Transcript

Aldar Properties Investor Analyst Briefing

Thursday, September 19, 2024

Adam Good morning or good afternoon, all, and welcome to today's Aldar Properties Investor and Analyst Briefing Conference Call. My name is Adam and I'll be your operator for today. If you'd like to ask a question at the Q&A portion of today's call, please press star, followed by one, on your telephone keypad, if you've joined us via the phone. Alternatively, if you've joined us online, please use the Q&A text box provided. I will now hand the floor to Faisal Falaknaz, Group Chief Financial and Sustainability Officer, to begin.

Faisal Falaknaz Good afternoon, everybody. Thank you all for joining us on this investor and analyst briefing call to discuss the latest joint ventures announced as part of our strategic partnership with Mubadala. Aldar benefits from a long-standing relationship with Mubadala, one of the largest global sovereign investors, a relationship which dates back to 2005, with Aldar being its strategic real estate partner in Abu Dhabi.

Over the years, this strategic collaboration has strengthened and has been marked by several successful transactions that have had a positive impact on both shaping Abu Dhabi's real estate landscape and driving our growth and diversification strategy. Most notably, in 2022, we acquired the four ADGM office towers. At the time of the acquisition, the towers had 77% occupancy, and through a proactive leasing programme, we have driven occupancy to 95% with double-digit rental growth.

Through our joint venture, we also acquired Al Maryah Tower, which was vacant at the time. The tower is now operational, with 83% occupancy and strong leasing activity underway that is expected to raise occupancy to over 90% in the near term. In 2023, we entered into a further joint venture to develop two commercial office towers on Al Maryah Island to satisfy the strong demand for office space from GREs and international corporates. These developments are expected to be completed in H2 of 2027.

And, lastly, through a tripartite relationship with Mubadala and Ares, we invested in a European private credit platform with a $400 million commitment. Through our leading development franchise and proactive asset management, these deals demonstrate that as Mubadala’s strategic real estate partner, we are able to unlock value for them, while also delivering on our own strategic financial objectives for the benefit of our shareholders.

Moving on to slide number three. We are further expanding this partnership, leveraging our expertise in real estate development and asset management and Mubadala’s institutional strength and prime landbank to generate substantial value for all stakeholders, including investors, leading businesses, residents and tourists that are increasingly calling Abu Dhabi home.

The slide outlines the key elements as part of the next phase of our strategic partnership, which sees the formation of four joint ventures valued at over AED 30 billion, focusing on five key sectors, retail, commercial, residential, logistics and property development. I'll touch on these briefly now before going into further detail on each and the upcoming slides, which include, one, the creation of a retail platform across key Abu Dhabi destinations, with AED 9 billion in GAV. Two, the acquisition of a diverse portfolio of commercial and residential income-generating assets in Masdar City, with AED 3 billion in GAV. Three, the development of a large-scale logistics park in close proximity to Zayed International Airport, with AED 5 billion in GDV. Four, the development of new, strategically located islands close to both Saadiyat Island and Yas Island, with a GDV of AED 13 billion.

This strategic move wholly aligns with Aldar's expansion plans to drive significant scale and diversification to our asset portfolio, further solidifying our position as the region's premier real estate player, with a strong, diversified portfolio and recurring income streams. These JVs will grow Aldar's investment properties gross asset value by 23%. The acquisition of income-generating assets through the JVs enhances our high-quality asset base and enables Aldar to leverage its asset management capabilities to drive further value creation. Furthermore, this partnership will add further scale to our existing landbank as part of our Strategic Landbank Replenishment programme and enable us to lean into sectors such as logistics, where we are still underweight.

Turning to slide number four to discuss the retail JV. This retail JV will see us contribute our flagship retail asset, Yas Mall, with Mubadala contributing the Galleria Luxury Collection into a new JV. This not only establishes an Abu Dhabi retail powerhouse with a gross asset value of AED 9 billion and 260,000 square metres of prime retail GLA, but also underpins Aldar's position as Abu Dhabi's retail champion and landlord of choice, especially following the success and value creation demonstrated through the Yas Mall's repositioning.

The consolidation of these assets under Aldar Investment Management diversifies Aldar's retail portfolio into the luxury segment while also promising operational efficiencies, including cost savings, procurement synergies and enhanced relationships with brands through stronger negotiation power. Moreover, given Aldar's footprint across ADGM, this JV further consolidates Aldar's ownership within Abu Dhabi private financial district, which is set to continue growing on the back of continued strong demand.

On the next slide, we take a deeper look at the commercial and residential elements. We are establishing a 60/40 joint venture to own and manage a diverse portfolio of income-generating assets in Masdar City free zone in Abu Dhabi. As one of the world's most sustainable urban developments, Masdar City integrates renewable energy and green building technologies and has already attracted numerous businesses focussed on sustainability, innovation and technology, including Siemens and Honeywell.

Our expansion into Masdar City aligns with our strategy to enhance Abu Dhabi's urban landscape and strengthen Masdar City's status as a global leader in sustainability and innovation. With capital deployment of almost AED 1.8 billion, we are acquiring 17 income-generating commercial and residential assets. Among these 17 assets, there are nine commercial properties, three residential assets, and five long-term land leases, which are classified as commercial assets. Post-deal completion, our commercial portfolio will hold 28 assets, with a total GLA of over 750,000 square metres, up from 14 assets and 466,000 square metres as of H1 2024.

Given Masdar City's sustainability focus, the acquisitions also add LEED Gold, or LEED-certified assets, to our commercial portfolio, which is both aligned to our sustainability ambitions and accretive to our green sukuk issuance capacity, going forward. Also included as part of this JV are two properties under construction, Masdar City Square and The Link, totalling 50,000 square metres in GLA.

Turning to slide number six to touch on logistics and development. As part of this JV, we are adding considerable scale to our logistics portfolio through the development of Grade A logistics park in Al Falah. The logistics park, to be delivered in phases over the coming years, will cover 1.2 million square metres of gross floor area, with a gross development value of AED 5 billion. Aldar will hold a 60% stake and would be responsible for development, asset management and property management. Meanwhile, Mubadala are contributing a strategic 2.3 million square metre land plot and hold a 40% stake.

In response to the growing demand for infrastructure and logistics, we have made strong progress over the past couple of years, adding significant exposure to the sector. This follows our recent 1 billion investment, which includes acquiring seven central and land plots in Dubai, with GRE partners, and expansions expansion plans for the Abu Dhabi Business Hub.

Moving on to the second half of the slide, where we outline our plans as it relates to the development of new destinations across Abu Dhabi, the JV will see us embark on a transformative project to develop prime land plots on strategically located and undeveloped islands between Saadiyat and Yas Island. With Aldar serving as a master planner and developer and Mubadala contributing 4 million square metres of land, the JV aims to create luxury waterfront communities with a total gross development value of 13 billion.

The project covers two islands, the island between Saadiyat Marina and Reem Island, with 300,000 square metres in land area, as well as the island between Yas Island and Al Raha, with around 3.7 million square metres in land area. These projects will drive further growth and transformation of Abu Dhabi's urban landscape as we continue to create vibrant, thriving communities that deliver exceptional value and help shape the future of Abu Dhabi.

In closing, our partnership with Mubadala marks a pivotal step forward in our shared vision for Abu Dhabi's growth. Aldar has benefited and continues to benefit significantly from aligning its interests with the socioeconomic development of Abu Dhabi. We are an integral part of the growth and diversification of the economy, from supporting the growth at Abu Dhabi's thriving financial centre, ADGM, to the creation of the Saadiyat Cultural District and Yas Island development as a leisure and lifestyle centre.

By combining our expertise in real estate development and asset management with Mubadala’s extensive landbank and institutional capabilities, we are set to drive further transformative growth across the Emirate and value for our shareholders. These joint ventures will not only advance the development of landmark projects, but also solidify Abu Dhabi's position as a premier global destination for investment, lifestyle and work. Thank you for joining us today, and we will open the floor for questions.

Adam As a reminder, if you would like to ask a question today, and you've joined us via the phone, please press star, followed by one, on your telephone keypad now to enter the queue. Alternatively, if you've joined us online, you may submit written text questions to the top right of the screen, using the Q&A text box provided. That’s star one on your telephone keypad, or the Q&A box provided. And our first question comes from Mohamad Haidar from Arqaam Capital. Mohamad, please go ahead. Your line is open.

Mohamad Haidar Hello, Faisal. Mohamad Haidar from Arqaam Capital. My first set of questions are more of confirmations. On the commercial JV, is this part of Aldar’s 5 billion capital deployment plan? Aldar will put 2 billion or 1.8 billion today. Is this part of it?

Faisal Falaknaz It is. It is, yes. The Masdar portfolio, we will be buying 60% of that, which is that 1.8 billion deployment, and that is debt and equity. That's the total purchase value of the JV.

Mohamad Haidar Should we expect something like debt capital ratio close between 30%-40%, similar to Aldar Investment's?

Faisal Falaknaz Absolutely, yes. And so, as we progress towards closing the deal, we'll be assessing what is the right capital structure between having debt at that JV level or having debt at the AIP level. That has not yet been decided.

Mohamad Haidar And in both cases, it will be consolidated?

Faisal Falaknaz Yes, absolutely.

Mohamad Haidar Excellent. My other question on the residential development JV. In simple terms, it's some sort of profit-sharing JV. Aldar develops. Mubadala puts the land. Aldar keeps 60% of the profits and shares 40% with Mubadala.

Faisal Falaknaz Correct. There's no cash payment for the land, like we have on the Dubai Holding JV, for example, where there's a payment plan over a five-year period. In this case, there's a value attributable to the land, which is part of the waterfall, as the JV starts paying profits. And you're absolutely correct. We'll be taking 60% of the profits. Mubadala will be taking 40%. But we will also be taking development and sales fees on top.

Mohamad Haidar Very, very clear. On the retail JV, would you be able to provide the valuation of each asset? I know 9 billion combined for both assets, but Yas Mall in size terms is much bigger than Galleria.

Faisal Falaknaz I think we got a couple of questions where people were asking about the 60/40 split. The 60/40 split is actually a minimum for the JV. The 60% is something that Aldar does not want to go below, given we are going to be running this JV, and the starting point of the JV is probably going to be something around that 70%/30% mark. Yas Mall today is valued over AED 6 billion, but the 60/40 is taking into account that we would probably contribute assets to that JV in the future, where we would not go below that 60%.

Mohamad Haidar Understood. And looking at Yas Mall's valuation today, over 6 billion, how does that compare to the book value? Should we expect any sort of fair value gains on the back of this JV?

Faisal Falaknaz We fair-value our assets, so we do it on a biannual basis at the end of the year and at the middle of the year. This is very close to where we value the asset as of the end of June.

Mohamad Haidar Excellent. Thank you, Faisal, very clear.

Faisal Falaknaz You are welcome.

Adam The next question comes from Taher from J.P. Morgan. Taher, your line is open. Please go ahead.

Taher Hello?

Adam Hi there. Your line is open.

Taher Hi, Faisal. It’s Taher from J.P. Morgan. I hope all is well. Again, congrats on this JV. And just maybe a few questions from my side. The first one, just to follow from Mohamad’s point on the retail, again, it looks, from a size perspective, GLA mix, and then if you look at the JV details and also at the GAV, it just feels that you're more getting a bit diluted. But as you alluded, this is opening the door for maybe further asset contributions into the JV.

But can I just get better understanding, what is the rationale? You're just contributing Yas Mall. You're just keeping the other retail portfolio 100% owned. Can you just help us? Explain what is the rationale behind on the retail side? Because this is the only part of the JV where you are contributing assets, and the others, it's actually simpler in terms of Mubadala coming in with income-generating assets or contributing land, and you guys putting in some Capex. Maybe just help us understand the rationale on the retail side, and, also, just the percentages would be helpful.

Faisal Falaknaz Like I said, so the JV is not going to start at the 60/40 level. It's going to start, again, probably with a 70% for Aldar, as they are given, like you said, the proportionate size of Yas Mall versus Galleria. The rationale is to put together two very large, dominant assets in Abu Dhabi. Yas Mall is a super-regional mall that is the dominant centre in Abu Dhabi, but it does not have a luxury offering. Galleria, on the other side, is not a super-regional mall, it's a 40,000-square metre mall, but it is the dominant centre today in Abu Dhabi on the luxury front.

While, you're right, the GFA is much smaller, obviously, the GFA is more productive in terms of sales, given it is pretty much dominated by high-end luxury brands. And it further reinforces us as the landlord of choice, given the significant relationships we have with tenants, either on existing projects or new projects. The second thing, it's a further continuation of consolidation, given we've acquired ADGM, and ADGM is actually connected to Galleria. So it's a further enforcement of that strategy.

And then there are synergies that come out of this, because today you have two distinct operating teams that are managing those two assets. Today those teams will become one. Effectively, the team that is working with Mubadala on the Galleria site is now going to become part of the Aldar side, so there are both revenue and cost synergies that are going to come out of that. There is immediate value accretion that we expect to come out of this, even though, to your point, we are not deploying capital per se, we are only merging those assets together.

Taher Okay. I think the next question is really much more on the financial side, because we tried to run some numbers and estimates, but, from your standpoint, I think I just have two very direct questions. Number 1 is, with this JV, how should we think about EBITDA uplift for your current portfolio? Because if I really want to understand this correctly, you're just coming in with new assets. You own 60% of these assets, and you're pouring them into your existing, very strong, recurring base, whether it's retail, whether it's logistics, whether it's residential, whether it's commercial. You've done this for a long time, and you have a track record, and you have an existing portfolio.

If we want to add this 60% JV across these segments, on the recurring side, how should we think about EBITDA uplift in the medium-term once these assets are up and running? Just maybe help us, maybe from an NOI yield, if you like, to guide on that, or EBITDA. That would be very helpful just for us, to put things in perspective.

Faisal Falaknaz On the conservative side, I would say that it is not decreased, for sure. And the way you model it is it has today no effect whatsoever. And it's a fair question where I think we need to come back to you and give you some guidance around that in the future. And we'll do that in due course. But we will have to come back to you with some direction in terms of how to model the synergies that are going to come from this, so the uplift, the incremental EBITDA that is going to be driven by combining those two assets together. But it's still very early today for me to give that guidance.

Taher And without synergies, can you give some guidance on how much EBITDA capacity is there within this JV?

Faisal Falaknaz Yes. They're both generating more than 7% on their current fair values.

Taher That's clear at this stage. I'll come back in the queue. Thank you.

Adam We have no further audio questions at this time. As a reminder, that's star followed by one to ask an audio question on today's call or the Q&A text box provided. We will move on to text questions. We have a group of four anonymous text questions. I'll read these out two at a time.

What are the implied cap rates based on the JV valuation for Yas Mall and Galleria Mall? And what would the method of consolidation be for all of the JVs?

Faisal Falaknaz Cap rates, generally, across all of the deals that we have here, commercial, retail and residential, range somewhere between 7% to 7.5%, I would say. And then, given we are at least 60% of the JVs, then we are fully consolidating those JVs into our P&L and balance sheet, and then you have the NCI, the 40%, that's going to come out at the bottom.

Adam The other two anonymous text questions read, who will contribute to the two properties under development, Aldar or Mubadala? And who will pay for the development of the logistics park, and what would the development cost and timeline be?

Faisal Falaknaz Masdar, the 3 billion that we mentioned is the currently operational side of the asset portfolio. We haven't included a value for those two properties. As soon as we have information about those, then those assets will be contributed to the JV with the same split that we have today, which is the 60/40. Masdar is contributing those assets.

And then in terms of who's developing the logistics, the JV, it is both partners. This is going to be funded 60/40 between Aldar and Mubadala. The development cost and timeline, I think, is a bit early today. The estimates that we have put on this is this can generate at least AED 5 billion of gross development value. It's a very strategic location. It sits on very important connection points and close proximity to the airport.

Now, the nice thing about logistics is, obviously, the development timelines are typically shorter than what you see on what we develop on residential, commercial and retail, which generally takes three to four years. But, again, we need to come up with the full plan in terms of how we're going to develop this plot and what does it include, which will be mainly focussed around warehousing. But we'll come back to you guys in due course.

Adam Steve Bramley of HSBC asks two questions. First one, can you outline the terms of the management agreement for the JVs? Is it a percentage of AUM? And, if so, what is the percentage? Also, is there a performance fee element? And the second question reads, of the AED 13 billion of GAV for the strategic island JV, how much of the 13 billion is non-yielding infrastructure cost? Thank you.

Faisal Falaknaz On the recurring income side, we have asset management fees that are in line with markets. We'll disclose those at the right time. And then, sorry, what was the second question?

Adam Of the AED 13 billion of GAV for the strategic Island JV, how much of the 13 billion is non-yielding infrastructure cost?

Faisal Falaknaz 13 billion is the sales potential of those islands. And you should model a gross margin that is typically, again, 30% to 35% gross profit margin. But you should also consider that we are making development and sales management fees on top. That's going to be cherry on the top.

Adam Jonathan Milan from Waha Capital asks, what is the rationale for only adding Galleria Luxury and excluding the extension, which is huge and has high occupancy? And the second question reads, doesn't the GDV of AED 13 billion for the two islands sound extremely low? A 4 million square metre landbank in such locations can presumably generate multiple times that.

Faisal Falaknaz The extension is not fully owned by Mubadala, so that is something separate. Does the GDV sound extremely low? You have one island, which is little Yas, which is probably 70% to 80% of the value, and then you have little Saadiyat, which is the remaining. On little Saadiyat, I think we have around 90 to 100 villas planned. And then on little Yas, we probably have 400 to 500 villas planned, with a luxury offering there. Now, that's the number today. We're still at very early stages. Whether it's conservative or not, it's a view that you are taking, but we'll come back to all of you in due course once we finalise the brief on both those events.

Adam Nikita from Emirates NBD asks, are you planning to raise debt to acquire commercial and residential assets? Where will the JV sit, at AIP or parent company level?

Faisal Falaknaz Our debt-raising strategy is, again, always opportunistic, given the condition of the market. But at the same time, we have extensive liquidity sitting at both group and AIP level, where we have committed five-year facilities with capacity of more than AED 8-9 billion that can help us fund those acquisitions.

Adam An anonymous question asks, why has Aldar and Mubadala not chosen to transfer the assets to Aldar Company and issue Aldar shares to Mubadala?

Faisal Falaknaz Why didn't Aldar issue shares to Mubadala? Because we think our shares are worth more. Shares is a very precious asset. When the share price is right, then we will issue shares.

Adam Another question, can you provide details on cash outflow from the development JVs?

Faisal Falaknaz Development JVs are basically mainly funded through presales. And the guidance that we have typically given to the market is, if you have 10 billion of GDV, then you should expect that the equity requirement or the capital required to fund that development is somewhere around 10% to 20% on the back of the very strong payment plans that we have been able to achieve to date.

Adam As a reminder, if you'd like to ask a question today, that's star one on your telephone keypad, or the Q&A text box provided. An anonymous question asks, how would Aldar's leverage change as a result of the JVs, and should we expect it to increase further in the next two years as developments progress?

Faisal Falaknaz No change. We are very much committed to our debt policy, which is no more than 40% on investment and no more than 25% on the development side.

Adam We have a follow up from Taher at J.P. Morgan. Your line is open. Please go ahead.

Taher Yes, Faisal. it's just Taher again. Maybe just the first one is more of an ask. Clearly, you guys have been busy, keeping everyone busy, also, with M&A, and you have your own deal pipeline. And now there's a JV with Mubadala, which is quite sizeable. I think it would really be helpful if we maybe get an update in terms of what kind of, I don't know, EBITDA targets, especially on the recurring portfolio, because there is a lot of action happening there across different segments. Maybe just if you can share some medium-term guidance, maybe not only specifically to this JV, in terms of what kind of incremental EBITDA, but, in general, just what would be an EBITDA capacity or a base two, three years down the line, once a lot of these projects come on stream? That will really, I think, help investors and analysts. That's, just going to ask for you maybe to keep in mind.

My follow-up question, Faisal, is on Aldar's recurring portfolio, because Apollo came in back in 2022, if I remember correctly, and now there's a JV with Mubadala. I just want to get your thoughts. What is the long-term gain for the recurring portfolio? Just continue to find maybe more partners to do business with, or at one point, you'll start, I don't know, maybe consolidating your stake, buying out the JVs, or thinking about unlocking value? I just want to understand, this portfolio has been growing quite extensively over the last couple of years, so how should we think about the medium-term capital plan for this portfolio, especially, I think, within the holding, within Aldar, because that will also reflect on Aldar?

Faisal Falaknaz Just on the first point, Taher, we remain very, very much committed to the guidance that we have given for the Aldar Investment vertical from an adjusted EBITDA basis, which I think was AED 2.5 billion to AED 2.6 billion, if my memory serves me correct.

Taher Yes. But this is this year.

Faisal Falaknaz This is this year and excluding any acquisitions. Now, those acquisitions are targeted to close before the end of the year. Therefore, I would model that those acquisitions would be factored in next year's numbers. The back-of-the-envelope calculations that you did, I did see your research note, are probably in the right direction. If you want, we can have a follow up with the team just to confirm. But the 7% yield and the taking out of the minorities is absolutely something that makes sense. So, on the Masdar assets, I think you're thinking about it correctly in taking out the 40% minority.

On the retail, like you said, it's a bit difficult to give a guidance on the number. I would assume for the time being that there's no addition for now, even though there will be. And then on Al Raha, Al Raha is going to take a little bit of time, obviously, because that's a development asset. And then on the Saadiyat, little Yas and little Saadiyat, that's going to play out like any of our other developments, where we're probably going to start launching it next year. And then it takes from six to nine months after we launch for it to start contributing to the bottom line.

And then, sorry, the team corrected me on the guidance. The guidance for Aldar Investment is 2.3 billion to 2.5 billion, and we're very, very confident that we're going to be hitting the high end of that range. And then any acquisitions between now and the year end is just the cherry on the top. Sorry, the second question, Taher, if you remind me, did I answer it or not yet?

Taher Yes, just the longer-term, because Apollo is a shareholder in AIP, and now there's a JV with Mubadala. And you have also your existing Capex plan. But what is the medium-term plan for Aldar? You want to buy out the JVs or get another minority shareholder and a much bigger ecosystem or unlock value? Just it's getting bigger and bigger, with more growth, with more diversification, Capex and so on. So maybe just help us understand where do you see Aldar Investments or maybe the recurring portfolio down the road?

Faisal Falaknaz It's difficult to give you one answer. I think what we are focussed on is how can we continue growing and how can we continue attracting strategic capital that further reinforces that this is a platform that is institutional, very good quality, led by a strong management team, that gives us credibility. And in terms of the JV structure, now, Apollo sits at the top, at the AIP level. The retail is sitting at the bottom as one aspect of the retail segment.

Now, with Mubadala, there are mechanisms, obviously, built in for the future for us to eventually fully consolidate our positions in those assets. Mubadala firmly believes that there is value in those assets, and, hence, firmly wants to participate in that upside, because they trust that we can unlock that value. The plan is eventually there will be some sort of consolidation happening.

Taher Okay. All the best. Thank you.

Adam As a reminder, that style on your telephone keypad, or the Q&A text box provided. We have a question from Harsh Mehta from Goldman Sachs. Harsh, please go ahead. Your line is open.

Harsh Mehta Thank you. Faisal, thank you very much for the presentation, and congratulations on the transaction. I have two specific questions. The first one is, in the past, whenever you acquired assets from Mubadala or Government, these assets have generally been underutilised. And you've come in, you've improved occupancy, that’s driven increase in rentals. And that's the kind of yield compression that we see on those assets, which creates value.

Most of these assets, on the recurring revenue side, are pretty well occupied, and that, in my opinion, probably drives limited room for increasing rents, or correct me if I'm wrong. And so besides these assets being good, and besides the fact that you mentioned there are certain synergies on the cost side, how do we see incremental growth from these assets or from these JVs?

And, secondly, I can understand that on the logistics side and on the development side, yes, there are new assets to be created, and that will add more value, both in terms of earnings growth and overall value of the business. But could you please provide us a timeframe in terms of how are you seeing the milestones and development on these two assets, on the logistics and development side, in terms of contribution to your earnings? Thank you.

Faisal Falaknaz I would disagree with the point that the upside is limited, even on the Masdar portfolio, where portfolio is trading at the high occupancy. Number 1, you have built in rent escalations. Number 3, you have a rollover of three years. And as those leases roll over, then we can capitalise on much higher rents. And then you have the development assets, which should also have a higher return as they come in.

And then even on the retail side, even though we're not deploying capital, but, again, the Aldar machine, once it comes in through our platform, as the leases roll over, we would be able to capitalise, hopefully, on significant value. And then we're going to get our hands dirty and see where are opportunities where we can invest Capex and earn a very good double-digit return on that Capex, which is typically what allows us to grow our NOIs at double digits.

And then on the timeline, Harsh, I think, again, it's still very early stages. On the logistics, please give us time to close those deals and come back to you guys with exactly what the strategy is going to be around logistics. I think what you need to be focused on is we've been saying in the past that we want to be a champion when it comes to logistics, and this is one piece of the puzzle. We wanted to do it at scale because we were doing it with bolt-on acquisitions previously.

On the development front, that machine is roaring. And so, I think the timelines there are we target launching this sometime towards next year, maybe the second half. We'll have to get in and see how soon can we get those approvals, which should hopefully be in an expedited manner. And then it's your usual three-, four-year development period from there.

Harsh Mehta Thank you, Faisal. It is fair to assume that even on the recurring, let's say, retail or commercial side, you do have that optionality that as you come in and use your expertise in terms of churning the tenants and the renewals come in, there is room for upside on the rentals as well, despite these assets currently at pretty much optimum level on the occupancy?

Faisal Falaknaz Yes, that's correct. Absolutely. That's what I said.

Harsh Mehta Perfect. Thank you.

Adam We have a text question from Jonathan Milan at Waha Capital. What is the NOI of Galleria Luxury? And could you add one day later to the extension? And there’s another question. They've written, could you buy out the other shareholders?

Faisal Falaknaz The NOI, like I said, is north of 7%. Let's enjoy the moment today and worry about tomorrow later.

Adam An anonymous text question asks, doesn't Aldar own land assets already for waterfront luxury developments Fahid and Mina? How do new plots differ from what is owned? Similarly, could you not use existing land for the logistics park?

Faisal Falaknaz Yes, but I think there's not enough waterfront land. If we can capitalise on that, then why not? And we're confident we can activate it very quickly. We're not landbanking. We're going to take it and immediately activate it. On the land for logistics, so Seih Al Sedeirah is actually something we are considering for the future. But you have to remember that this is a much more strategically located land today, given the proximity to the airport here in Abu Dhabi.

Adam As a final reminder, that's star one or the Q&A text box provided. We have no further questions, so I'll hand the call back to the Group CFO for any concluding remarks.

Faisal Falaknaz Thank you, everybody, for all the support and patience with us. And we look forward to updating you on those deals as we progress towards closing them before the end of the year.

Adam This concludes today's call. Thank you very much for your attendance. You may now disconnect your lines.