 31 managed and operated schools. Aldar Education now stands as the UAE's second-largest private education provider, with two new schools on track to open in the next academic year.

Aldar Estates produced a strong performance in 2024, following a series of strategic mergers and acquisitions with the platform, outperforming synergy expectations. Adjusted EBITDA doubled to AED 405 million in 2024. Aldar Estates is now the region's leading integrated property and facility management platform, managing over 155,000 residential units, with contracts of over AED 1.2 billion.

Moving to slide 11 and our key balance sheet metrics, Aldar maintains a conservative leverage and high interest coverage profile, along with strong liquidity. While investing in our engines of growth, we have also taken steps to optimise our capital structure and enhance financial resilience. Aldar concluded three landmark transactions at PJSC level in early 2025, totalling close to US $4 billion, that provide long-term support for our growth strategy.

First, we successfully launched or concluded a US $1 billion hybrid capital issuance, which was oversubscribed by 3.8 times, attracting a wide cross-section of international institutional investors. This transaction marked the tightest credit spread ever achieved by a corporate hybrid in the CEEMEA region. In the process, Moody's reaffirmed Aldar's Baa2 credit rating with a stable outlook and assigned the standalone credit rating of Baa3 to hybrid notes, reflecting their innovative structure, which for rating purposes is treated as equity and debt in equal measure.

This was closely followed by a US $2.45 billion sustainability-linked syndicated revolving credit facility, with the participation of 15 leading international and regional financial institutions. We have also reinforced our long-term partnership with Apollo through a private placement of a $500 million in subordinated hybrid notes.

This replaces a land joint venture that was part of Apollo's initial $1.4 billion investment into Aldar in 2022. Similar to the public hybrid issuance, the Apollo transaction is value-accretive for Aldar shareholders. In this case, it reduces non-controlling interest and provides a positive impact on cash flows.

The combined impact of these transactions in recent months led to a significant enhancement of Aldar's liquidity position to $30.3 billion, and extended the average senior debt maturity to 5.1 years. Looking ahead, we continue to maintain a disciplined approach to capital deployment to ensure value and strategic alignment.

Turning to the sustainability highlights on slide 12, Aldar continues to make solid progress on sustainability and, in particular, our commitment to achieve net zero by 2050. This involves building greener, more sustainable places and meeting global standards such as LEED, Estidama and Fitwel on new developments. Across our income-generating assets, we achieved a 4% decrease in energy consumption, a 7% reduction in water consumption in 2024.

Our strong progress and commitment to ESG is reflected in improvements across our industry-leading ratings. We achieved an ESG risk rating of low risk from Sustainalytics, with a score of 15.8, and maintained the top spot in the GCC and in the top quartile globally on the Dow Jones Sustainability Index. We also retained a BBB Rating from MSCI, further demonstrating financial strength and responsible governance.

We initiated a number of social initiatives in 2024, including collaboration with the Emirates Council for Rural Development, and sponsoring National Day events for a million workers. The UAE has mandated 2025 as the Year of Community, and Aldar looks forward to continuing to play a key role in the nation's socioeconomic development. I will now hand back to Talal to discuss our 2030 strategic vision.

Talal Al Dhiyebi Thank you, Faisal. Let's turn to slide 13. Having transformed in scale since 2020, Aldar has now adopted a new “Vision 2030” strategy to sustain our accelerated pace of growth and elevate our stature as the regional real estate champion. Importantly, the strategy positions Aldar as an important partner and engine of progress as the UAE invests significantly to build a diversified, knowledge-based economy, and we intend to follow suit as an employer of choice.

We see Aldar as intrinsically linked to secular trends that are driving population growth and demand across major sectors, including real estate, retail, hospitality, financial services and logistics. Based on Aldar’s strong track record of delivery and the growth plans of each business, we have set a bold target to reach $20 billion in annual net profit by 2030. This will be driven by a well-balanced expansion across our two core platforms, with the ambition of targeting a 50-50 EBITDA division between development and recurring income-generating businesses, including property management.

We are committed to creating sustainable shareholder value, maintaining our investment-grade rating and delivering progressively higher dividend payouts in the years ahead. By targeting a return on equity in excess of 20%, we are reaffirming Aldar’s position as a growth stock.

Looking at our brand proposition, we intend to maintain our position as a trusted brand through the delivery of our signature experiences across customer touchpoints, while our growing international network will support our aim to create the world's best global sales platform.

On slide 14, we present the key elements of our strategy, focused on three pillars, product excellence, signature experience and capital management. A key priority is to hone our delivery engine further to ensure that Aldar can deliver a high-quality product at scale, while capitalising further on the significant synergies across all our businesses. In addition, we are actively promoting a hospitality-first mindset across all our operations to deliver service excellence, while leveraging digital technology and data insights for the personalisation of products and services.

And to support growth and resiliency, Aldar will continue to take a proactive approach to capital management. We will also expand our partnership ecosystem, including potentially engaging third-party capital to drive accelerated growth. At our core, we are a people-driven business, and in order to deliver our vision, we will further nurture the world-class talent, while investing substantially in digital and AI technology. Sustainability remains integral to our growth, and we aim to make consistent progress towards our net-zero goal.

Turning now to slide 15, I'd like to discuss our core growth drivers as we embark on our new strategy. In Aldar Development, our goal is to strengthen our market leadership as the UAE's premier destination builder, delivering exceptional experiences to the communities we serve.

We will achieve this through strategic landbank replenishment, expanding our customer segments and diversifying our product offerings. To enhance customer engagement, we continue to develop our digital platform and sales channels, and grow our global brokerage network to drive synergies and cross-selling opportunities.

Meanwhile, Aldar Investment is focused on disciplined expansion of the core real estate portfolio through acquisitions, while the group's D-Hold strategy will add further sector diversification once assets are handed over. Additionally, we continue to explore alternative asset classes such as staff and student accommodation and senior living. We will continue to recycle non-core and mature assets into higher return opportunities, while also preparing our businesses for potential monetisation opportunities.

At the group level, we have a clear capital deployment strategy across our target markets, which spans land replenishment, asset acquisitions and our develop-to-hold strategy, to significantly increase recurring income streams. As one of the largest and most sophisticated companies in the regional sector, we believe that Aldar is well-placed to act as an investment partner in the real estate space.

We have already been the recipient of significant third-party capital through the Apollo transaction, and we intend to establish a platform to source and manage third-party capital to create new income streams and co-investment opportunities. We are entering an exciting phase in Aldar’s growth, and we look forward to updating you on progress in the coming period. I will now pass on to Faisal to talk you through our updated guidance going forward.

Faisal Falaknaz Thank you, Talal. I'd like to conclude with slide number 16, where we outline our guidance, reflecting our strong performance and strategic initiatives. You will notice that we are updating our guidance metrics and providing additional details across time horizons to enhance visibility and clarity in both the short term and medium term.

For Aldar Group, we are targeting an EBITDA of between AED 10.4 billion and AED 10.8 billion for 2025, representing an uplift of at least 35% from 2024 levels. Over a three-year horizon, we expect a CAGR of 25% to 30%. With regards to capital deployment and Capex guidance, we anticipate AED 3 billion to AED 4 billion on M&A deployment and AED 3 billion to AED 4 billion on D-Hold Capex in 2025. Over the next three years, we expect to deploy a combined AED 9 billion to AED 12 billion on M&A and AED 9 billion to AED 12 billion on D-Hold Capex.

We continue to see positive sentiment in the UAE real estate market and remain optimistic about sustaining elevated sales run rates, supported by growth in Egypt and the UK. Therefore, we are guiding for Group Development sales of between AED 36 billion and AED 39 billion in 2025.

Accordingly, Aldar Development is targeting EBITDA of AED 6.6 billion to AED 7 billion in 2025, with 30% to 35% CAGR over the three-year period, of which, for our Project Management Services platform, we are targeting an EBITDA of AED 800 million to AED 900 million. For the Development segment's gross profit margin in the UAE specifically, we are guiding between 34% to 36% in 2025, rising to 35% to 38% for the three-year period.

Aldar Investment continues to deliver strong operational performance and will grow further through the integration of recently completed Masdar asset acquisition and the transfer of D-Hold assets. Consequently, we are guiding for an adjusted EBITDA of AED 3.2 billion to AED 3.3 billion for 2025, with 15% to 20% CAGR over the three-year period. In terms of organic growth, on a like-for-like basis, we expect adjusted EBITDA to increase between AED 2.8 billion to AED 2.9 billion in 2025, with growth of 5% to 8% CAGR over the three-year period.

Before we move on to the Q&A session, a few final words. Aldar's core businesses are well-positioned for sustainable growth. On the Development side, we are effectively executing against our record backlog, strategically timing new launches to align with our target customer segments and ensuring landbank replenishments.

Aldar Investment remains focused on expanding its portfolio of income-generating assets and entering new growth sectors, while maintaining a disciplined capital deployment strategy to maximise value creation and strategic alignment. Our develop-to-hold strategy continues to be a key driver, leveraging the full strength of our platform to deliver substantial shareholder value.

With that, we conclude the presentation and open the floor to questions. Thank you.

Operator Thank you. We will now begin the question and answer session. If you would like to ask a question today, please do so now by pressing star followed by the number one on your telephone keypad. If you are streaming today's call online, please feel free to type any questions into the Q&A chat box. Our first question comes from the line of Mohamad Haidar with Arqaam Capital. Please go ahead.

Mohamad Haidar Hello, everyone. Thank you for having this call. Very impressive results. And thank you for providing the three-year guidance. And starting from that point, is everything included in the 25% to 30% CAGR for EBITDA? It's coming from what's been announced so far, or does it include acquisitions or expansions that you are planning to announce in the next few years? I'm going to ask them one by one here.

Faisal Falaknaz It includes everything, Mohamad. Yes, Mohamad. It includes everything. So it includes the sustained sales run rate and it includes Capex in terms of M&A and the D-Hold that we have announced.

Mohamad Haidar Okay. And just to understand the M&A Capex, so these will be deployed on new acquisitions that have not been announced?

Faisal Falaknaz Income-generating. Yes, AED 3 billion to AED 4 billion annually on income-generating opportunities. We have not guided anything on land acquisitions because those are generally self-funding in the UAE on the back of back-ended payment plans.

And then you have the guidance in terms of D-Hold, which is going to be on top of what we've already announced as well. And you'll notice that we gave a very detailed Capex projection. So if you go to the appendix, you'll be able to see, of the D-Hold that we have announced already, what is the remaining Capex that we need to spend over the next few years.

Mohamad Haidar Excellent.

Faisal Falaknaz Slide number 50.

Mohamad Haidar Yes, that's very helpful. Should we expect similar growth in net profit, similar to EBITDA?

Faisal Falaknaz Net profit might be slightly diluted by the 15% income tax that comes in. So you will generally see a higher growth rate on EBITDA.

Mohamad Haidar Okay, thank you. And since you talked about taxes, it's going to go up to 15%, I assume, for Aldar. And given that effective tax is at 5%, how should we think of it? Will it go up to 7%, 8% on a net basis?

Faisal Falaknaz The UAE has just come out with the detailed legislation. We are still doing our impact assessment. And as soon as we have clarity in terms of how it will impact us, we'll come back. But we are sure it's not going to be 15%. So there's going to be an effective tax rate. We will communicate to the market once we are ready.

Mohamad Haidar Very clear. And what happened in the Project Management business? A big addition of AED 19 billion in Q4. So should we think of the AED 0.8 billion or AED 0.9 billion as a new sustainable run rate moving forward?

Faisal Falaknaz Sorry, Mohamad, you broke up for a second. So is it Project Management in terms of the forecast?

Mohamad Haidar Yes.

Faisal Falaknaz So Mohamad, it's a function of two things. Number one, you have the fixed-price projects, which are Balghaiylam and Lagoons, which have picked up activity in terms of progress. Those are going to be a big contributor to this year's earnings. And then we are expecting also a growth on the cost-plus side with the government as well.

Mohamad Haidar Okay. Thanks, that's very clear.

Faisal Falaknaz And then you'll notice that our backlog has also gone up on the back of new awards that the government has given in Q4. They added almost AED 20 billion to our existing backlog, taking it close to AED 100 billion.

Mohamad Haidar Very impressive. Thank you, Faisal.

Talal Al Dhiyebi Thank you, Mohamad.

Operator Our next question comes from Taher Safieddine with JPMorgan. Please go ahead.

Taher Safieddine Yes, good afternoon, gents. This is Taher. Again, congrats on a solid set of numbers and very detailed guidance, which I think everyone is liking, including the market today. But just a follow-up question on just Mohamad's question before. For the medium-term guidance, just to understand, you have around AED 13 billion, Faisal, in terms of D-Hold already announced as of year-end. And now you're guiding for another AED 9 billion to AED 12 billion over the next three years.

So I think my question here is two parts. Number one, is there any clarity on how should we think about that in terms of sector focus? You've clearly been overweight logistics and commercial in terms of recent transactions. So maybe just some colour there would be helpful.

And the second question is, for Aldar Investment guidance of 15% to 20% three-year CAGR, does this include the total AED 9 billion to AED 12 billion additional deployment into the numbers or not? Just to better understand how we're arriving at that.

Talal Al Dhiyebi Do you want to tackle the second part of the question?

Faisal Falaknaz So I'll take the second question, Taher. So the 15% to 20%, yes, does include the deployment and the D-Hold coming online on top. And then you'll notice we gave a separate guidance on organic, which is the existing portfolio growing at 5% to 8% CAGR on a yearly basis.

Taher Safieddine Okay.

Talal Al Dhiyebi So Taher, thank you for your question and your comments. On the Aldar Investment side, I think our thesis since we launched this segment is to be diversified across asset classes, not only for the sake of it, but with a firm view on each one of these sectors, and within each one of them, also not to be tied up to a single asset. And we think that's really paid off over the years. We saw the impact of that even at tougher periods, like during COVID and so on.

So what we have been doing right now, other than from an acquisition perspective, where we targeted a couple of years ago the ADGM transaction, which at the time was around 76% leased, and our ability to take on a large transaction like that, but then also optimise and really drive up the returns at a time when there was underinvestment in the commercial sector before.

It’s a sector that we continue to invest in. And that was followed by the announcements of 6 Falak, the Sheikh Zayed Road Tower, the DIFC Tower that we announced, as well as other business park opportunities, less prime, Grade B business parks that we are looking at in Abu Dhabi and elsewhere.

Logistics, we've always been extremely bullish on, and it's a sector that we want to continue to focus and deploy. Obviously, there's smaller tickets and things, so it takes time to build up that portfolio. But as you have seen, we've been quite active in that space, and we will continue to do so.

We have a view on residential as well, both single- and multi-family homes, but as well as specialised residential. So you’d have seen in our announcement, we're talking about things like student accommodation as well as senior living, where we see opportunities to target new areas within the portfolio.

And then even the way we manage. Over the years, you've seen it's not only about the type of those assets, but then how we manage them, with how many bulk leases we have, the type of tenants that we have, which is what's been driving performance.

Also, then, in our hotel and retail, we are investing, but over there, it's been less about new assets, and with those sectors, for those of you that are involved more with them, it's about constantly investing and transforming. We had announced a Yas Mall transformation programme a while ago. We're now undertaking that. We then did it at Al Hamra Mall, which we acquired and have significantly elevated that asset.

Later this year, we're going to bring back Al Jimi Mall, which is one of, again, our top assets in that portfolio, with some big announcements, as well as investments in our hotel portfolio, where that sector as well is changing, and we announced a big transformation plan over there.

These transformation plans, just for you to understand, are not your typical Capex that you end up spending every year as part of your FF&E and OS&E. These are big Capex to really optimise and extract value, which ties into the growth guidance that we are giving you. So I hope I answered your question.

Taher Safieddine Yes, this is very clear. Just one follow-up. On this total deployment target of AED 9 billion to AED 12 billion, is the focus still going to be local in terms of UAE focus, or should we expect international deployment also to come through? If you can just maybe provide some clarity on that point, please.

Talal Al Dhiyebi A lot of the M&A we're targeting is locally within the UAE and within the region, where we still think that there's a lot of opportunity. So that is the predominant focus for us at the moment. We're opportunistic if anything else comes up. But the current deployment in those sectors is targeted on the UAE and the closer region, is our current guidance.

Taher Safieddine Okay. All right. Okay. Thank you very much, and congrats again.

Talal Al Dhiyebi Thank you, sir.

Operator Our next question comes from the line of Harsh Mehta with Goldman Sachs.

Harsh Mehta Hello. Am I audible?

Faisal Falaknaz Yes, Harsh.

Harsh Mehta Hi. Hi, Faisal. Hi, Talal. Thank you very much for taking the questions, and congratulations on the results. Most of my questions have already been answered through the presentation and the previous colleagues who had asked the questions. But there are a couple of things I still want to get better clarity on.

The first is on the pre-sales guidance for this year. It's obviously higher compared to last year. And in 2024, your Dubai, Ras Al Khaimah sales were extremely strong. So how should we think about the evolution or breakdown of those pre-sales guidance for this year between Abu Dhabi versus non-Abu Dhabi? Is there still a major focus outside of Abu Dhabi and that would still be a very strong, high level growth compared to what it was last year? So that's the first question, if you could give us some breakdown and clarity on the pre-sales, how you're targeting to achieve that new number.

The second question is on Apollo. So you mentioned the replacement of the JV funding. And so am I correct in assuming that the total exposure of Apollo is still $1.4 billion? The only reason why I'm asking is that when I looked at Apollo's press release, they're saying that the total exposure has gone up to $1.9 billion. So I just want to understand if it's a replacement or if it's an additional financing support.

And then the last question is on investment property, where you highlighted 5% to 8% like-to-like growth. Does this include, let's say, the Jimi Mall and the hotels which are under renovation? Are they part of this 5% to 8% like-to-like growth guidance, or are they part of your incremental, beyond 5% to 8% like-to-like growth? Thank you.

Talal Al Dhiyebi Thank you, Harsh. I'll answer the first and then leave Faisal for the other two. On the first one, we don't break up the UAE. But I think what we have shown the market was our ability to go into Dubai, which is one of the most competitive real estate markets over there, through our partnership with Dubai Holding. We've been very successful in launching two of the three projects over there and achieved quite exceptional results. The third one will be coming on to the market in the first half of this year as well.

And as part of our strategy that we announced, we are always looking to replenish our land, even in Abu Dhabi, where we have a lot of land, but it depends on the opportunities, similarly in Ras Al Khaimah, where we've done really well. So we don't break it up per se, but I think as we're out there and we have a view on the market, we will constantly be bringing product where we see pockets of demand. We have now proven that we are able to penetrate those markets, be competitive and be successful.

Obviously, Abu Dhabi is continuing to grow with the destinations, Saadiyat maturing. There, it’s again price and volume. We'll be bringing in new destinations. We announced the acquisition of Fahid Island, which we're hoping to bring to the market again soon. So Abu Dhabi will continue to grow. But Dubai and RAK will remain key parts of that UAE focus, which is why we're quite confident of the numbers that we have provided you. Faisal, Apollo.

Faisal Falaknaz On Apollo, Harsh, just to summarise again the transaction that happened in 2022, we had a $5 million hybrid that came into AIP, we had a $400 million equity that also came into AIP, and then we had a $500 million land JV at the group. So the $500 million that was issued to Apollo recently was used to refinance that land JV at the group. And the reason for that is that land JV was equity accounted on the books at the time when there was no taxes in the UAE.

So the structure that we came up with today was for it to be treated as debt, and therefore we get that tax deductibility, and at the same time, we get the 50% equity treatment. So it's more competitive from a cost basis, from a debt point of view, and it has an implicitly very competitive cost of equity that sits lower than 7% as well, so extremely accretive to our equity shareholders. So that's on Apollo.

So their announcement, you're right, came out with $1.9 billion, but because they have a lot of sources of capital, so they're quoting how much cumulative capital they've deployed to date. But the amount as of today still stands at $1.4 billion. And then your other question on the IP, does this include the repositioning, it does, yes. So that 5% to 8% CAGR does include those asset repositionings.

Harsh Mehta Got it. Thank you, Talal and Faisal. And maybe just one follow-up question on the investment property. And this is more as an analyst, for us to understand in terms of modelling. So in your previous earnings call, you had mentioned that Yas Mall would shift into this new JV, this Mubadala, and obviously Apollo is having 10% in the current retail structure. So how should we think about that? Will there be some further changes in terms of the stakes in equity, given that one of the big assets is moving into a new JV?

Faisal Falaknaz Your worst case is it's just flat, because you're merging two assets together. So you're just diversifying your income. But however, our thesis for doing this transaction, merging Yas Mall and Galleria, is to come up with revenue synergies and to come up with cost synergies. So as soon as we complete those transactions when we are ready, we will come back to you guys in terms of how to model this going forward. But as is, I would say you model things as they are. You don't need to model any dilution or whatsoever.

Harsh Mehta Got it. Thank you so much.

Operator Thank you. As a reminder, if you would like to ask a question today, please do so now by pressing star followed by the number one on your telephone keypad or by typing your question into the Q&A chat box. Moving on to text questions now, the first of which comes from Ajeej Capital, who asks, firstly, what is your view on the opening up of land plots on Sheikh Zayed and Jaddaf to foreigners? Are these areas of interest? And secondly, what is your view on Saudi Arabia, and would you like to expand there? If yes, how?

Talal Al Dhiyebi So obviously, this is a government announcement that's there. They've always had a very progressive policy towards real estate. So it's obviously exciting for all the landowners in those areas, of which we're one of those landowners with our acquisition of our Sheikh Zayed Road plot.

Our investment thesis remains the same. There's probably a value uplift right now with that announcement. But more importantly, I think we'll see increased investment into Sheikh Zayed Road. So there'll be an overall halo effect as people start to redevelop that entire area, whether it's residential, offices and hotels in that area. So, quite positive.

The other big announcement that came a few weeks ago is the fast rail that's going to connect Abu Dhabi and Dubai, close to that Jaddaf area, which I think is very valuable to both Abu Dhabi and Dubai and a strong tourist proposition, as well as for people working in those cities. So again, very, very progressive policies which just further add to our overall sentiment towards the market.

Your second question on Saudi Arabia, what's happening over there is extremely exciting, some very exciting projects as well. It's a market that we are interested in and would look at opportunities in both the development and investment platforms, as well as some of our operating businesses, be it education or property and facility management. So it's a market that is on our agenda and radar.

Every transaction has its specifics in terms of how we would enter, but it'll be in line with how you've seen us grow in other markets in the past, whether through acquisitions or through joint ventures or otherwise. So whenever we have any more information, we'd obviously provide that to you. Next question.

Operator Thank you. We have received a further audio question from Mohamad Haidar with Arqaam Capital. Mohamad, please go ahead.

Mohamad Haidar Thank you. So if we wanted to understand the 2030 target on net profit, obviously you're going to grow EBITDA, probably you're going to double it by 2027. To get to above $20 billion net profit, you need to even grow it by another 50% or so. So you're investing in growth. When do you think it's enough, you have enough on the table and you think it's time to switch to higher distributions when it comes to dividends?

Talal Al Dhiyebi I think we have a long-term plan that we set out many years ago with our dividend policy, further outlining where we are going. We look at total shareholder returns like how any other analyst should be looking at this, and not at a single point in time but based on true fundamentals.

We will continue to optimise and create value for our shareholders through cycles. This is a cyclical business. We have demonstrated our ability to manoeuvre through those cycles, and that's what we need to continue to do. Our dividends, what we are proposing to the shareholders this year, is an increase from where we were last year. And it's been a very clear, transparent, well-governed process.

If in future, as our business dynamic changes and all sorts of things [00:48:59] change and we need to update that policy, we will come to the market, with no surprises but with a very clear, concise message that we will be held accountable to for the years to come. That's how we position ourselves. It's open, transparent, predictable, with a true focus on driving shareholder value. That's all I would say for now.

Mohamad Haidar Very clear, Talal. Thank you.

Talal Al Dhiyebi Thank you, sir.

Operator Our next question comes from Gustavo Campos with Jefferies, who asks, congratulations on the results. Just two questions. One, what are your total undrawn credit facilities available, pro forma of the new facilities signed in January 2025? And two, where do you see net leverage trending over the next three years?

Faisal Falaknaz So on question number one, both those transactions, our liquidity position is AED 30 billion, AED 20 billion of which are untapped credit facilities that we can utilise at any time, and AED 10 billion of free and unrestricted cash.

In terms of where we see our LTV metrics going, we have a very clear debt policy on both development and investment. We are very protective of our investment credit rating, which has allowed us to achieve the tightest credit spread of any issuer of our kind in the region. So that's something that we're going to keep very close to our hearts. And so where exactly we are going is going to just depend on where we are at the time.

Operator Our next question comes from Basma AlGhonaim with Hassana Investment Company, who asks, on retail JV, has there been any clarity on additional assets contributed by Mubadala to take ownership up to 40% from Mubadala? And when can we expect it to close? On development JV, only AED 4 billion of GDV has been contributed. What is the expected timeline to reach the AED 13 billion GDV? And what's the identified lands to be contributed, prime, waterfront, etc.?

Faisal Falaknaz So I didn't understand the question. I think what you're implying is that Mubadala is contributing assets for shares, which is not the case. So Mubadala's ownership today stands at 25%. Whatever we are doing are cash acquisitions, with the exception of the Galleria transaction, which is a merger of two assets. And then I'll give the second question to Talal. So we've already announced the closure of little Saadiyat, AED 4 billion GDV. The question is on when…

Talal Al Dhiyebi So Mubadala has a large landbank of prime plots across Abu Dhabi, and we are constantly working with them to partner. We've now closed one of them that's within one of our development pipelines. We're hoping to close another plot over the next coming months, in line with our announcement.

And we're constantly exploring further partnership opportunities to them that are done on an arm's length transaction, with the strictest of governance, and creating a lot of value. It's also based on what our development pipelines are in the area and when we wish to activate those sites, which, we've been quite active in replenishing the landbank in those strategic hot zones, I would say.

Operator Thank you. Before we take our next question, as a reminder, if you would like to ask a question today, please do so by pressing star followed by the number one on your telephone keypad or by typing your questions into the Q&A chat box. Our next question comes from Taher Safieddine with JPMorgan. Please go ahead.

Taher Safieddine Yes. Hi again. So just maybe one follow-up from my side. This whole idea of ensuring readiness for monetisation from different sources, is that something that management is thinking about seriously? I'm just trying to understand. Clearly, you are in a hypergrowth phase across all businesses. When do you think would be the right time for potentially explore either a public listing or a private sale of some of these assets?

And looking at the recurring portfolio, what do you think are going to be the key candidates for that? I remember in the past, education and estates were considered to be as adjacencies. Maybe non-core is not the right word. But has this focus changed, or how should we think about that idea of monetisation in the medium term?

Talal Al Dhiyebi Thank you, sir. So we've in the past demonstrated maybe not enough as to our ambition of monetising assets. We did that with some office towers, with some hospitality assets, golf courses and the smaller community retail assets over the time. So that's going to be a continuous strategy. We've had less in the past because a lot of our assets were maturing and stabilising. As we're approaching more of that in the future, as part of our strategy, we will be looking.

That is not necessarily sector specific. It's more opportunity driven, where you have a willing buyer and for us it's the right point of the cycle where we can redeploy that elsewhere as we're trying to rebalance our overall portfolio. But it's something that we think, in order to drive those returns, it's very important that we are recycling assets out, especially as we're starting to build these develop-to-hold portfolios that we're bringing online, and having an overall view of the balancing that we need within the portfolio.

In the past, this concept of non-core, and we used to use the term adjacent businesses, you've realised from our statements more recently, we've moved away. We refer to these businesses… We've exited a lot of what we classified as our non-core. Now we just have many JVs and operating businesses.

Today, whether it is logistics or it's education or it's property and facility management, we really see these as core parts of our overall strategy diversification, like on logistics or on education and property facility management. These are quite core to what we do and are growing quite well.

Monetisation, there's always opportunities. As you've seen on the school business, we've been acquiring. We had a big merger on the property and facility management business. If there'll be opportunities to bring in a partner or do an IPO, for us, an IPO, and we've always said this in the past and we'll continue to repeat, we will always consider it if it makes the right sense.

We're not time-bound to go out there, and we need this to go and raise capital or sustain or pay a dividend or do anything like that. If that's the right monetisation opportunity at the right time in the cycle, then we'll consider that. But there could be other ways which we consider.

So, something that's always in the top of our minds. We've highlighted it in our strategy more to explain that that's part of our thinking rather than any other particular guidance in terms of how you need to model it at the time being. I hope I've answered your question.

Taher Safieddine Yes, this is clear, thank you.

Operator Our next question comes from [inaudible 00:57:02] Mulla with UBS, who asks, can you please break down your sales guidance in development for 2025 between volumes versus average unit price growth? In 2024, your average sales price per unit was AED 3.8 million in the UAE. Can you expand average price on top of that in 2025, or should it normalise down due to mix?

Faisal Falaknaz Okay. So let me just give a little bit of insight in terms of our sales in 2024, and then Talal can talk about what we have planned for 2025. The strategy in 2024 was focused on, one, selling inventory. So as we noted before, we did not have as busy of a calendar as we did in the year before, and it was very focused on price. So the prices that we have sold are almost double what we sold back in 2023.

To give you a few examples, we launched the Mandarin residences, which today is achieving AED 70,000-80,000 per square metre, at the beginning of the year. We did Nobu, which is beachfront, at almost AED 80,000-90,000 per square metre. And then our average product on Saadiyat today is achieving no less than AED 35,000 AED 40,000 per square metre. So 2024 was very price focused. You'll see Abu Dhabi playing more predominantly in 2025. But then I'll just give it to Talal to shed a little bit more light in terms of what we're going to be focused on this year.

Talal Al Dhiyebi So we're trying to bring more single-family homes this year. It's very difficult to decipher and give you a guidance on the volume versus price. But there's clearly a bit of both going on, where you would have seen, through our launches in 2023 and then in 2024, it's a record number of launches that we're bringing to the market.

When we launched Lagoons, we had a lot of single-family homes. That was followed by a lot of multi-family homes on Saadiyat and parts of Yas, with the exception of things like Yas Riva. We're looking to bring more single-family homes. So when you bring those kind of products, it dilutes. And even on the multi-family homes, when you price in products like the Mandarin Oriental versus Mamsha Gardens or Manarat that we had just launched at the start of this year, it's a very, very different proposition.

But what we are seeing is that through that overall guidance, we are coming to the market more frequently, and we're bringing in a different product. Faya, which is one of our launches that maybe wasn't in the media that much, had average ticket prices of $25 million for a 21-villa project. And that sold very, very well in the market. So that’s, again, extremely low volume, very high ticket price. But that's, again, a one-off within that development pipeline, because those projects aren't repeated that frequently. So that would be my answer to your question.

Operator Thank you. At this time, we have no further questions. And so as a final reminder, please register any questions now by pressing star followed by the number one on your telephone keypad or by typing any questions into the Q&A chat box. With that, we have no further questions. I will hand back to Talal for closing comments.

Talal Al Dhiyebi Thank you, Emily. And I want to thank all of you for tuning in. I want to thank you all for your time, more importantly, your confidence, in Aldar. And we look forward to reporting even stronger results. Thank you, and have a great day.

Operator Thank you, everyone, for joining us today. This concludes our call, and you may now disconnect your lines.