



# EMAAR MALLS GROUP PJSC



**Q2 2015 RESULTS**

1 September 2015



**15%**  
Increase in Rental  
Income  
(H1-15 vs. H1-14)

**99%**  
GLA Occupancy  
Rate (H1 2015)

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

**~AED 37 Bn**  
  
Market  
Capitalisation<sup>(1)</sup>

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

**Revenue**  
H1 2015 – AED 1,462 MM  
H1 2014 – AED 1,258 MM  
  
**EBITDA**  
H1 2015 – AED 1,153 MM  
H1 2014 – AED 999 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 – 31 August 2015
2. Total GLA including storage and terraces, as of April 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

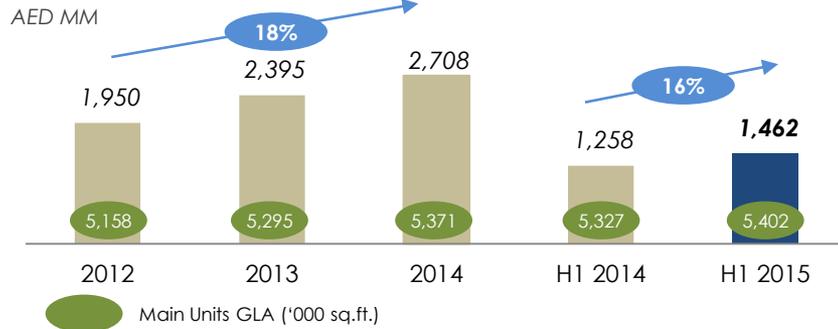
To create world class malls delivering memorable experiences

## Strategy 1 2 3

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

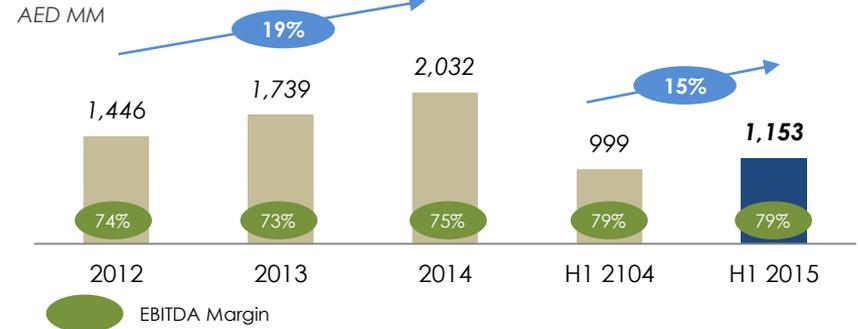
## Track Record of Double Digit Top Line Growth

Total Revenue



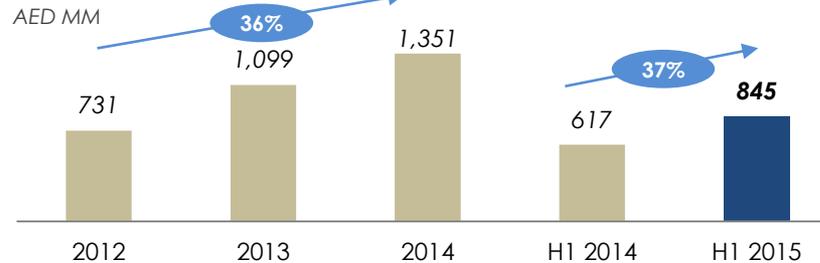
## Consistently Improving EBITDA

EBITDA



## Net Income

Profit for the Year/ Period



% CAGR

**Strong Value Creation Through Rental Growth, Cost Optimization**

Division	Assets	GLA <sup>(1)</sup>	Selected Pictures
Super Regional Malls	<ul style="list-style-type: none"> <li>The Dubai Mall</li> </ul>	3,718	 
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>	1,025	 
<b>Emaar Malls</b>		<b>5,908</b>	

### Broad Product Offering Complementing the Dubai Mall

**Note**

1. Total GLA ('000 sq.ft.) including storage and terrace, as of Jun 2015
2. Total occupancy cost ratio across all malls is 13% as of H1-2015

## Operational

## Super Regional Malls

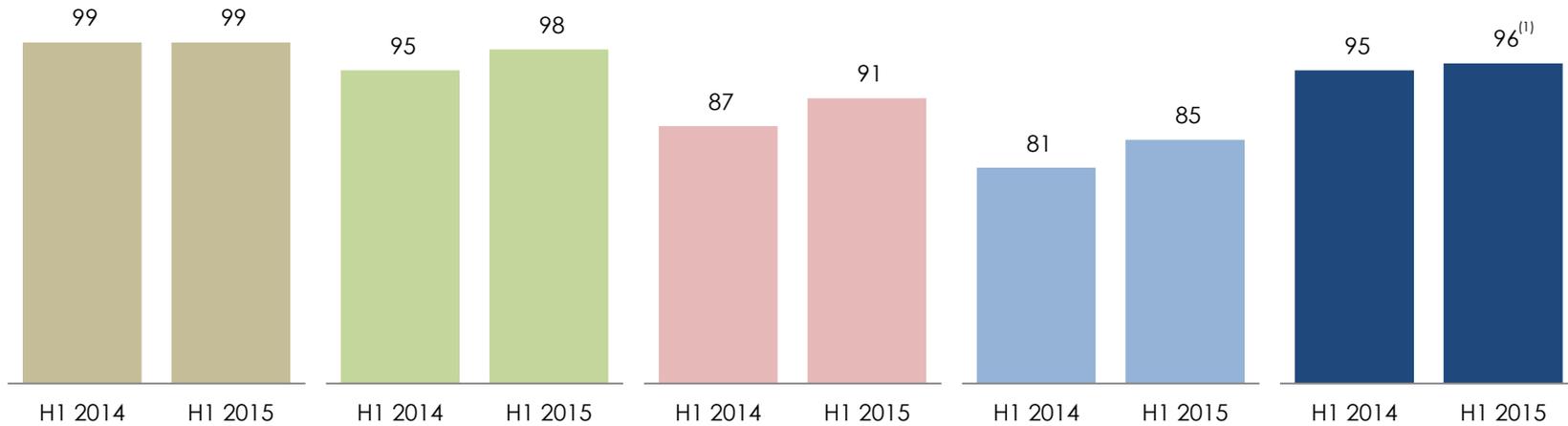
## Regional Malls

## Specialty Retail

## Community Integrated Retail

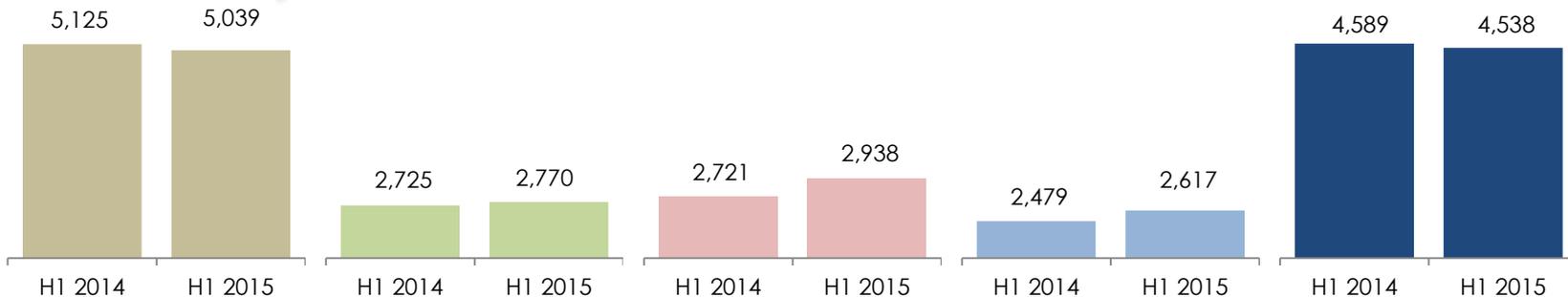
## Total EMG

### Occupancy Rate (%)



impacted due to closure of certain units for expansion

### 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

CAGR 15%

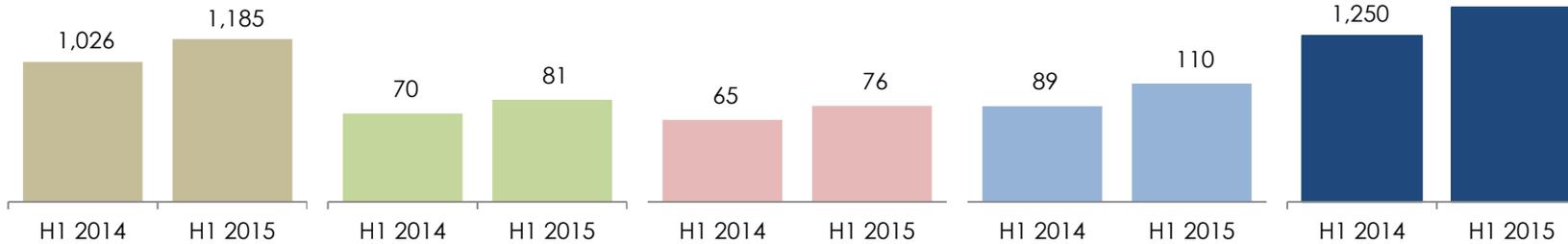
CAGR 16%

CAGR 17%

CAGR 24%

CAGR 16%

## Rental Income (AED MM)



CAGR 16%

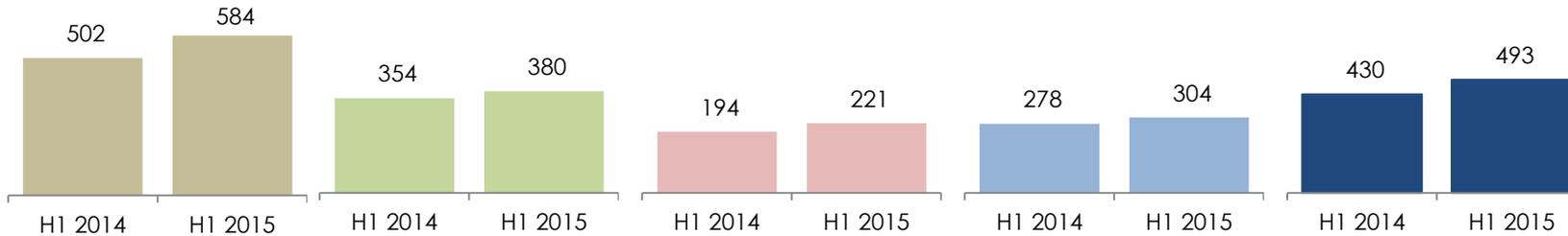
CAGR 7%

CAGR 14%

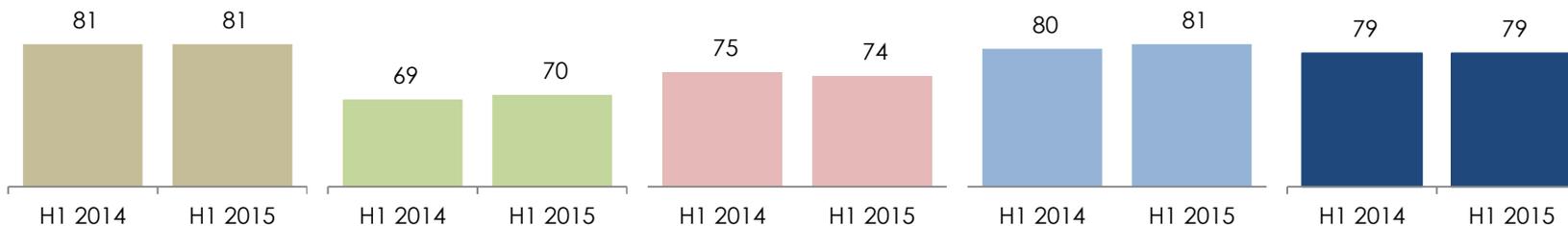
CAGR 9%

CAGR 15%

## 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

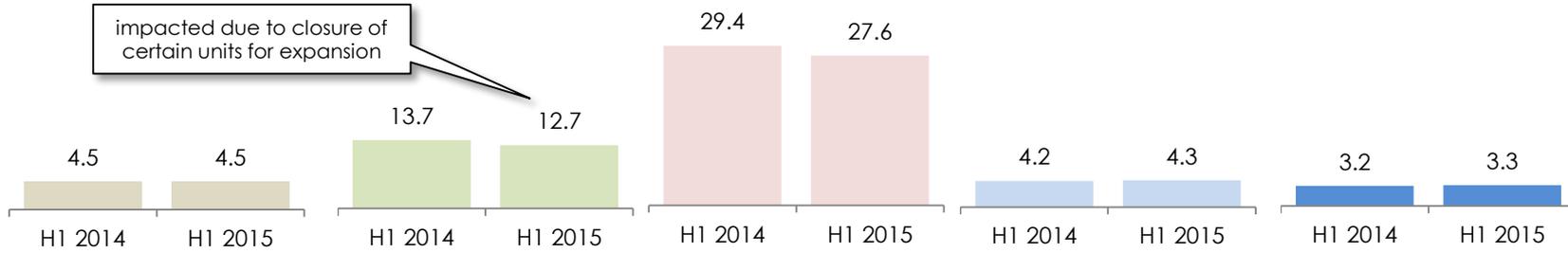
### Fashion Avenue

### High End Jewelry

### Food and Beverage

### Others

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



impacted due to closure of certain units for expansion

CAGR 11%

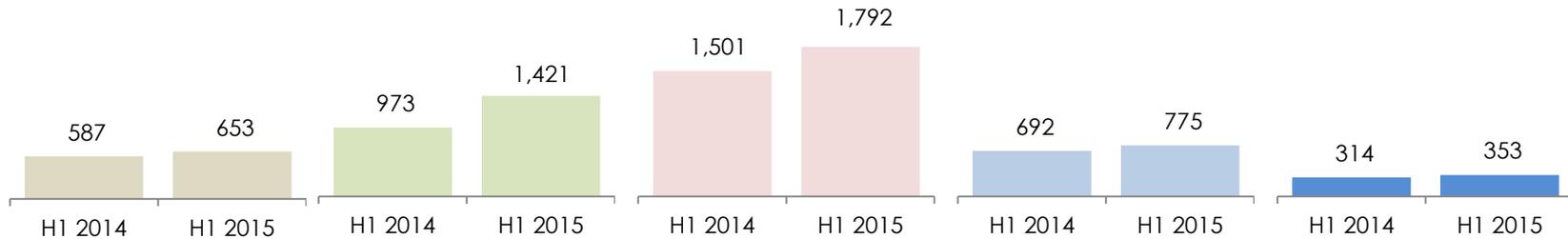
CAGR 46%

CAGR 19%

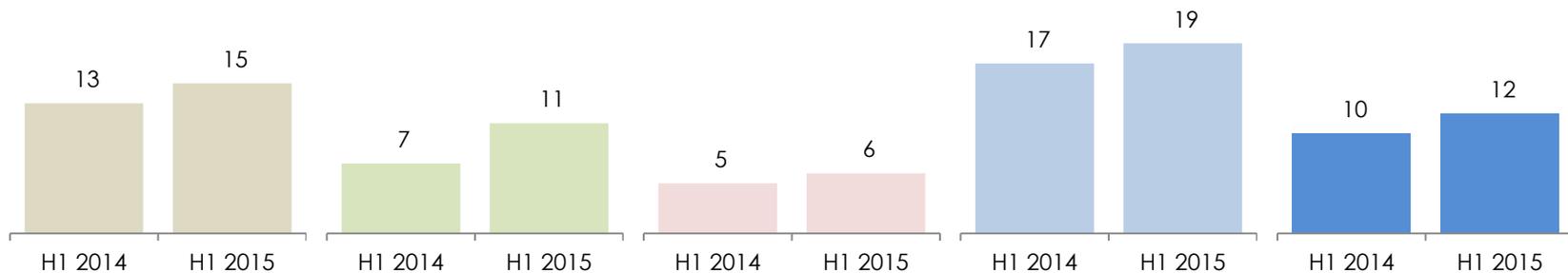
CAGR 12%

CAGR 12%

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



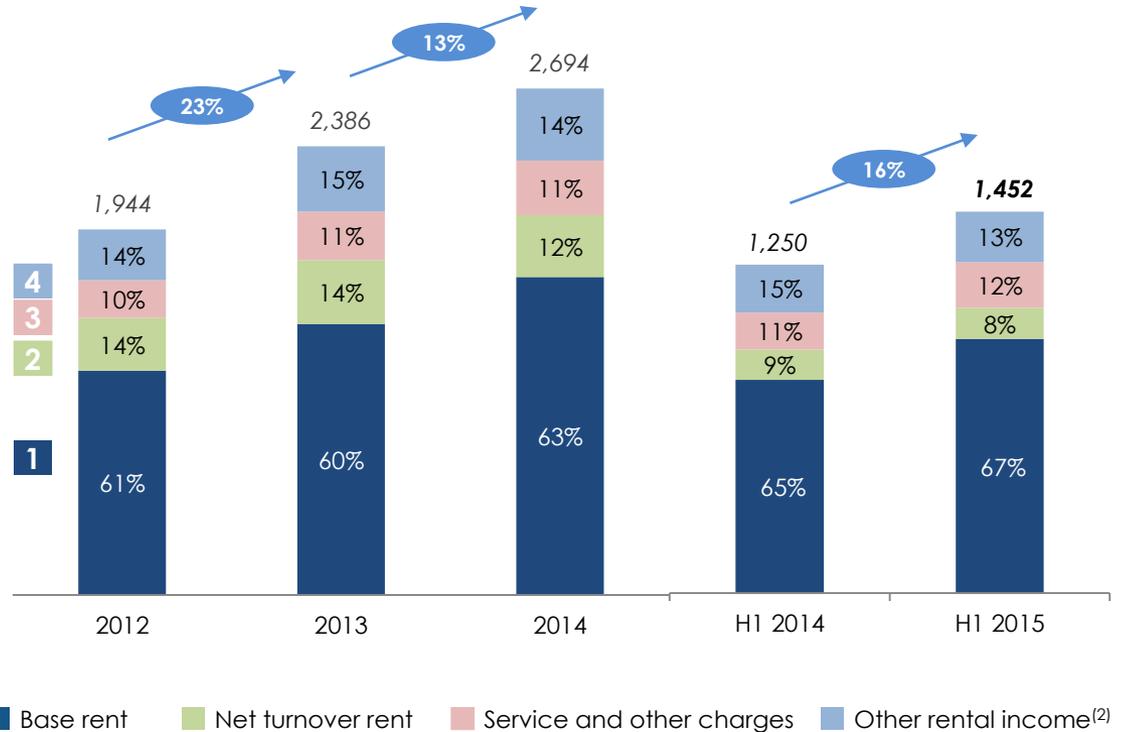
### Occupancy Cost Ratio (%)



#### 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 H1 2015)<sup>(1)</sup>
- 4 Other rental income<sup>(2)</sup>



## EMG Revenue Growth Driven by Base Rent Escalation and Turnover 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 (Jun 2015).

## Significant and Growing Footfall and Tenant Sales

- EMG: footfall 62 million (11% increase); Tenant Sales per sq.ft. AED 4,538 (Similar to H1 2014)

## The Dubai Mall

- 3.7m Sq ft GLA, GLA occupancy at 99% (Jun 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 (covering three month rent)

## 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 40 M achieved for The Dubai Mall alone.
- Increase of contractual base rent in renewal negotiations with 33% 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

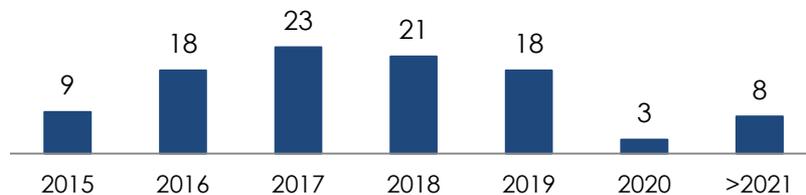
- Malls achieved revenues of AED 1,462 million in H1 2015, an increase of 16% over H1 2014.
- Malls achieved EBITDA of AED 1,153 million in H1 2015, an increase of 15% over H1 2014.

## 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 + escalation<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-Jul-2015)



## Attractive Renewal Terms Achieved in 2015

- **Base Rent Increase:** C.566 k sq.ft. of the lease expires in 2015 achieved a base rent increase of 30% over the previous lease term
- **Turnover Rent:** Increase in turnover rent percentage by 2% to 7% achieved 53% of the number of renewed leases in 2015 across EMG's portfolio

## Strong Increase in Renewal Rates

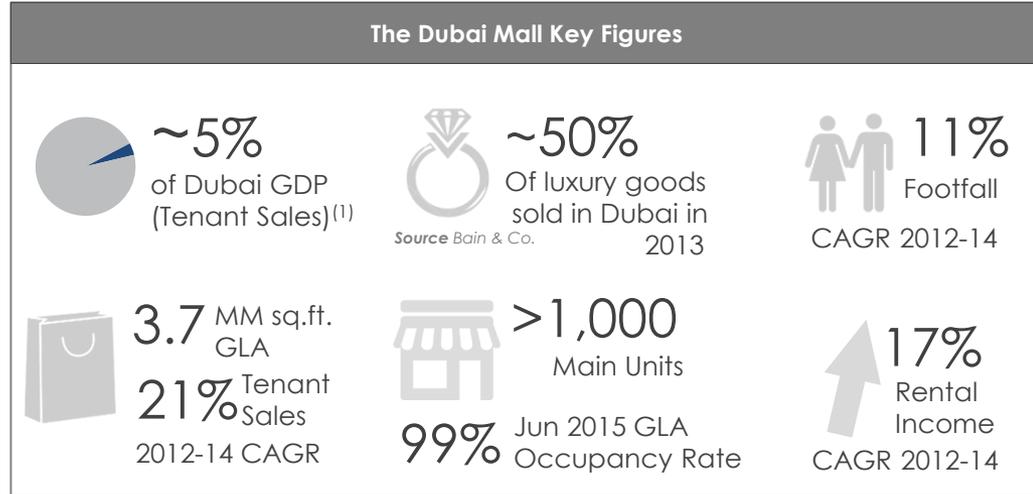
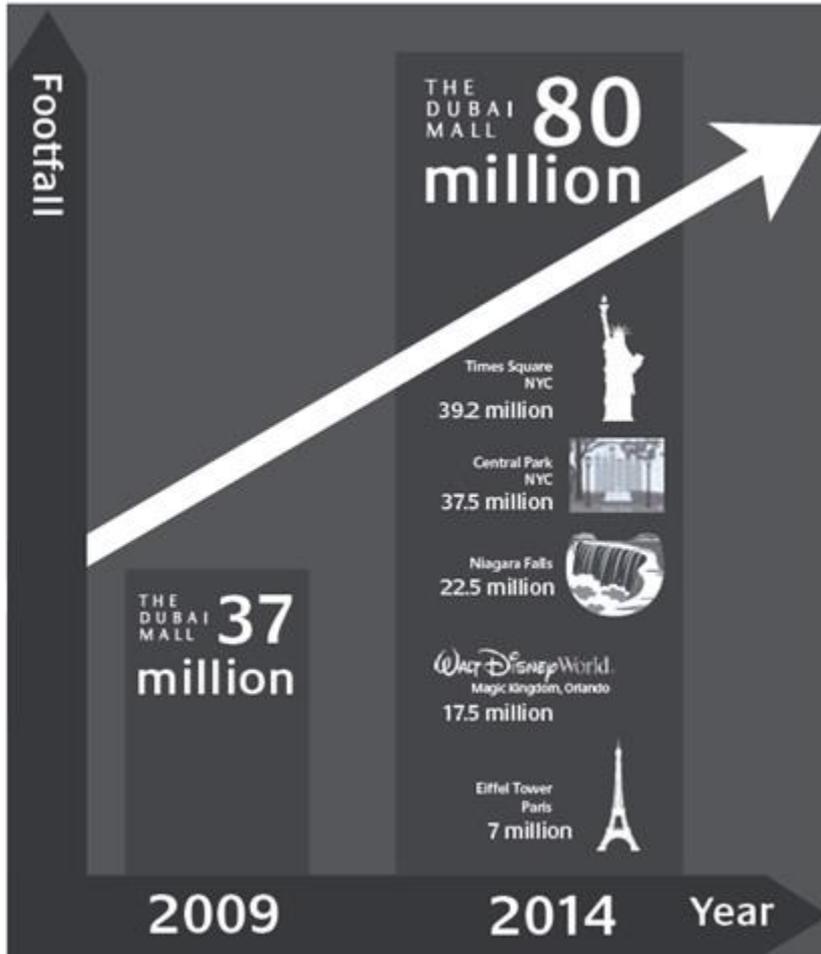
Renewals by Segment for leases expiring in 2015 (as of 31-Jul-2015)

Segment	# of Leases Renewed	GLA ('000 sq.ft.)	Base rent increase vs. last year
Super Regional Mall	134	298	33%
Regional Mall	19	37	22%
Specialty Retail	104	105	18%
Community Integrated Retail	64	126	28%
<b>Total</b>	<b>321</b>	<b>566</b>	<b>30%</b>

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

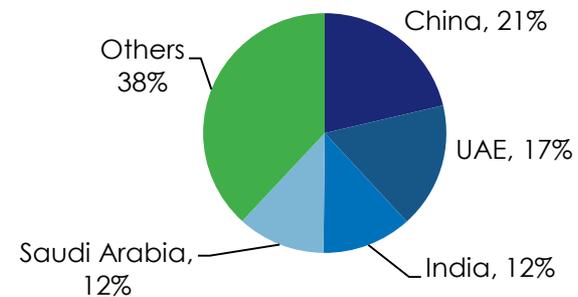
### Notes

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



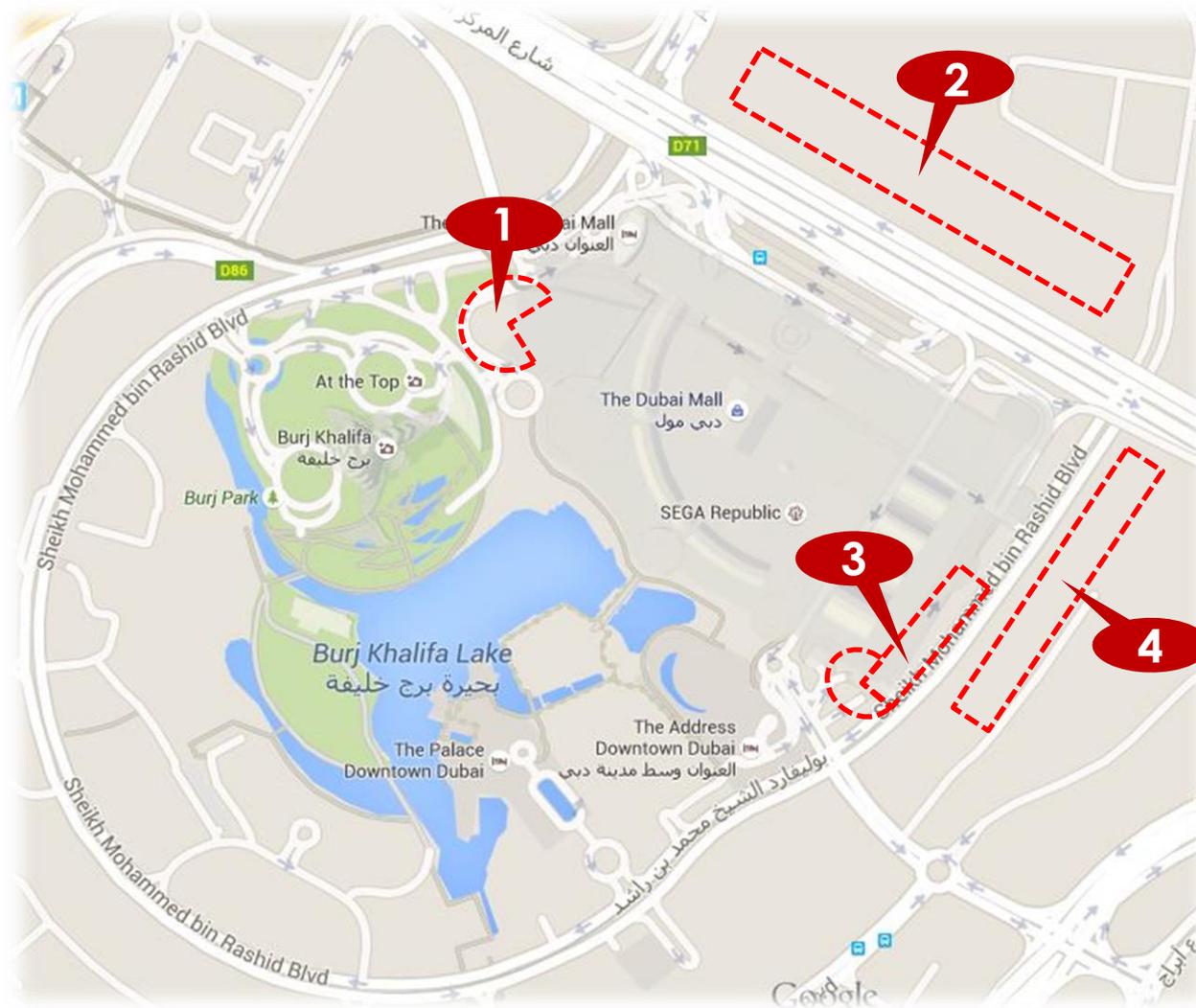
Project Name	GLA (sq.ft.)	Est. Cost (AED MM)	Expected Opening Date
TDM Fashion Avenue Expansion	~600,000	1,500 <sup>(1)</sup>	H2 2016
Springs Village	~245,000	207 <sup>(2)</sup>	2017
<b>Under Development</b>	<b>~845,000</b>	<b>1,707</b>	
TDM Boulevard Expansion	400,000	n/a	n/a
TDM Zabeel Expansion	400,000	n/a	n/a
Al Reem	65,000	n/a	n/a
<b>Under Evaluation</b>	<b>865,000+</b>	<b>n/a</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



1. Fashion Avenue Expansion

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2. Zabeel Expansion

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3. Boulevard Expansion

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4. Fountain View Expansion

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	Q2 2015	Q1 2015	%	Q2 2015	Q2 2014	%	H1 2015	H1 2014	%
<b>Revenue</b>	<b>727</b>	<b>735</b>	<b>(1%)</b>	<b>727</b>	<b>653</b>	<b>11%</b>	<b>1,462</b>	<b>1,258</b>	<b>16%</b>
Operating Expenses	(118)	(100)	18%	(118)	(95)	24%	(218)	(180)	21%
<b>Operating profit</b>	<b>609</b>	<b>635</b>	<b>(4%)</b>	<b>609</b>	<b>558</b>	<b>9%</b>	<b>1,244</b>	<b>1,078</b>	<b>15%</b>
Sales, marketing, general & Administrative Expenses	(46)	(45)	2%	(46)	(31)	48%	(91)	(79)	15%
<b>EBITDA</b>	<b>563</b>	<b>590</b>	<b>(5%)</b>	<b>563</b>	<b>527</b>	<b>7%</b>	<b>1,153</b>	<b>999</b>	<b>15%</b>
<i>% margin</i>	77%	80%		77%	81%		79%	79%	
Write-off <sup>(1)</sup>	(2)	(8)	(75%)	(2)	-	100%	(10)	-	100%
Depreciation	(83)	(83)	-	(83)	(84)	(1%)	(166)	(164)	1%
Finance Costs	(66)	(66)	-	(66)	(155)	(57%)	(132)	(218)	(39%)
<b>Profit for the period</b>	<b>412</b>	<b>433</b>	<b>(5%)</b>	<b>412</b>	<b>288</b>	<b>43%</b>	<b>845</b>	<b>617</b>	<b>37%</b>
<i>% margin</i>	57%	59%		57%	44%		58%	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,  
Member of the Dubai World Expo  
2020 Preparatory Committee



**Ahmed Al Matrooshi**  
Member of the Consultation  
Committee on the Supreme  
Council for Energy



**Abdulla Belyoahah**  
Board Member of the National  
Bonds Corporation



**Abdulrahman Alhareb**  
Chairman of Dubai  
Aerospace Enterprise

### Independent Directors



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



**Mohamed Al Hussaini**  
Director Emirates NBD,  
Etisalat, EZW, Dubai Real  
Estate Corporation



**Mohamad Mourad**  
Managing Director  
Google MENA



**Richard Akers**  
Director at Barratt  
Developments and  
Battersea Power  
Station Development

### 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