



# EMAAR MALLS GROUP PJSC



**Q3 2015 RESULTS**

17 November 2015

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	Highlights	4
	Vision and strategy	5
	Financial results	6
	Portfolio	7
	Portfolio results	8 - 9
	The Dubai Mall results	10
	Rental income	11
	Key strengths	12 - 13
	Lease renewal status	14
	Flagship asset - TDM	15
	Development pipeline	16
	The Dubai Mall expansions	17
	Financial highlights	18
	Governance	19



**14%**  
Increase in Rental  
Income  
(9M-15 vs. 9M-14)

**99%**  
GLA Occupancy  
Rate (9M 2015)

**Footfall**  
World's Most  
Visited Leisure &  
Lifestyle  
Destination

**~AED 40 Bn**  
  
Market  
Capitalisation<sup>(1)</sup>

**~5.9 MM**  
  
sq.ft. of GLA<sup>(2)</sup>

**Revenue**  
9M 2015 – AED 2,190 MM  
9M 2014 – AED 1,908 MM  
  
**EBITDA**  
9M 2015 – AED 1,684 MM  
9M 2014 – AED 1,475 MM

**21%**  
Tenant Sales  
  
**18%**  
Revenue  
(2012-2014 CAGR)

**19%**  
EBITDA  
  
**23%**  
FCF<sup>(3)</sup>  
(2012-2014 CAGR)

**~845,000**  
sq.ft. GLA under  
development<sup>(4)</sup> with  
additional  
developments under  
design

**Owner of the #1 Visited Shopping and Entertainment Mall Globally**

**Notes**

1. Dubai Financial Market – 9 November 2015
2. Total GLA including storage and terraces, as of September 2015
3. FCF = EBITDA – Capex
4. Includes expansion of The Dubai Mall Fashion Avenue and Springs Village

The Dubai Mall

Emaar Malls  
Group



# Our Vision

To create world class malls delivering memorable experiences

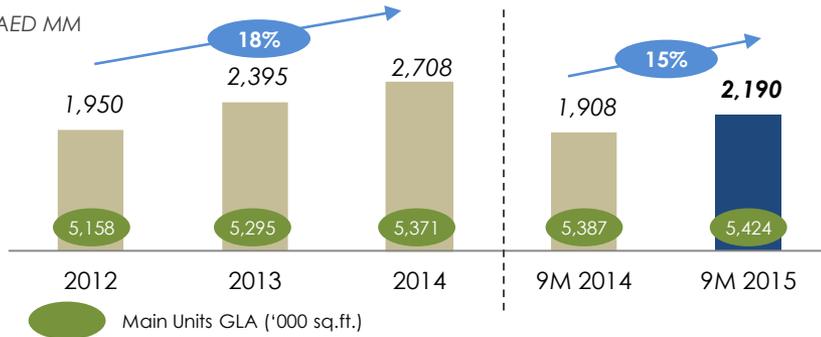
## Strategy 1 2 3

- 1 Protect and Grow Portfolio in Local Market
- 2 Expand Internationally
- 3 Innovate and Lead Transition to Next Generation Mall

## Track Record of Double Digit Top Line Growth

Total Revenue

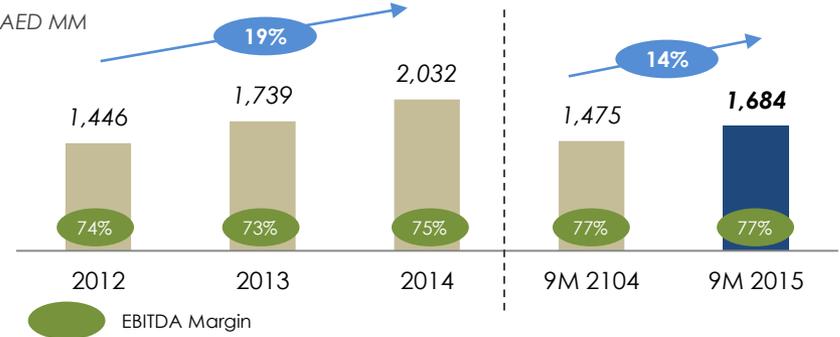
AED MM



## Consistently Improving EBITDA

EBITDA

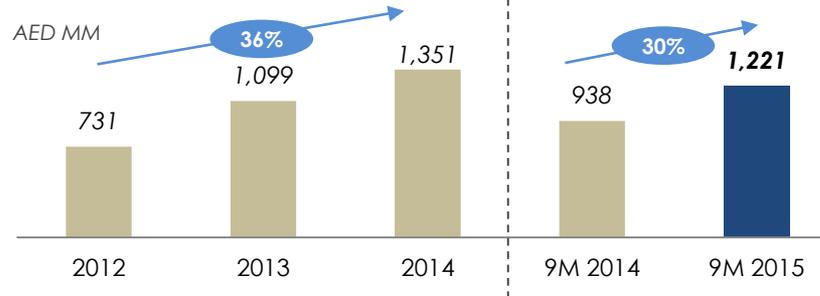
AED MM



## Net Income

Profit for the Year/ Period

AED MM



**Strong Value Creation Through Rental Growth**

Division	Assets	GLA <sup>(1)</sup>	Selected Pictures
Super Regional Malls	<ul style="list-style-type: none"> <li>The Dubai Mall</li> </ul>	3,729	 
Regional Malls	<ul style="list-style-type: none"> <li>Dubai Marina Mall (including Pier 7)</li> </ul>	425	 
Specialty Retail	<ul style="list-style-type: none"> <li>Souk Al Bahar, fine dining destination with views on the Dubai Fountain and Burj Khalifa</li> <li>Gold &amp; Diamond Park, only dedicated gold &amp; diamond mall in Dubai</li> </ul>	740	 
Community Integrated Retail	<ul style="list-style-type: none"> <li>Mohammed bin Rashid Boulevard Retail</li> <li>Dubai Marina Retail</li> <li>Shopping centres in Emaar residential developments</li> </ul>	1,026	 
<b>Emaar Malls</b>		<b>5,920</b>	

### Broad Product Offering Complementing the Dubai Mall

**Note**

1. Total GLA (\*000 sq.ft.) including storage and terrace , as of Sep 2015
2. Total occupancy cost ratio across all malls is 14% as of 9M-2015

**Operational**

**Super Regional Malls**

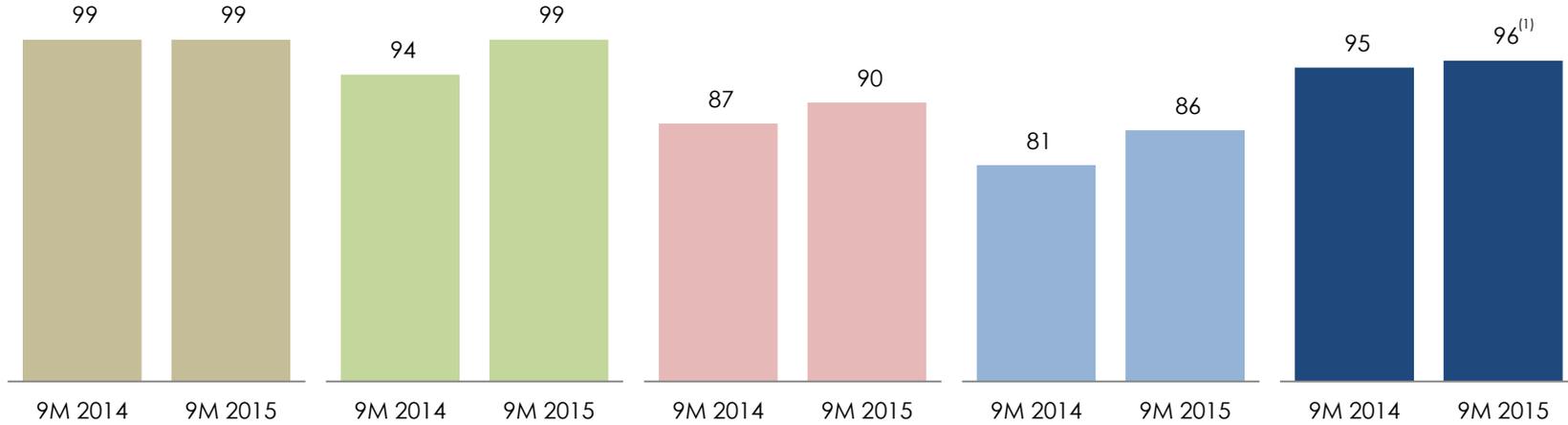
**Regional Malls**

**Specialty Retail**

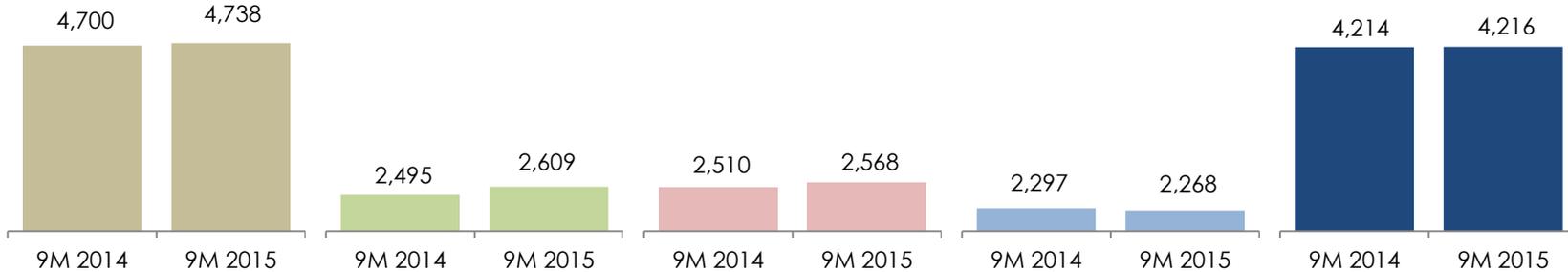
**Community Integrated Retail**

**Total EMG**

**Occupancy Rate (%)**



**Tenant Sales annualised (AED/sq.ft.)**



**Notes**

1. 98% occupancy based on signed leases.

# PORTFOLIO RESULTS (CONT'D)

## Financial

### Super Regional Malls

### Regional Malls

### Specialty Retail

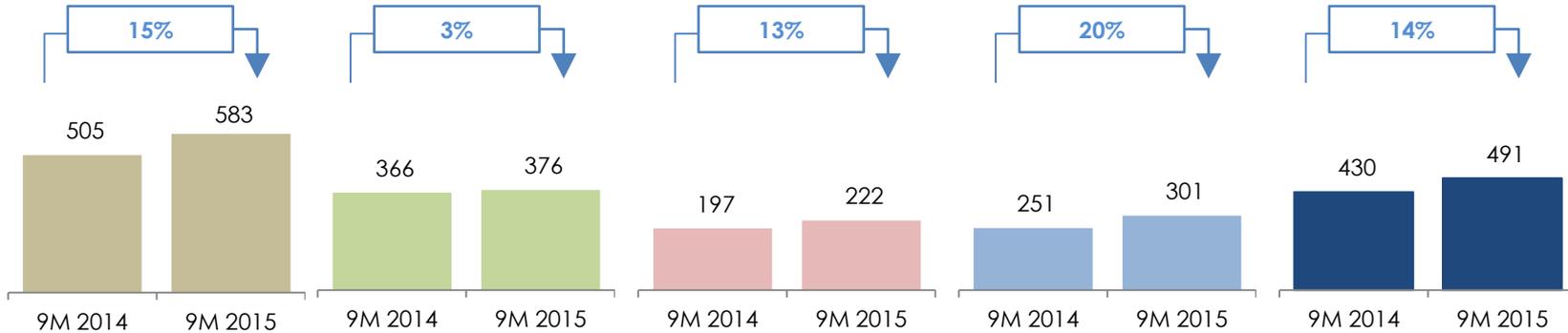
### Community Integrated Retail

### Total EMG

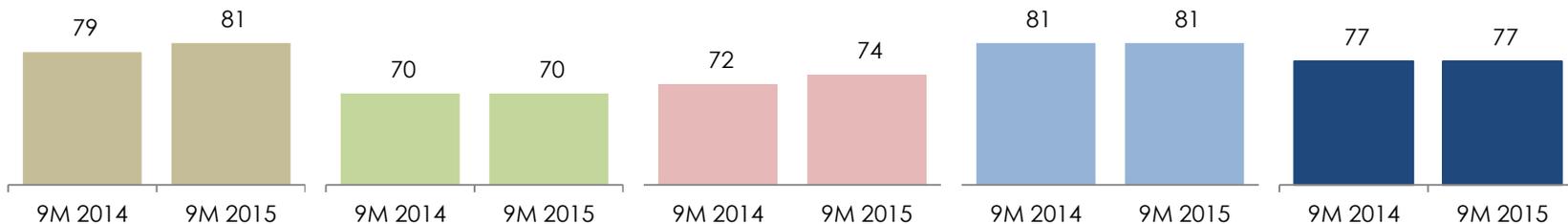
## Rental Income (AED MM)



## Rent per sq.ft. (AED/sq.ft.)<sup>(1)</sup>



## EBITDA Margin (%)



### Notes

1. Total annualised rent over average occupied GLA for main units

# THE DUBAI MALL RESULTS

## Financial

### Apparel and Accessories

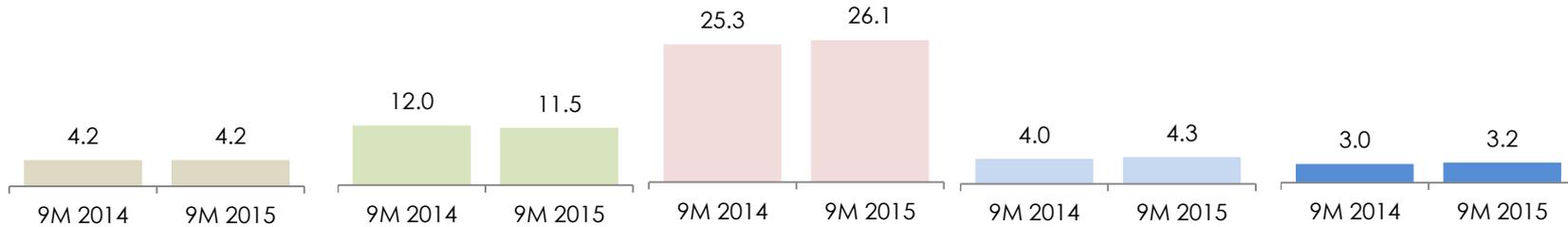
### Fashion Avenue

### High End Jewelry

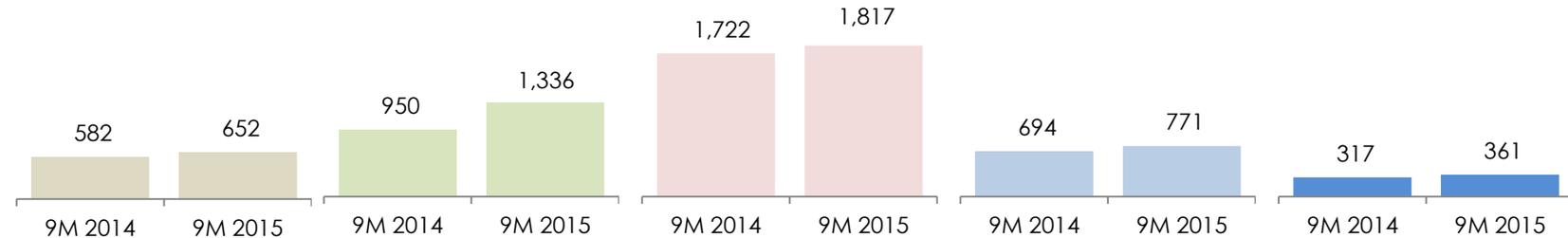
### Food and Beverage

### Others

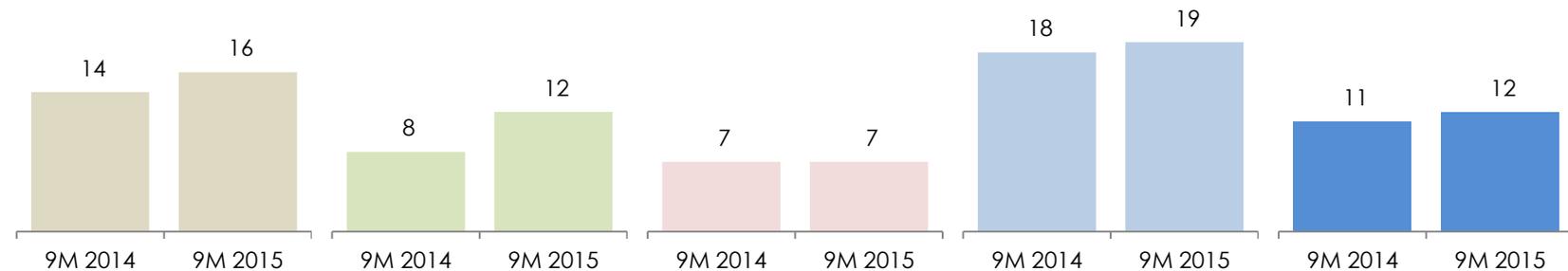
**Sales per sq.ft. annualised**  
(AED'000)



**Rent per sq.ft.**  
(AED/sq.ft.)<sup>(1)</sup>



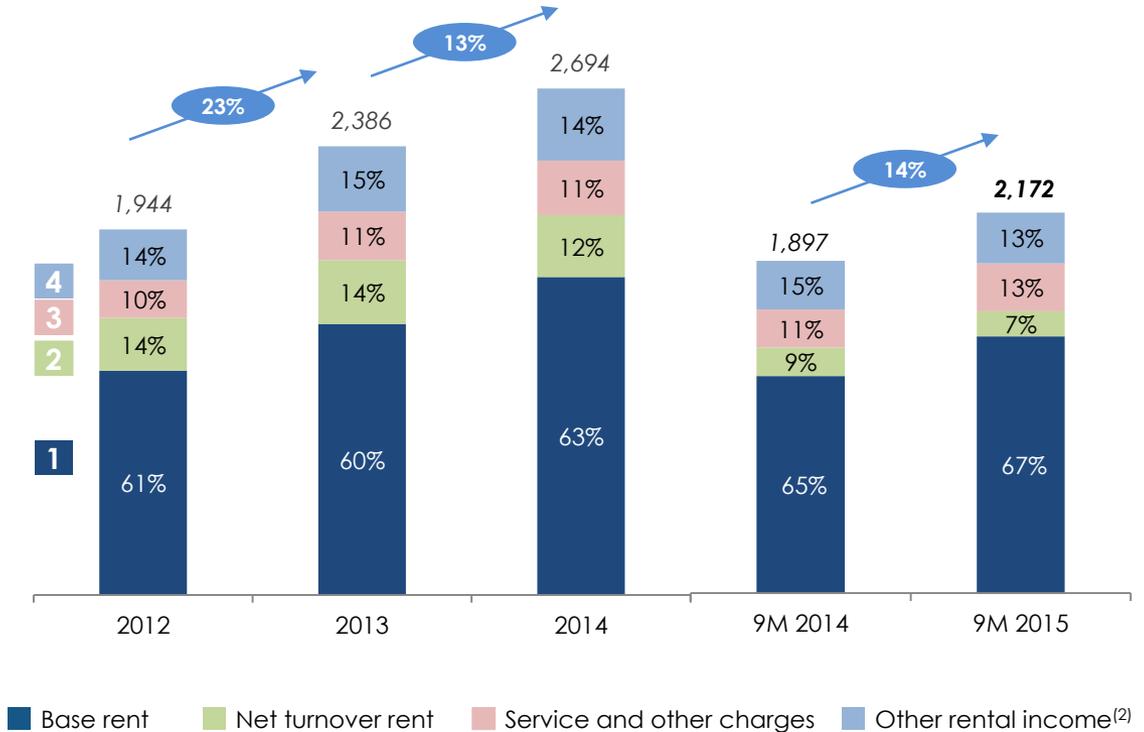
**Occupancy Cost Ratio**  
(%)



**Notes**

1. Total annualised rent over average occupied GLA for main units

- 1 Contractual base rent escalation of typically 7% per annum
- 2 Net turnover rent based on percentage of tenants sales
- 3 Majority of annual service charges charged to the tenants recovered (c.64% in 9M 2015)<sup>(1)</sup>
- 4 Other rental income<sup>(2)</sup>



## EMG Revenue Growth Driven by Base Rent Escalation and Net Effective Rent

**Notes**  
 1. For all of properties  
 2. Derived primarily from the payment of store design fit-out fees, late opening penalties, interest charges on deferred payments and certain admin charges, and income from the leasing of storage units and terraces, specialty leasing and multimedia sales



## Significant GLA

- 5.9 m Sq ft of GLA, 96% Occupancy (Sep 2015).

## Significant and Growing Footfall and Tenant Sales

- EMG: footfall 90 million (11% increase); Tenant Sales per sq.ft. AED 4,216 (Similar to 9M 2014)

## The Dubai Mall

- 3.7m Sq ft GLA, GLA occupancy at 99% (Sep 2015).

## Diversified Lease Payment Risk

- Lease payment risk diversified across a significant number of tenants.
- Key anchor tenants comprise large regional and international entities.

## Preferable Lease Terms

- Non-anchor tenants 3-5 years, anchor tenants 10–20 years tenancy agreements.
- Rental submission in advance; additional security deposits (30% of annual base rent & charges)

## High Margin Assets and Strong Collection Rates

- Low maintenance CAPEX and operational expenses.
- No negligible delays on lease payments on any of the EMG assets in Dubai.

## Active Tenant Management

- Total increase in contractual/base rent of over AED 42 M achieved for The Dubai Mall alone.
- Increase of contractual base rent in renewal negotiations with 32% upside achieved during 2015.



## Exclusive Tenants

- Several exclusive tenants who do not have retail outlets anywhere else in the UAE / GCC including Bloomingdale's, Galleries Lafayette.
- Dubai Mall is being expanded with additional leasable area of approximately 15% of the current mall. The expansion is likely to be completed by H2-2016 and will primarily house the International Fashion Brands.

## Retail Attractions

- Reel Cinema 28 Screen Cineplex (the largest and No. 1 cinema in Dubai based on admissions)
- SEGA Republic (76,000 sq ft indoor theme park)
- Indoor Aquarium
- Olympic size Ice Rink
- Kidzania (children's entertainment facility)



## Financial Highlights

- Malls achieved revenues of AED 2,190 million in 9M 2015, an increase of 15% over 9M 2014.
- Malls achieved EBITDA of AED 1,684 million in 9M 2015, an increase of 14% over 9M 2014.

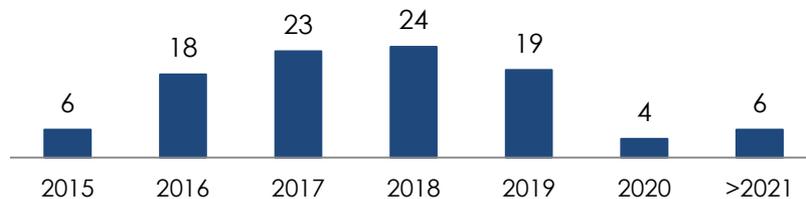


## Active Tenant Management

- Significant waitlist allows EMG to actively manage its tenant base
  - Waitlist of more than **4,000** businesses across all properties
- Favorable standard lease terms
  - Lack of early tenant termination clause
  - Tenant does not have the option of renewal
  - Post-dated cheques covering base rent + charges<sup>(1)</sup>
  - No rent free period in The Dubai Mall and Marina Mall<sup>(2)</sup>
- Most leases on 3-5 year terms to give EMG more flexibility when managing tenants

## Lease Expiry Schedule

% of leased main unit GLA due to be expiring in the forthcoming years (as of 31-Oct-2015)



## Attractive Renewal Terms Achieved in 2015

- **Base Rent Increase:** C.668 k sq.ft. of the lease expires in 2015 achieved a base rent increase of 28% over the previous lease term
- **Turnover Rent:** Increase in turnover rent percentage by 2% to 10% achieved 52% of the number of renewed leases in 2015 across EMG's portfolio

## Strong Increase in Renewal Rates

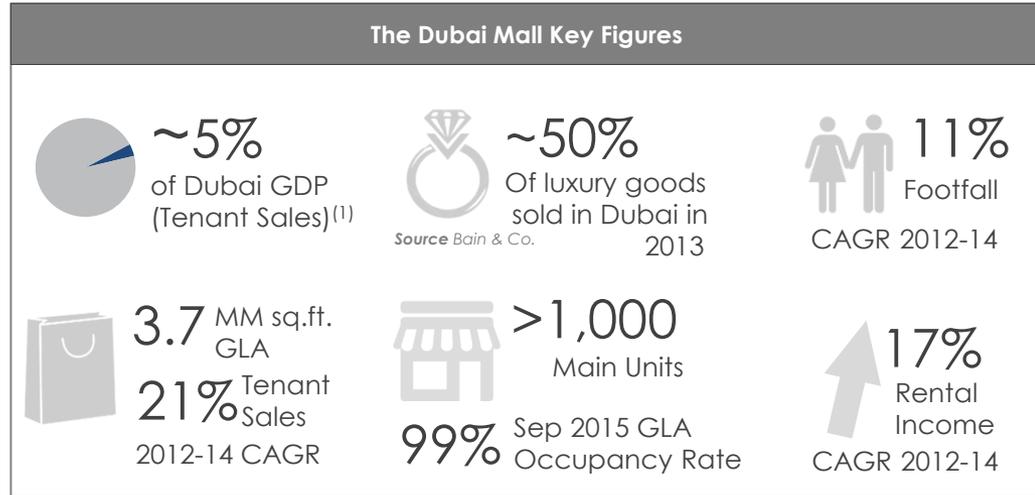
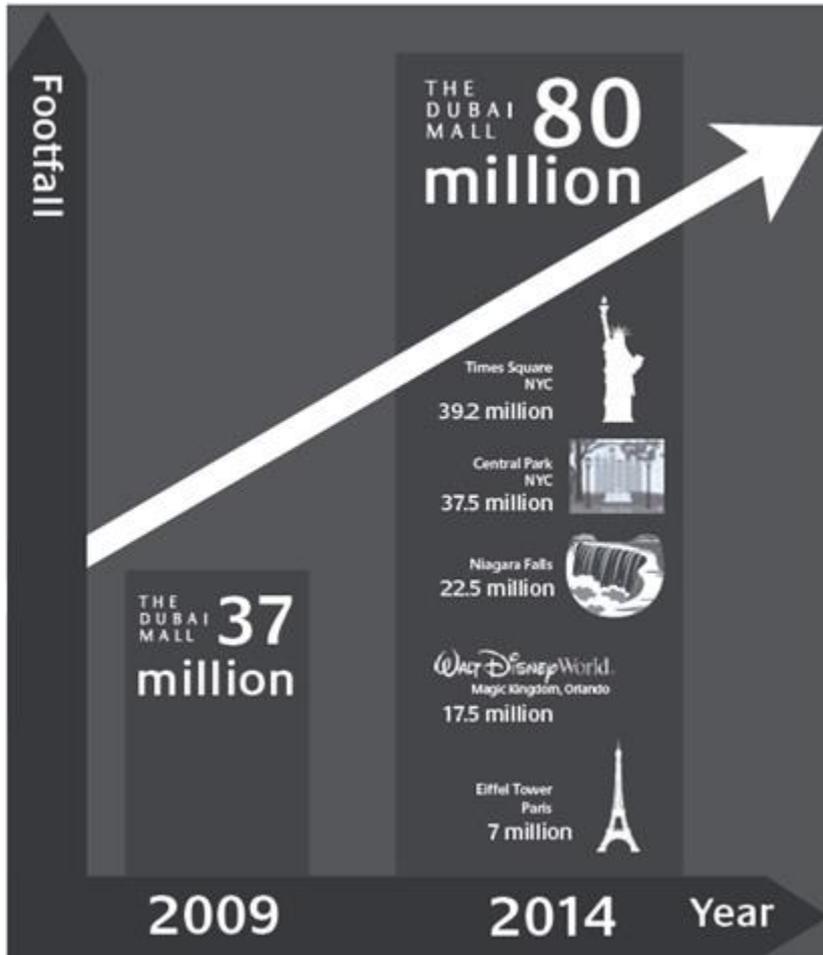
Renewals by Segment for leases expiring in 2015 (as of 31-Oct-2015)

Segment	# of Leases Renewed	GLA ('000 sq.ft.)	Base rent increase vs. last year
Super Regional Mall	149	327	32%
Regional Mall	24	42	23%
Specialty Retail	143	143	17%
Community Integrated Retail	75	156	27%
<b>Total</b>	<b>391</b>	<b>668</b>	<b>28%</b>

**Significant Upside Witnessed from Strong Increase in Renewal Rates**

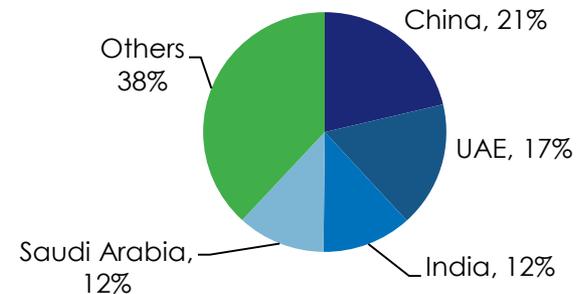
### Notes

1. And service charges, chilled water charges, promotional and marketing contribution
2. Excluding Pier 7



### Total Spending by Country of Residence

Information on customers spending during the two main promotional shopping seasons, for the year ended December 2014<sup>(2)</sup>



**Worlds Most Visited Leisure and Lifestyle Destination**

#### Notes

- 2014 tenants sales divided by 2014 Dubai GDP
- Company data: Country of residence is reported by visitors on raffle coupons filled out during promotions, namely the Dubai Shopping Festival and Dubai Summer Surprises, during holidays such as Eid al-Fitr and Eid al-Adha, as well as during other key promotional campaigns based on information voluntarily provided by visitors

## Overview of Pipeline

**Targeted Weight of EMG Development Pipeline vs. Total Portfolio**



**Extensions vs. Greenfield Under Development**  
In % of GLA



Project Name	GLA (sq.ft.)	Est. Cost (AED MM)	Expected Opening Date
TDM Fashion Avenue Expansion	~600,000	1,500 <sup>(1)</sup>	H2 2016
Springs Village	~245,000	207 <sup>(2)</sup>	2017
<b>Under Development</b>	<b>~845,000</b>	<b>1,707</b>	

## The Dubai Mall Fashion expansion

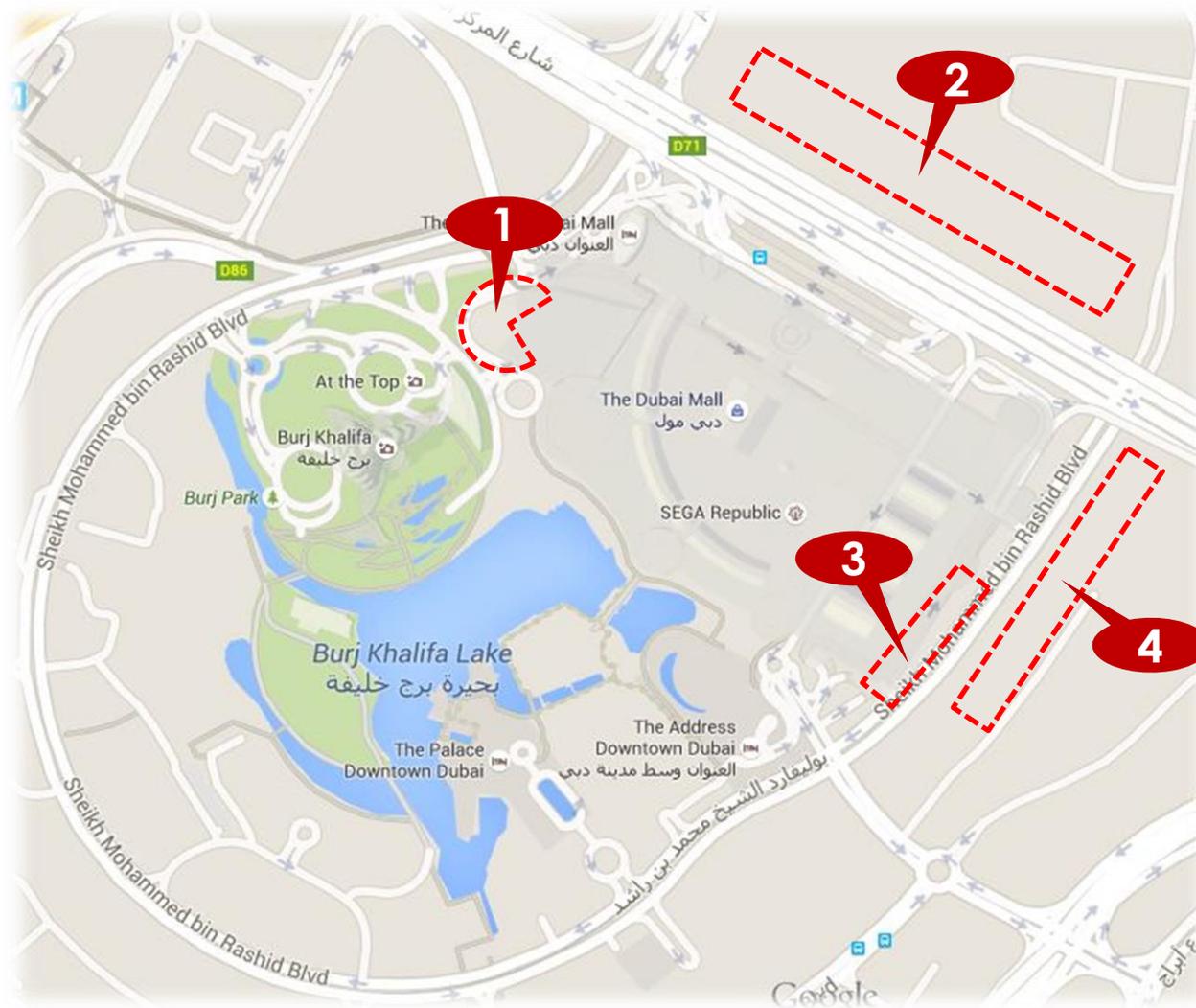


- Commence: January 2014, expected opening date: H2-2016
- Estimated construction cost approx. AED 1.5 bn<sup>(1)</sup>
- **Targeted tenancy mix: mostly high end fashion, high end jewellery and food and beverage units**
- Pre Leasing Status
  - Heads of terms with three large tenants have been signed. (c.30% of the expected GLA)
  - **Representing AED 1,000 – 1,750 per square foot**
- **EMG expects 90%+ of the Fashion Expansion to be pre-leased prior to opening**

## Significant Upside Through Expansion and New Developments

### Notes

1. AED 422 MM were already paid as of 30 September 2015
2. Based on GFA of 377,000 sq.ft.



1. Fashion Avenue Expansion

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2. Zabeel Expansion  
(including car park)

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3. Boulevard Expansion

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4. Fountain View Expansion  
(including car park)

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	Q3 2015	Q2 2015	%	Q3 2015	Q3 2014	%	9M 2015	9M 2014	%
<b>Revenue</b>	<b>728</b>	<b>727</b>	<b>0%</b>	<b>728</b>	<b>650</b>	<b>12%</b>	<b>2,190</b>	<b>1,908</b>	<b>15%</b>
Operating Expenses	(123)	(118)	4%	(123)	(128)	(4%)	(341)	(308)	11%
<b>Operating profit</b>	<b>605</b>	<b>609</b>	<b>(1%)</b>	<b>605</b>	<b>522</b>	<b>16%</b>	<b>1,849</b>	<b>1,600</b>	<b>16%</b>
Sales, marketing, general & Administrative Expenses	(74)	(46)	61%	(74)	(46)	61%	(165)	(125)	32%
<b>EBITDA</b>	<b>531</b>	<b>563</b>	<b>(6%)</b>	<b>531</b>	<b>476</b>	<b>12%</b>	<b>1,684</b>	<b>1,475</b>	<b>14%</b>
<i>% margin</i>	73%	77%		73%	73%		77%	77%	
Write-off <sup>(1)</sup>	-	(2)	(100%)	-	-	-	(10)	-	100%
Depreciation	(87)	(83)	5%	(87)	(82)	6%	(253)	(246)	3%
Finance Costs	(68)	(66)	3%	(68)	(73)	(7%)	(200)	(291)	(31%)
<b>Profit for the period</b>	<b>376</b>	<b>412</b>	<b>(9%)</b>	<b>376</b>	<b>321</b>	<b>17%</b>	<b>1,221</b>	<b>938</b>	<b>30%</b>
<i>% margin</i>	52%	57%		52%	49%		56%	49%	

**Note**

1. Write-off represents undepreciated amount of certain Community Integrated Retail assets, which has been partly or completely demolished due to planned redevelopment.

## Overview of Board of Directors

### Non-independent Directors



**Mohamed Alabbar, Chairman**  
Chairman of  
Emaar Properties PJSC



**Ahmed Al Matrooshi**  
Managing Director of  
Emaar Properties PJSC



**Abdulla Belyoahah**  
Director of Debt Management  
Division of the Department of  
Finance, Government of Dubai



**Abdulrahman Alhareb**  
Chief Internal Audit  
Officer, Dubai Holding

### Independent Directors



**Helal Al Marri**  
Director General,  
Department of Tourism and  
Commerce Marketing



**Mohamed Al Hussaini**  
Board member, Emaar  
Malls Group PJSC



**Mohamad Mourad**  
Managing Director  
Google MENA



**Richard Akers**  
Member of the Advisory  
Board for Battersea Power  
Station Development &  
Director of Barratt  
Developments PLC

### Audit Committee

- Comprised of 3 members who are non-executive directors and the majority of members are independent
- To review internal financial controls and risk management systems including the internal audit function

### Nomination & Remuneration Committee

- Comprised of 3 members who are non-executive directors of which at least two are independent committee members
- Determining individual remuneration and benefits package of executive directors and senior management

### Investment Committee

- Comprised of 4 members of which at least two are independent
- To evaluate & oversee investments, strategies and financial performance of the company



شكرا



EMAAR  
MALLS