

# Aldar Q1 net profit grows 80% to AED 544 million as development business outperforms

Abu Dhabi, UAE: 10 May 2021

- Revenue for quarter ended 31 March 2021 increased 16% year on year (YoY) to AED 2.0 billion and gross profit rose 11% to AED 776 million
- Strong Group financial performance driven by a 47% YoY increase in revenue at Aldar Development, while Aldar Investment recorded stable recurring income
- Aldar Development achieved property sales of above AED 1 billion for the third consecutive quarter, demonstrating the ability of the business to unlock demand for prime real estate in Abu Dhabi
- Aldar Investment net operating income (NOI) flat YoY driven by stable occupancy, operational resilience, and effective cost optimisation measures
- Confidence in Abu Dhabi's real estate market is underpinned by the UAE's world-leading record in vaccination rates, at over 100 doses per 100 people with almost 70% of the population that are eligible to receive the vaccine immunized, positioning Abu Dhabi for a strong demand led recovery



**TALAL AL DHIYEBI**

GROUP CHIEF EXECUTIVE OFFICER OF ALDAR PROPERTIES

“We have achieved a strong start to the year across Aldar’s diversified businesses, as our new operating model delivers growth and efficiency. Aldar Development’s strong quarter in sales demonstrates a return of consumer confidence and our ability to meet growing demand among a range of buyers, with expatriate residents and other foreign investors accounting for an increasing proportion of residential purchases. We will continue to capitalise on the strong demand momentum with exciting new launches. Aldar Investment produced a resilient performance despite the impact of the global pandemic on tourism focused assets and is testament to the value of active asset management, cost efficiency initiatives and the strength of our diversified portfolio. Moreover, our proactive engagement with our stakeholders continues to enhance Aldar’s value proposition as a trusted brand.

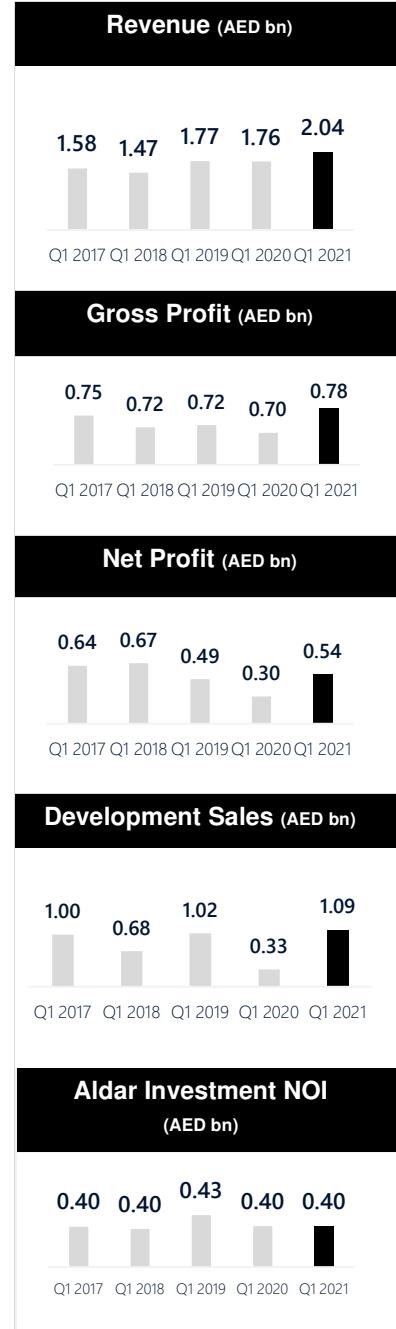
“Thanks to the UAE’s world-leading vaccination programme, we can now begin to look beyond Covid-19 and to a return of the UAE economy to its long-term growth trajectory, with improving real estate supply-demand dynamics. Our diversified business model, robust balance sheet and well-defined strategy will enable Aldar Group to capture new growth opportunities, recycle capital in value accretive investments and deliver attractive returns for our stakeholders.”

# Group Financial Highlights

## ALDAR GROUP

Aldar Group <i>AED million</i>	Q1 2021	Q1 2020	% change
<b>Revenue</b>	2,041	1,757	16%
<b>Gross profit</b>	776	699	11%
<b>Net profit</b>	544	302	80%

- Revenue increased 16% YoY to AED 2.0 billion, driven by a strong increase in property development sales and a ramp-up of the project management business.
- Gross profit rose 11% YoY to AED 776 million, with a significantly higher contribution from Aldar Development.
- Aldar recorded a one-off gain related to completion of the previously announced transaction with ADQ while fair value adjustments on investment properties decreased from a year earlier.
- Net profit increased 80% YoY to AED 544 million. Adjusting for the one-off gain related to the ADQ transaction the Group's core net profit was up 47% YoY.
- Aldar's balance sheet remains robust, with debt levels well within the Company's policy ranges. Strong liquidity position with AED 3.3 billion of unrestricted cash driven by strong cash collections and AED 4.2 billion of undrawn committed bank facilities.
- Dividends for FY2020 of AED 1.14 billion were distributed in April 2021, reaffirming the Company's commitment to delivering significant shareholder value.
- Aldar continued to support the wider Abu Dhabi community and its people during Q1 2021. The company announced a commitment to hire 50 UAE Nationals by the end of the year, welcomed three Atmah students as trainees, supported a range of social initiatives through a partnership with Sandoog Al Watan, and launched the second edition of its Manassah incubator programme for local retail startups.



# Business Unit Highlights

## ALDAR DEVELOPMENT

This core business unit comprises two main segments: **Property Development & Sales**, which is responsible for developing, marketing, and selling Aldar's c. 65 million sqm land bank and **Project Management Services**, which manages Aldar's fee-based development management business including AED 45 billion of government housing and infrastructure projects.

Aldar Development <i>AED billion</i>	Q1 2021	Q1 2020	% change
<b>Sales</b>	1.09	0.33	<b>227%</b>
<b>Revenue</b>	1.19	0.81	<b>47%</b>
<b>Gross profit</b>	0.37	0.29	<b>28%</b>

- **Aldar Development** revenue increased 47% YoY to AED 1.19 billion. Revenue from property development increased 18% YoY to AED 802 million, while revenue from the development management business, Aldar Projects, was 207% higher YoY at AED 384 million.
- Gross profit increased 28% YoY to AED 369 million, predominantly driven by higher contribution from Aldar Projects.
- Within **Property Development & Sales**, development sales more than tripled YoY to AED 1.09 billion, driven by robust sales of existing inventory at mid-to-high-end destinations including Water's Edge, West Yas, Mamsha and Saadiyat Reserve. Sales have exceeded AED 1 billion for three consecutive quarters, with demand coming from a range of end-users and investors as expatriate residents and foreign investors account for an increasing proportion of purchases. As at end Q1 2021, 90% has been sold across its development pipeline.
- Cash collections for handovers and stage payments in Q1 2021 was AED 929 million. This was primarily driven by handover collections on Yas Acres, Mamsha, West Yas and milestones collections on Water's Edge.
- Revenue backlog as at 31 March 2021 was AED 3.35 billion, flat from Q4 2020. The backlog will be supported in coming months by new project launches, including the sell-out launch in April of Noya Viva, which generated AED 1 billion in sales.
- Increased revenue at **Project Management Services** was driven by strong progress made on Government housing and infrastructure projects, notably Al Falah national housing project and the twofour54 complex on Yas Island. Project management fee gross profit for the period was AED 90 million which includes fees generated from all third-party projects under Aldar's management, including the projects awarded by the Abu Dhabi Government to Aldar in Q4 2020.
- In line with Aldar's intention to enter the promising and strategic Egyptian market, the Company announced that it was leading a consortium of investors that submitted a non-binding offer to acquire a majority stake in one of Egypt's listed leading real estate development companies, Sixth of October Development and Investment Company. The offer is subject to a due diligence process as well as applicable regulatory approvals and other conditions.

## ALDAR INVESTMENT

**Aldar Investment** is comprised of four main segments including **Investment Properties**, which houses Aldar's core asset management business, comprised of an AED 16.5 billion portfolio of prime real estate assets across retail, residential and commercial segments. **Education**, a leading education group in Abu Dhabi. **Hospitality and Leisure**, a portfolio of hotel and leisure assets anchored around Yas Island and Saadiyat Island. **Principal Investments**, which includes Provis, property management business, Khidmah, facilities management business and Pivot, construction services business.

Aldar Investment <sup>1</sup> AED million	Q1 2021	Q1 2020	% change
<b>Revenue</b>	763.4	801.5	(5%)
<b>Net Operating Income (NOI)</b>	403.0	403.8	Unchanged
<b>Occupancy (retail, office and commercial)</b>	87%	89%	

- **Aldar Investment's** revenue was AED 763 million in Q1 2021, 5% lower than in Q1 2020, when the impact of Covid-19 was negligible. The resilience of the commercial and residential portfolio, and the positive contribution from other parts of the business including Provis and Aldar Education, mitigated the impact the global pandemic had on tourism-oriented assets including retail, hospitality and leisure.
- **Aldar Investment** continued to demonstrate stability, operational resilience, and enhanced efficiency, recording NOI of AED 403 million, unchanged YoY.
- Within **Investment Properties**, the commercial and residential investment portfolio produced a 2% YoY increase in NOI to AED 224 million. Occupancy was firm at 91% and 90%<sup>2</sup> respectively as at 31 March 2021, supported by Aldar's commitment to tenants and wider stakeholder engagement through premium offerings and service, and high quality facilities maintenance.
- Despite the impact of Covid-19 on the retail portfolio, it witnessed a modest 4% YoY decline in NOI to AED 110 million. Occupancy rates across the retail portfolio stood at 83% as at 31 March 2021, in line with Q4 2020 while footfall and sales per square metre continue to improve, indicating a recovery in the retail segment.
- The AED 500 million redevelopment of Yas Mall is on track for delivery in phases over the next 12 to 18 months. The redevelopment plan is repurposing 40% gross leasable area to create high impact experiential retail and F&B spaces.
- Within **Hospitality and Leisure**, occupancy rates and revenue declined YoY due to global travel restrictions, however, the portfolio is benefiting from an increase in domestic tourism. Gross profit for the segment was flat YoY due to effective cost saving measures across all hotels. The business is expected to recover when global travel restrictions are eased, due to the UAE's success in implementing highly effective testing and vaccination programmes.
- **Education** reported a 24% YoY increase in NOI to AED 39 million supported by a 14% increase in student numbers over the last academic school year and due to enhanced operational efficiencies.
- Within the **Principal Investments** business, Aldar's property management company Provis produced a 2% YoY rise in NOI to AED 7.5 million in Q1 2021, while facilities management company Khidmah achieved 171% YoY growth in NOI to AED 8.1 million. With Provis' recent acquisition of Asteco Property Management and its enhanced market leadership position, the business is expected to grow rapidly through new contracts in the coming months.

<sup>1</sup> Excluding Pivot, construction services business

<sup>2</sup> Excluding Bridges

# Q1 Corporate Highlights

## ESG: Sustainability Practices Embedded Across the Group

- During the first quarter, Aldar launched an Energy Management project to significantly reduce energy consumption across 87 assets. The project is expected to save more than 90 GWh of electrical consumption per year, which is the equivalent of reducing CO2 emissions by approximately 75,000 tons annually.
- The design of a Sustainability Data Management system (SDMS) commenced to enhance the reporting process of Aldar's sustainability data.

## Innovation: Supporting, Nurturing and Investing in New Ideas and Tech

- Aldar launched its inaugural Scale Up Programme which enables international startups in the PropTech sector to access the UAE market and grow through pilot programmes with Aldar. The Company also launched the second cycle of Manassah, a six-month entrepreneurship incubator aimed at nurturing entrepreneurial talent and advancing homegrown retail concepts in the GCC.
- Aldar partnered with Fifth Wall to invest in its European Real Estate Technology fund. This partnership gives Aldar access to a network of PropTech startups in Europe developing the latest technologies that are driving the evolution of the real estate sector.
- Aldar's digital transformation continued at pace with a number of projects delivered to enhance customer experience and operational excellence including a data platform for customer segmentation and targeting. A federated digital services model was rolled out across the Aldar Group and progress was also made in digital design and construction.

## People: Promoting Emiratisation and Supporting Inoculation Efforts

- Aldar signed an agreement with the Ministry of Human Resources and Emiratisation (MoHRE) to train and offer opportunities to 10 young UAE nationals during 2021. In total, Aldar will be recruiting over 50 UAE nationals throughout 2021.
- The Company partnered with Abu Dhabi Health Services Company (SEHA), VPS Healthcare, and Burjeel hospitals to help facilitate Covid-19 vaccination for 85% of its workforce and those across the Company's entire portfolio of malls, hotels and schools.

## Customer: Evolving and Enhancing Experience

- Aldar launched a new Customer Experience Committee, which is focused on reviewing customer insights, identifying gaps and putting in place solutions to ensure a seamless experience across all Aldar assets.
- Aldar's Net Promoter Score (NPS) increased by 17 points during Q1 2021, compared to the previous quarter (Q4 2020)

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## About Aldar

Aldar Properties PJSC is the leading real estate developer and manager in the UAE with a diversified and sustainable operating model centered around two core businesses: Aldar Development and Aldar Investment.

Aldar Development is a master developer of integrated, liveable, and thriving communities across Abu Dhabi's most desirable destinations, including Yas Island, Saadiyat Island, Al Raha, and Reem Island. It is responsible for developing Aldar's c. 65 million sqm land bank and includes three businesses: Aldar Projects, which manages Aldar's fee-based development management business, including AED 45 billion of government housing and infrastructure projects; Aldar Ventures, which incubates and nurtures new business opportunities and innovation areas; and Aldar Egypt, the platform focused on developing mixed-use communities in Egypt.

Aldar Investment houses Aldar's core asset management business comprising an AED 16 billion portfolio of investment grade and income-generating real estate assets diversified across retail, residential and commercial segments. It also manages three core platforms: Aldar Education, Aldar Principal Investments, and Aldar Hospitality and Leisure. Aldar Education includes Aldar's entire educational portfolio, including Aldar Academies, the leading education group in Abu Dhabi, with 20 schools which caters for the education of more than 25,000 students. Aldar Principal Investments, which includes several strategic businesses within the property management, facilities management, and construction sectors, comprises Provis, Khidmah, Pivot, and The Cloud. Aldar Hospitality and Leisure looks after Aldar's portfolio of hotel and leisure assets, which are anchored around Yas Island and Saadiyat. It includes Aldar's portfolio of 10 hotels, comprising over 2,900 hotel keys and managing operations across golf courses, beach clubs and marinas.

Aldar's shares are traded on the Abu Dhabi Securities Exchange (Stock quote: ALDAR:UH), and is a profitable, cash generative business that provides recurring revenues, and benefits from a diverse and supportive shareholder base. Aldar operates according to high standards of corporate governance and is committed to operating a long term and sustainable business in order to provide ongoing value for its shareholders.

Aldar is driven by a vision to be a leading real estate developer and manager in the region by playing a key role in the development of quality, comfortable, desirable destinations that people can live in, work at and visit.

For more information on Aldar please visit [www.aldar.com](http://www.aldar.com) or follow us on:

