



# EEC - Investor Relations Presentation

## December 31, 2015



المطور الرئيسي  
لمدينة الملك عبد الله الاقتصادية  
KING ABDULLAH ECONOMIC CITY  
MASTER DEVELOPER

**EEC**

# DISCLAIMER

This presentation (Presentation) has been prepared by Emaar the Economic City (EEC) and/or its subsidiaries based on information available to it internally and third party sources. This Presentation does not purport to contain all the information that a prospective investor may require in connection with any potential investment in EEC. You should not treat the contents of this Presentation, or any information provided in connection with it, as financial advice, financial product advice or advice relating to legal, taxation or investment matters. No representation or warranty is made by EEC or any of its advisers, agents or employees as to the accuracy, completeness or reasonableness of the information in this Presentation or provided in connection with it. No information, including but not limited to numbers, maps, drawings, or maps contained in this Presentation or any other written or oral communication in connection with it is, or shall be relied upon as, a promise or representation and no representation or warranty is made as to the accuracy or attainability of any estimates, forecasts or projections set out in this Presentation. No liability will attach to EEC, with respect to any such information, estimates, forecasts or projections. EEC does not accept responsibility or liability for any loss or damage suffered or incurred by you or any other person or entity however caused (including, without limitation, negligence) relating in any way to this Presentation including, without limitation, the information contained in or provided in connection with it, any errors or omissions from it however caused (including without limitation, where caused by third parties), lack of accuracy, completeness, currency or reliability or you, or any other person or entity, placing any reliance on this Presentation, its accuracy, completeness, currency or reliability. EEC does not accept any responsibility to inform you of any matter arising or coming to EEC's notice after the date of this Presentation which may affect any matter referred to in this Presentation. Any liability of EEC, their advisers, agents and employees to you or to any other person or entity arising out of this Presentation including pursuant to any applicable Saudi law is, to the maximum extent permitted by law, expressly disclaimed and excluded.

The distribution of this Presentation is governed by the **Expression of Interest and Confidentiality Agreement** as well as by law in certain jurisdictions. Recipients and any other persons who come into possession of this Presentation must inform themselves about, and observe any such restrictions.

## **Future matters:**

This Presentation contains reference to certain intentions, expectations, future plans, strategy and prospects of EEC. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of EEC may be influenced by a number of factors, many of which are outside the control of EEC. No representation or warranty, express or implied, is made by EEC, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause EEC's actual future results, performance or achievements to be materially different from those expected, planned or intended, Recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. EEC does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

# CONTENTS

---

- Introduction
- Project Overview and EEC Highlights
- EEC Financials
- Residential Development
- Industrial Valley
- Commercial Development
- EEC Company History



# OUR VISION

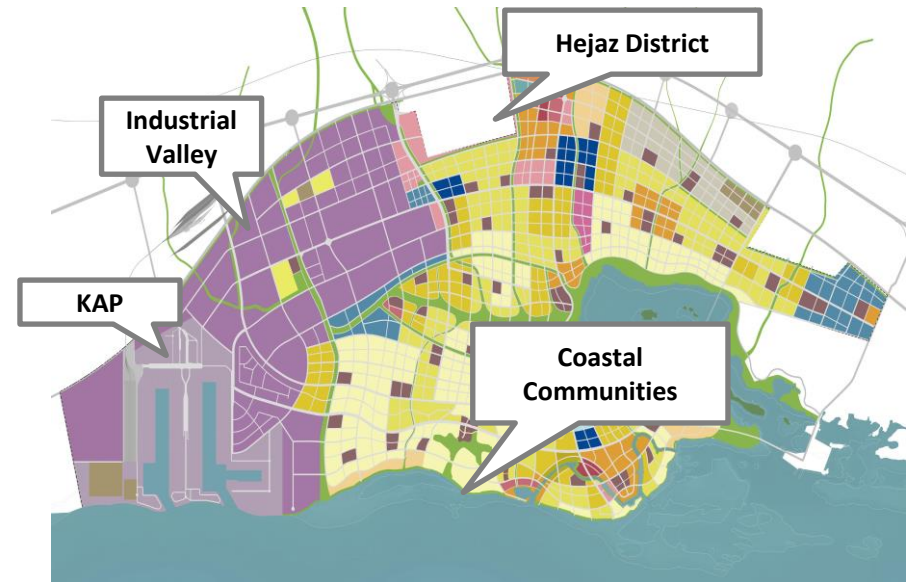
To establish King Abdullah Economic City (KAEC) as a great enabler of socio-economic development in the Kingdom of Saudi Arabia.



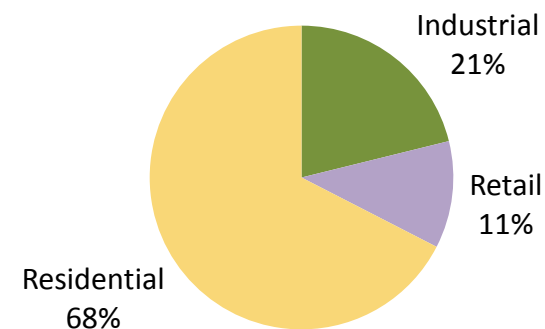
# KAEC MASTER PLAN

## Project Overview

KAEC is a greenfield city development roughly the size of Washington DC. Its objective is to help with Saudi Arabia's Acute housing demand and support economic diversification. KAEC's Strategic location on the Red Sea puts it close to international maritime routes and provides instant access to key cities within Saudi Arabia. KAEC is comprised of the Coastal Communities, The Industrial Valley, KAP, and The Hejaz District.



## Land Use % Breakdown



Land Use	Current Plan
Industrial	23,625,000
Commercial/Hospitality	12,736,000
Residential	75,373,000
Other	19,847,000
<b>BUA Total</b>	<b>131,581,000</b>
<b>Employment</b>	<b>890,000</b>
<b>Population</b>	<b>1,750,000</b>

## Funding Sources



# KAEC Financial Highlights

EEC is an affiliate of Emaar  
Properties

# 30%

ownership stake

# 11.2B<sup>SAR</sup>

Market Cap



# 24M SQM

sold out of a total of 131M  
SQM and 364,000 SQM this  
year

Haramain

# High

# SpeedRail

Operating early 2016

# 17%

Revenue Growth

(CAGR 2012-2015)

# 9.8%

EBIT Growth

(CAGR 2012-2015)

# 12.4%

Net Income Growth

(CAGR 2012-2015)

# 98%

Increase in IV Tenants  
from 2013-2014 driven by  
Port Activity

NAV(Net Asset Value)

# 39

SAR Per Share 2015



KAP Current Capacity

# 2.7M

TEU

KAEC Expects

# 22,000

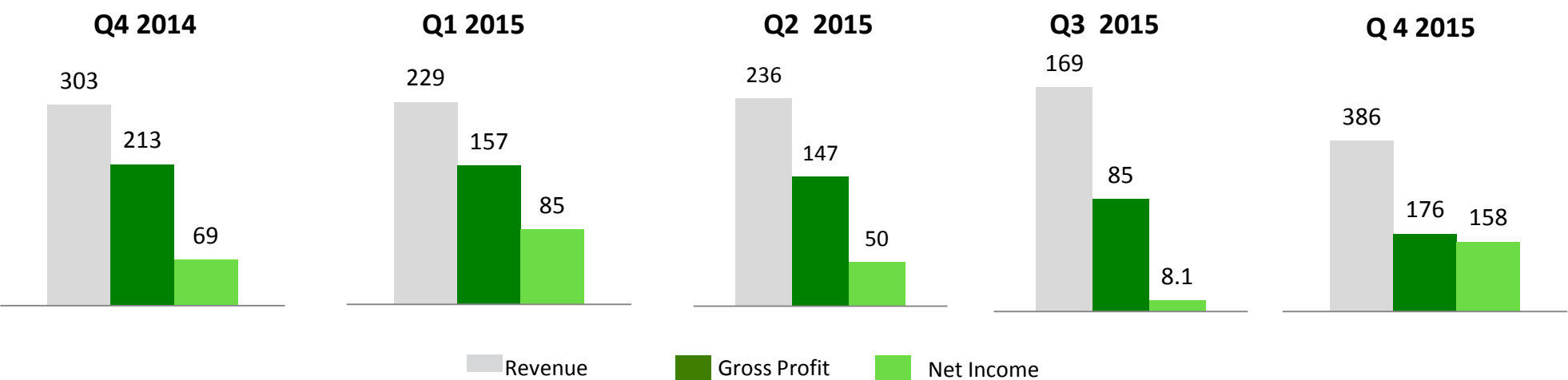
Residents by 2018

**ECA** is the sole  
regulator of the Economic  
Cities and for KAEC

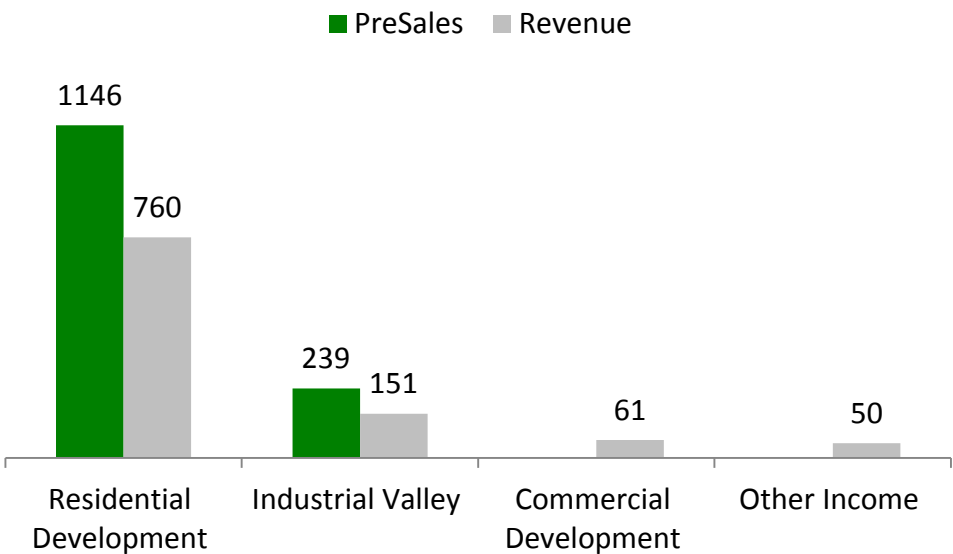
# EEC's Financial Growth Quarterly Breakdown

Net Income of 302.7 M SAR for Fiscal Year 2015

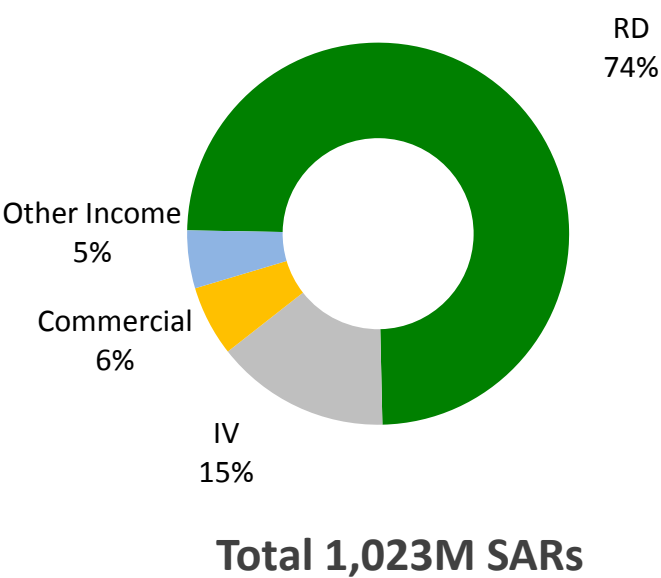
(SARS M)



## Presales and Revenue Segment Breakdown for December 31, 2015



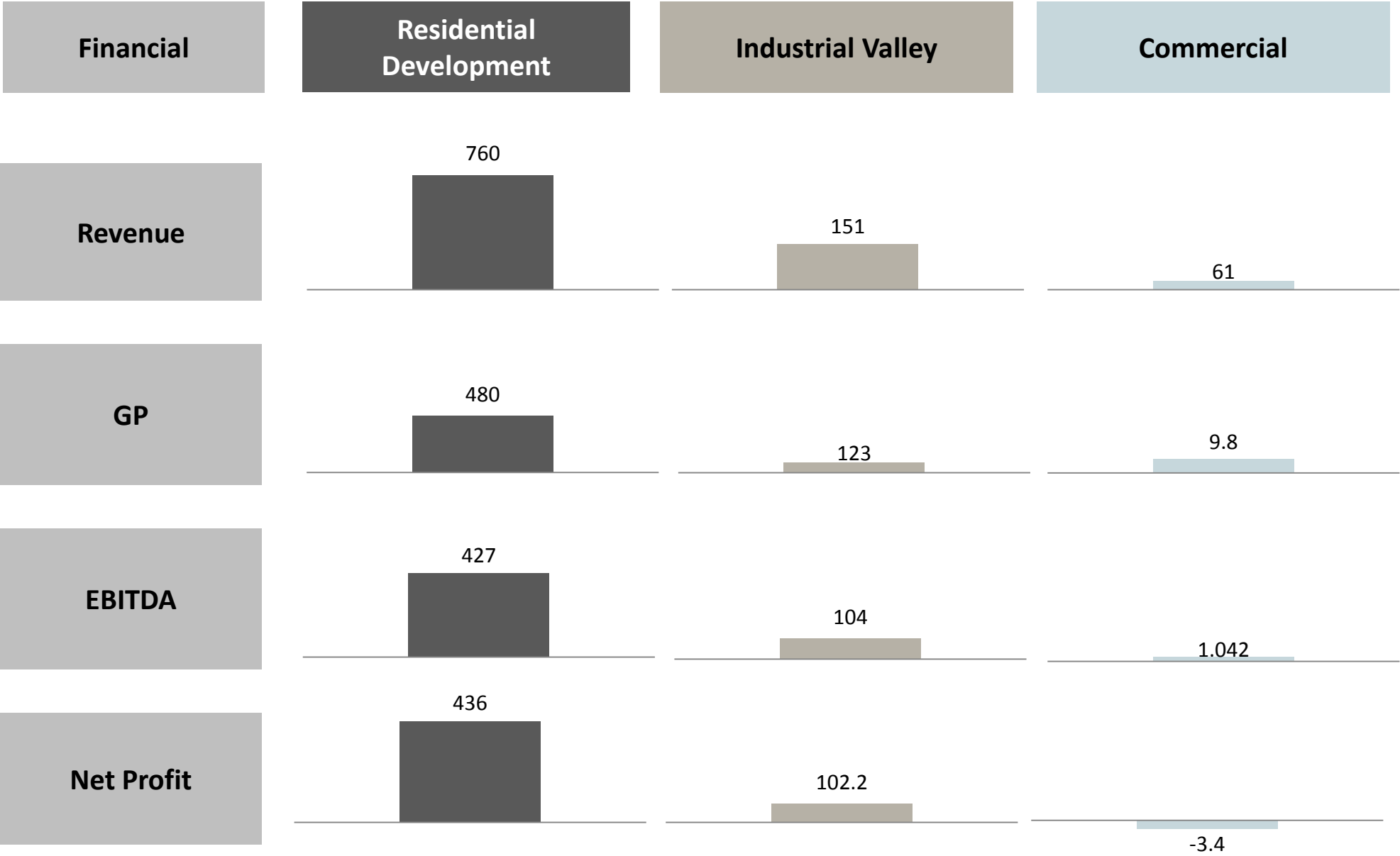
## % Breakdown of Revenue December 2015



\*Other Income: Constitutes value added services, service charges, and income from education

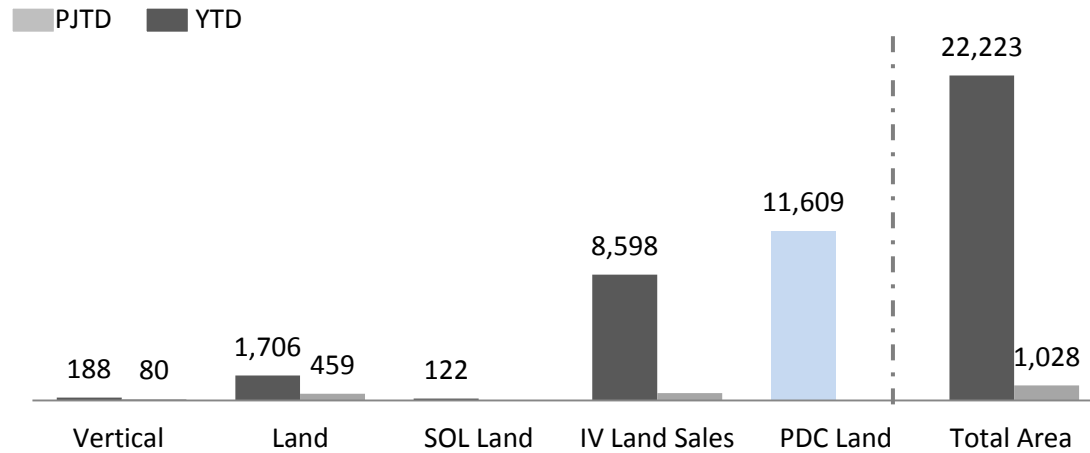


# EEC's Segment Breakdown YTD December 2015

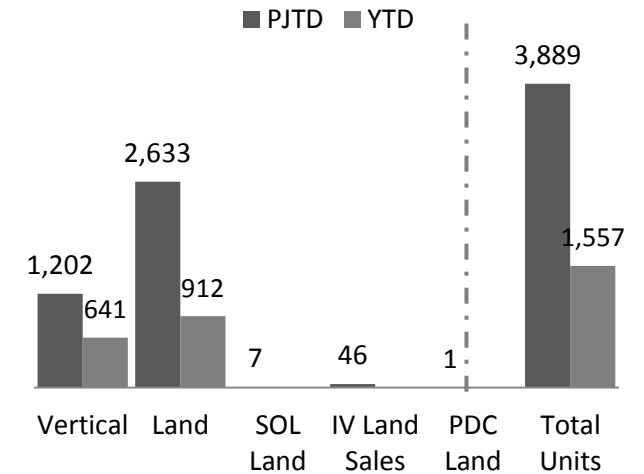


# SALES BREAKDOWN - PJTD VS. YTD - DEC 2015

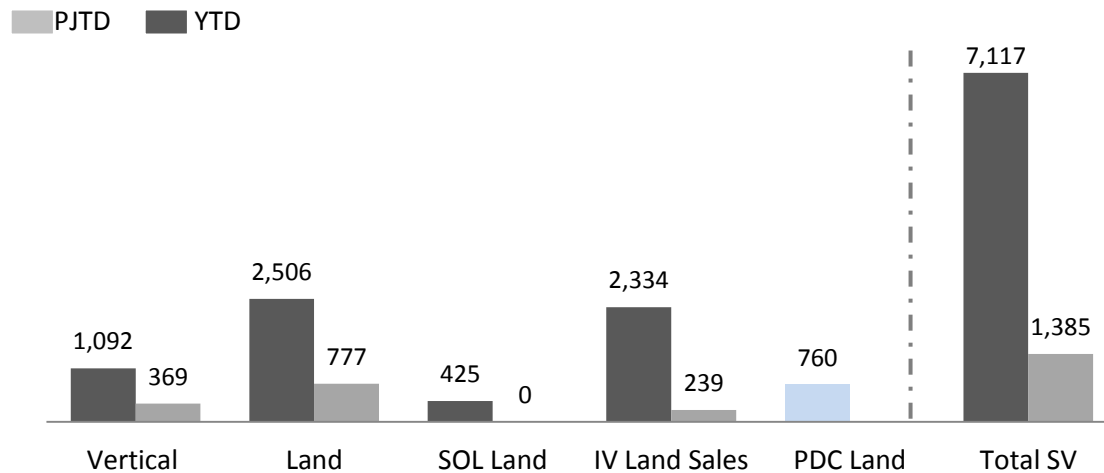
## Total Area (M<sup>2</sup> '000)



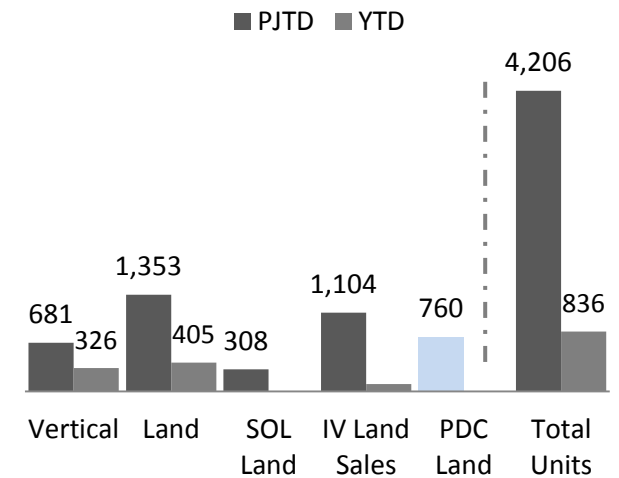
## Number of Units (Full Value)



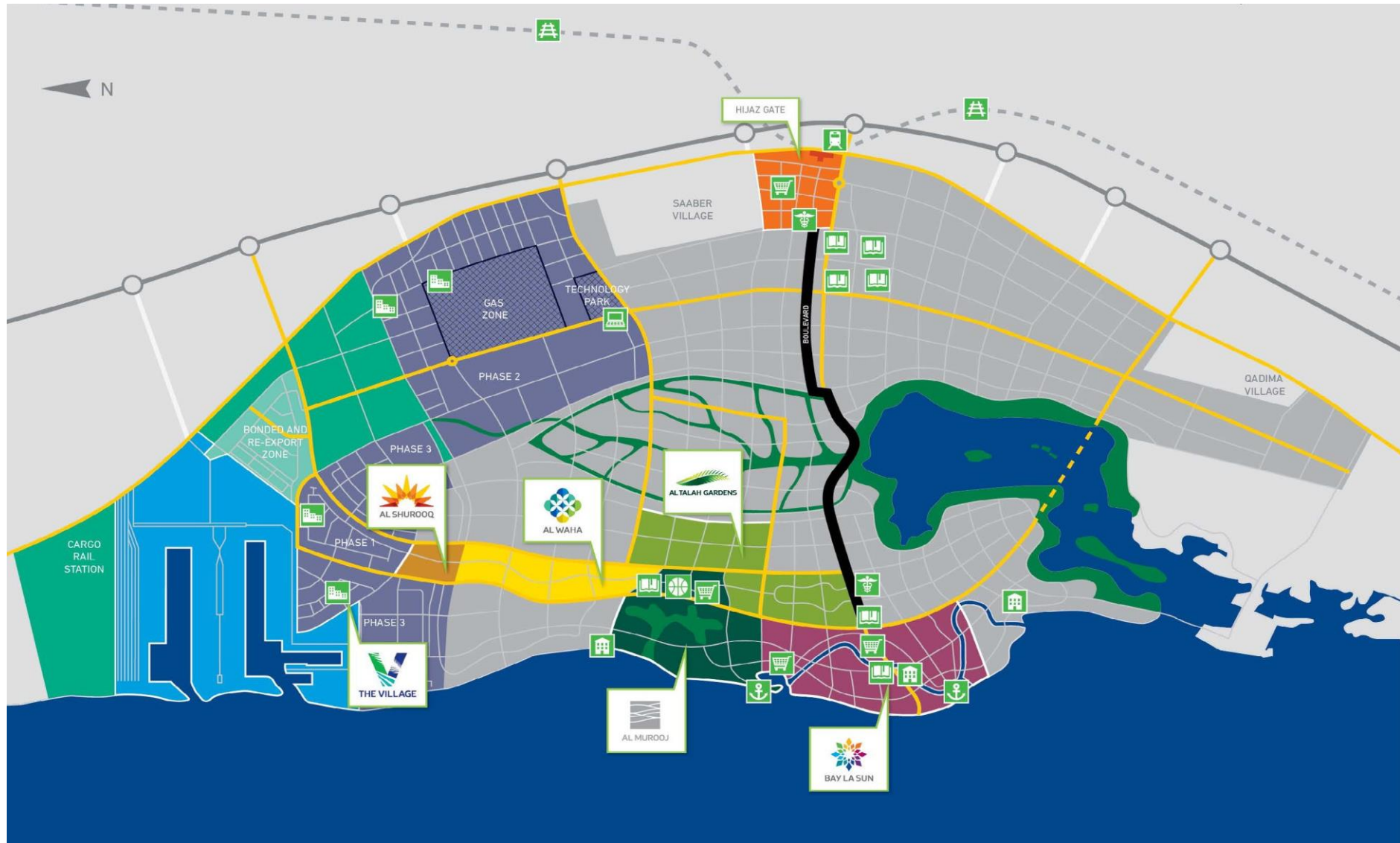
## Sales Value (SAR M)



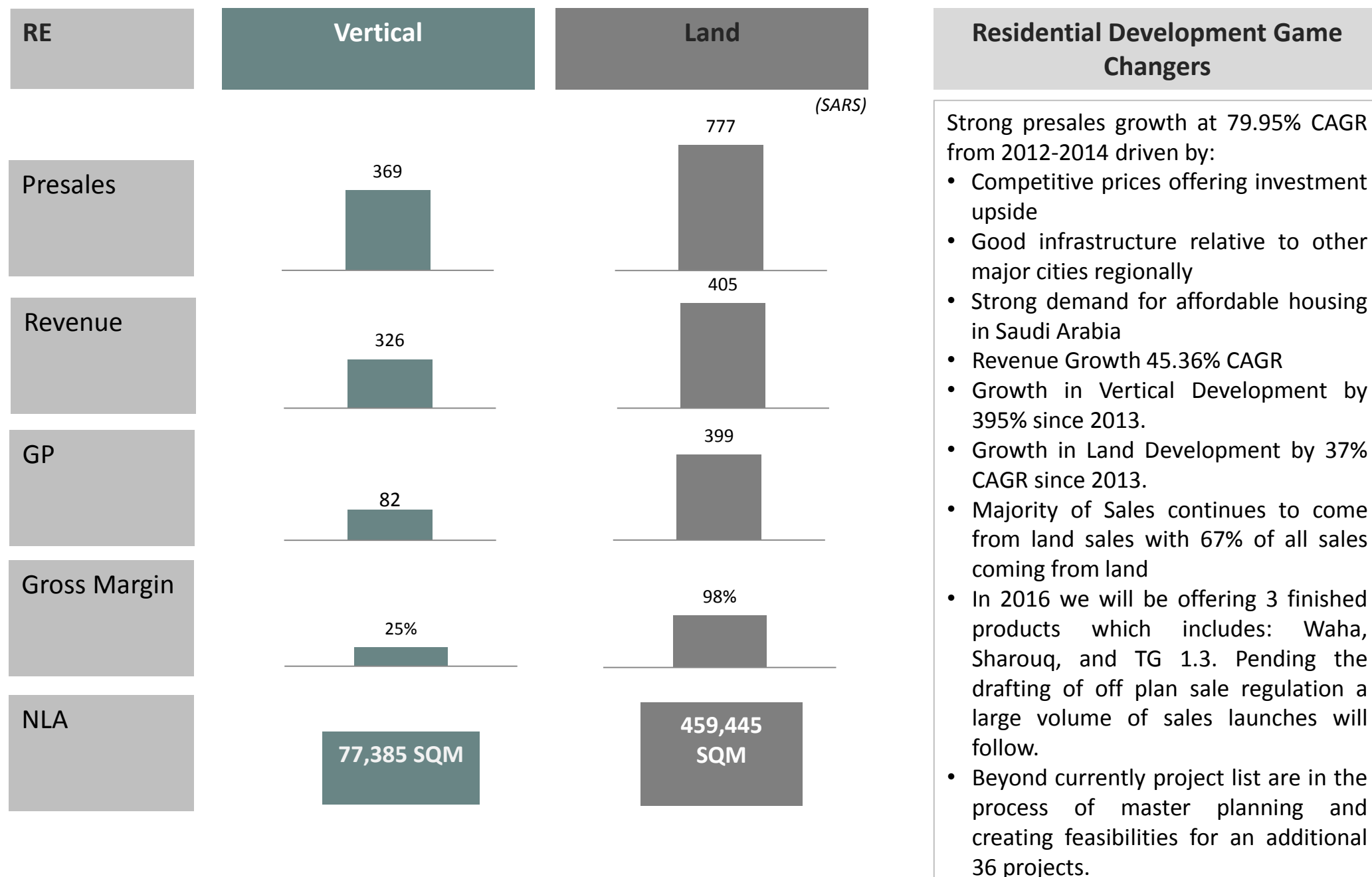
## Revenue (SAR M)



# MAJOR DEVELOPMENTS - RESIDENTIAL MAP



# Residential Development Sales and Lease Breakdown YTD December 2015



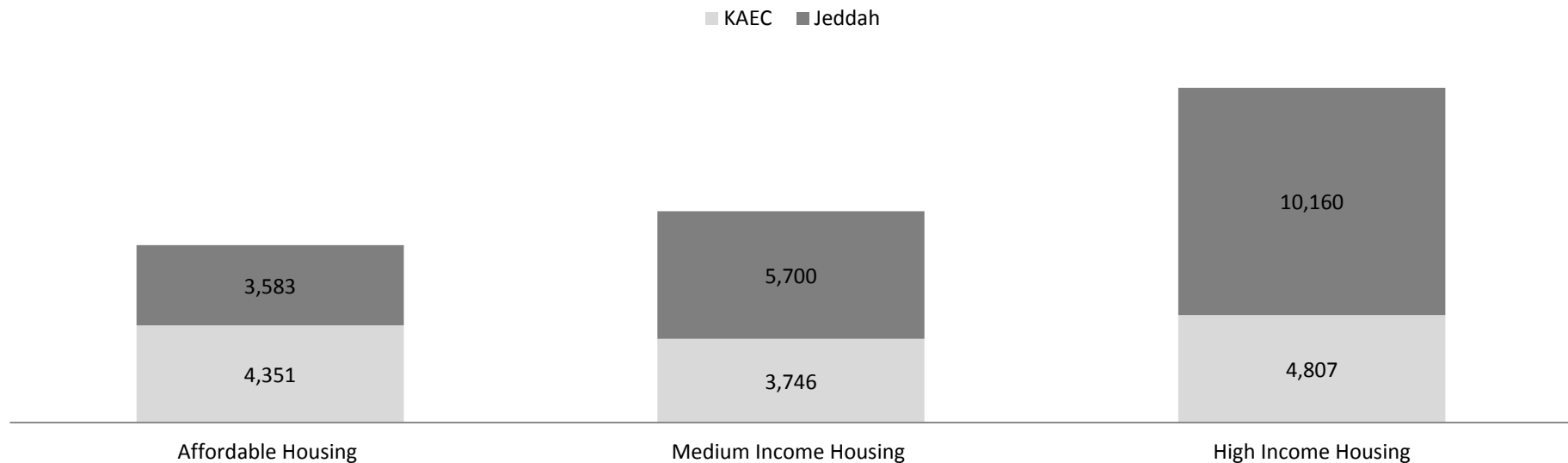
\*36 months of installments for land and vertical with a down payment of 10% for land and 20% for vertical.

# RESIDENTIAL PRESALES

## Product statistics (2012-2015)

Product		2012	2013	2014	2015
Vertical	Net Order Intake SAR M	21	9	235	379
	Units	12	6	146	729
Land	Net Order Intake SAR M	167	673	643	770
	Units	136	403	705	1,038
Totals	Net Order Intake SAR M	188	682	878	1,149
	Units	148	409	851	1,767

### Bench Mark Analysis Jeddah vs. KAEC\*



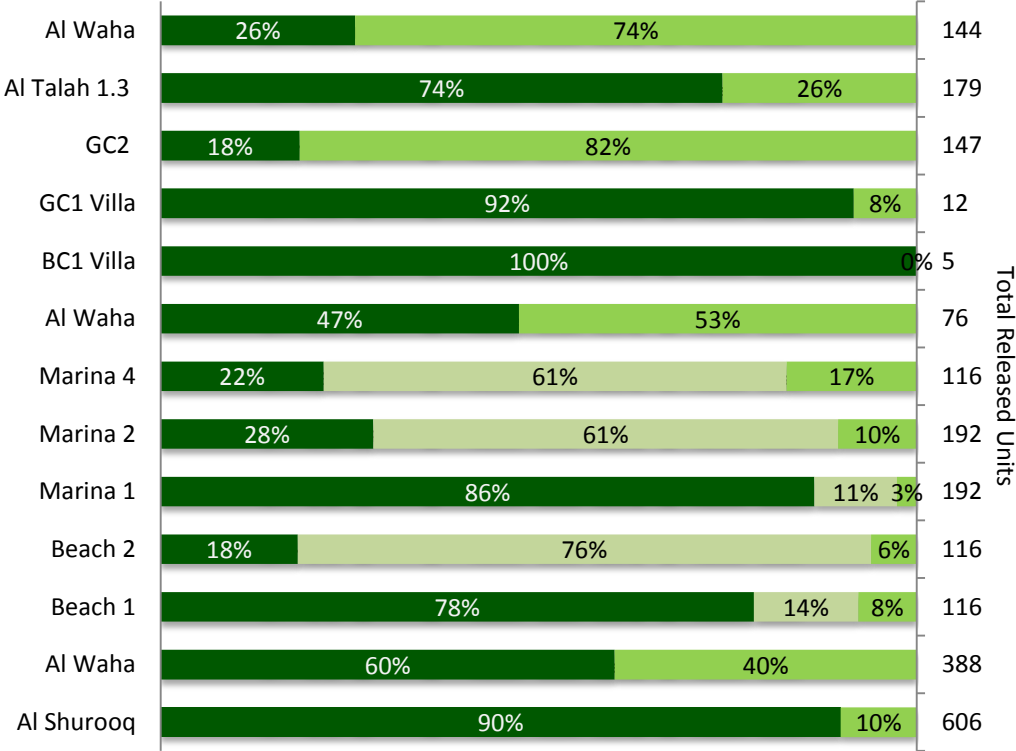
\*Jeddah Real Estate Prices - Colliers International Market Study



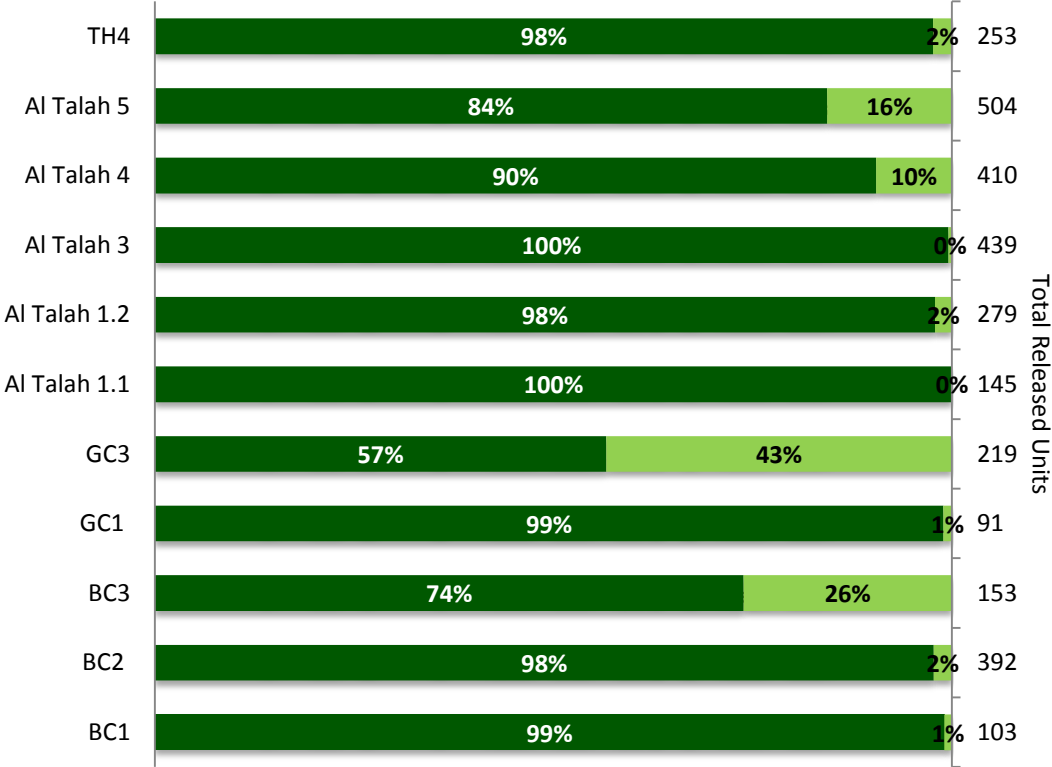
# RESIDENTIAL PRESALES SUMMARY YTD

■ % Presales    ■ % Unsold    ■ % Lease

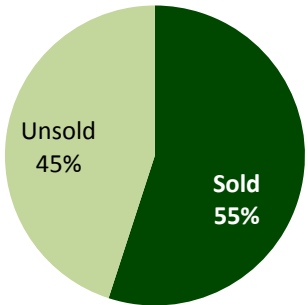
Residential Vertical Sales Summary



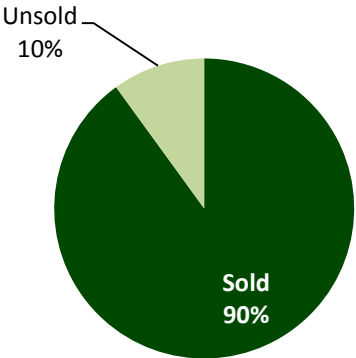
Residential Land Sales Summary



%Sold Vertical Development Sales



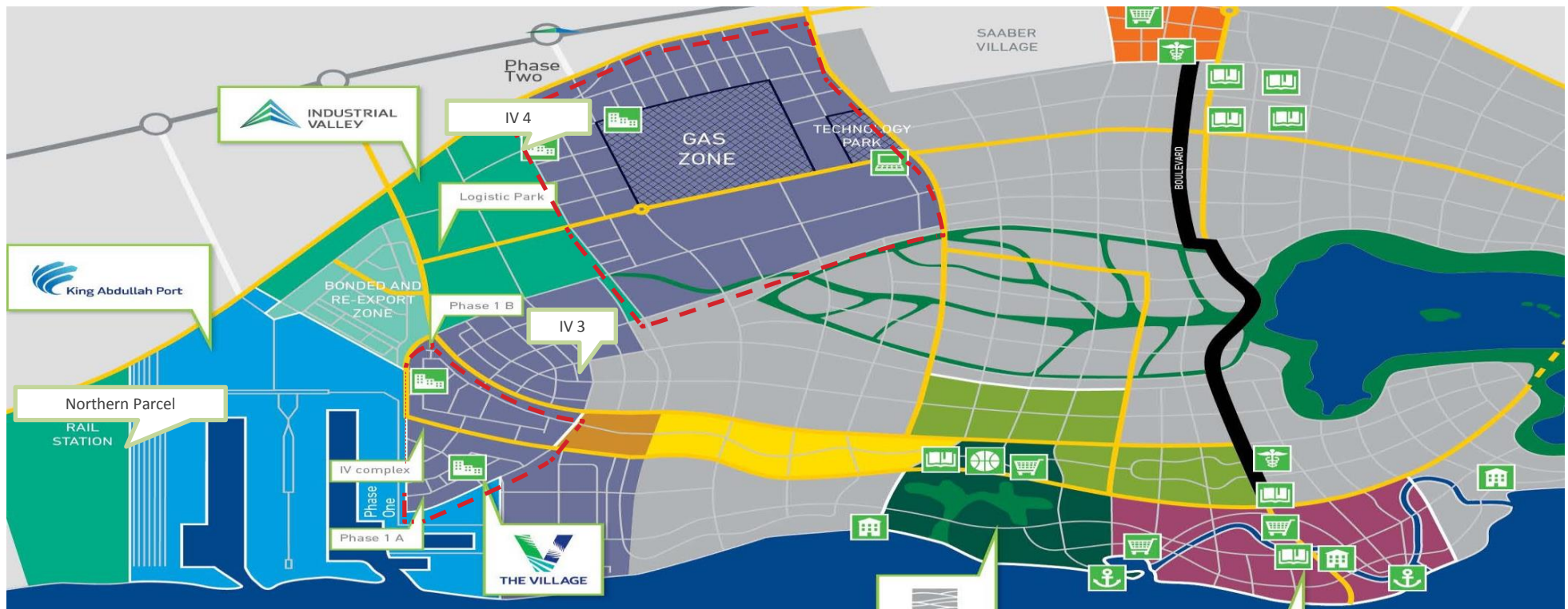
%Sold Land Sales



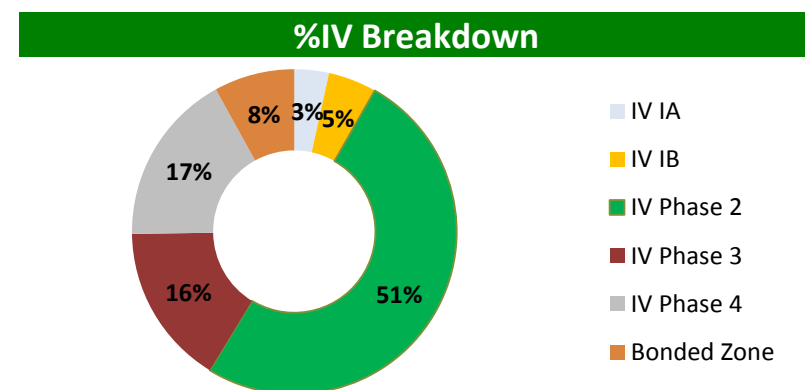
# RESIDENTIAL DEVELOPMENT PROJECT BREAKDOWN YTD

Community	District	Target Income	Total Released Units	Total Unreleased Units	Sellable Area	Sale Price Per SQM	Construction Progress	Launch Date	Presales	%Presales
Al Shurooq	Al Shurooq	Affordable	606	834	135,064	4,489	Near Completion	Launched	545	90%
Al Waha	Waha	Medium Income	388	-	42,718	5,948	Near Completion	Launched	233	60%
Coastal Towers	BLS	High Income	TBD	TBD	TBD	TBD	TBD	Not Planned	NA	NA
Beach 1	BLS	High Income	116	-	21,485	12,374	Complete	Launched	91	78%
Beach 2	BLS	High Income	116	-	21,485	13,200	Complete	Launched	21	18%
Marina 1	BLS	High Income	192	-	21,096	12,291	Complete	Launched	166	86%
Marina 2	BLS	High Income	192	-	21,130	12,108	Complete	Launched	54	28%
Marina 4	BLS	High Income	116	-	21,497	12,066	Complete	Launched	25	22%
Al Waha	Waha	Medium Income	144	-	34,565	4,735	In Progress	Launched	37	26%
Al Waha	Waha	Medium Income	76	-	6,597	8,364	In Progress	Launched	36	47%
BC1 Villa	Al Muroj	High Income	5	-	11,803	5,190	In Progress	Launched	5	100%
GC1 Villa	Al Muroj	High Income	12	-	67,225	4,995	In Progress	Launched	11	92%
GC2	Al Muroj	High Income	147	-	105,000	5,375	In Progress	Launched	27	18%
Al Talah 1.3	Al Talah	Medium Income	179	-	46,495	5,950	In Progress	Launched	133	74%
Al Talah 3 villas	Al Talah	Medium Income	TBD	TBD	TBD	TBD	TBD	Not Planned	NA	NA
Al Talah 4 & 5 villas	Al Talah	Medium Income	TBD	TBD	7,567	4,988	TBD	Not Planned	NA	NA
TH2 villas	Al Muroj	Medium Income	TBD	TBD	74,977	7,757	TBD	Not Planned	NA	NA
<b>Vertical Projects</b>			<b>2,289</b>		<b>503,640</b>	<b>7,989</b>			<b>1,384</b>	
BC1	Al Muroj	High Income	103	-	215,946	1,512	Complete	Launched	102	99%
BC2	Al Muroj	High Income	392	-	452,744	2,023	In Progress	Launched	383	98%
BC3	Al Muroj	High Income	153	67	196,520	2,714	Complete	Launched	113	74%
GC1	Al Muroj	High Income	91	-	82,947	1,250	Complete	Launched	90	99%
GC3	Al Muroj	High Income	219	16	182,514	1,616	In Progress	Launched	124	57%
GC4	Al Muroj	High Income	-	-	168,475	1,450	In Progress	Not Planned	NA	NA
GC5	Al Muroj	High Income	-	-	191,563	1,500	TBD	Not Planned	NA	NA
GC6	Al Muroj	High Income	-	-	134,397	1,400	TBD	Not Planned	NA	NA
Al Talah 1.1	Al Talah	Medium Income	145	-	63,094	657	Near Completion	Launched	145	100%
Al Talah 1.2	Al Talah	Medium Income	279	-	148,628	691	Near Completion	Launched	273	98%
Al Talah 3	Al Talah	Medium Income	439	253	357,784	940	Near Completion	Launched	437	100%
Al Talah 4	Al Talah	Medium Income	410	115	134,397	1,400	In Progress	Launched	371	90%
Al Talah 5	Al Talah	Medium Income	504	125	139,976	1,400	In Progress	Launched	425	84%
TH3	Al Muroj	High Income	-	-	116,494	1,450	TBD	Not Planned	NA	NA

# MAJOR DEVELOPMENTS - INDUSTRIAL VALLEY

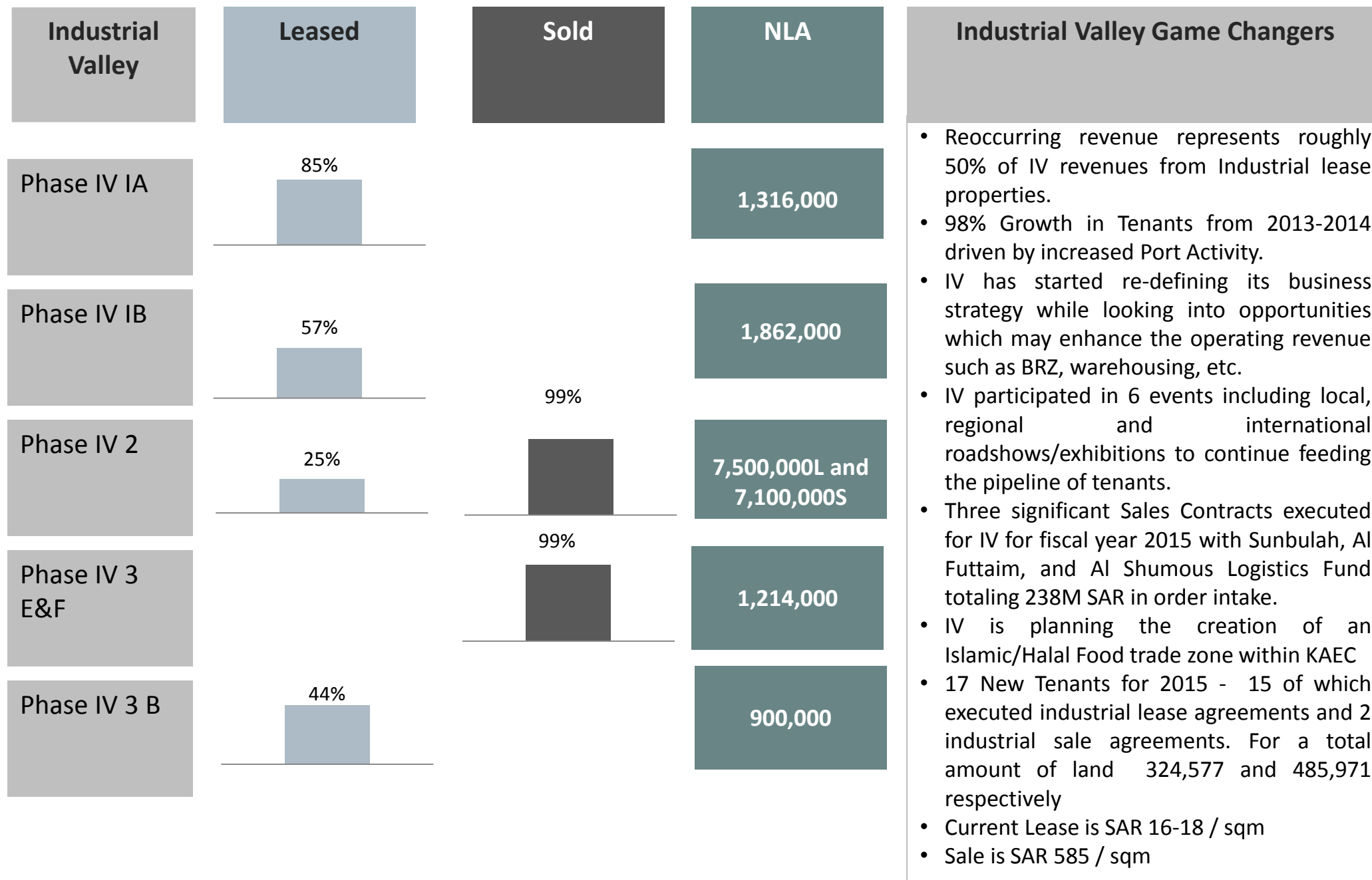


Land Use	GLA	NLA
IV IA	1,500,000	1,316,000
IV IB	2,100,000	1,816,200
IV Phase 2	22,000,000	17,855,000
IV Phase 3	7,000,000	6,101,000
IV Phase 4	6,440,000*	3,398,000
Bonded Zone	3,000,000*	2,514,000
Northern Parcel	5.400,000*	4,590,000



\*Approximate Figures subject to change from final master planning

# Industrial Valley Sales and Lease Segment Breakdown YTD DEC 2015



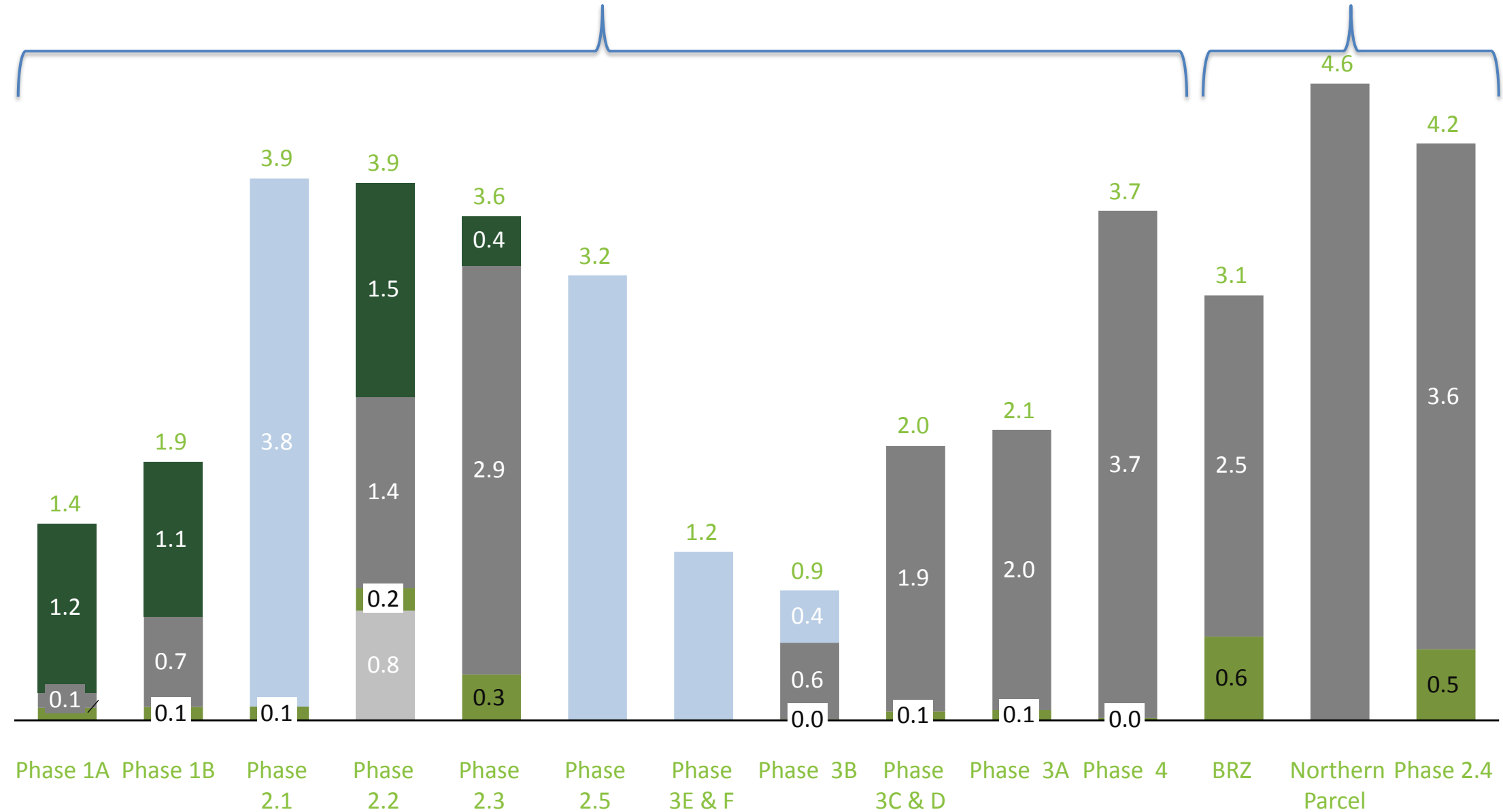
\*Rent is collected 1 year in advance and prorated through out the year whereas, sales revenues are recognized immediately in the month of sale.

# Lease & Sales Summary



## Phases Launched

## Phases in Planning



- All areas are in Msqm.
- Non-leasable area includes Utilities, Wadis, Parks and Empty Spaces



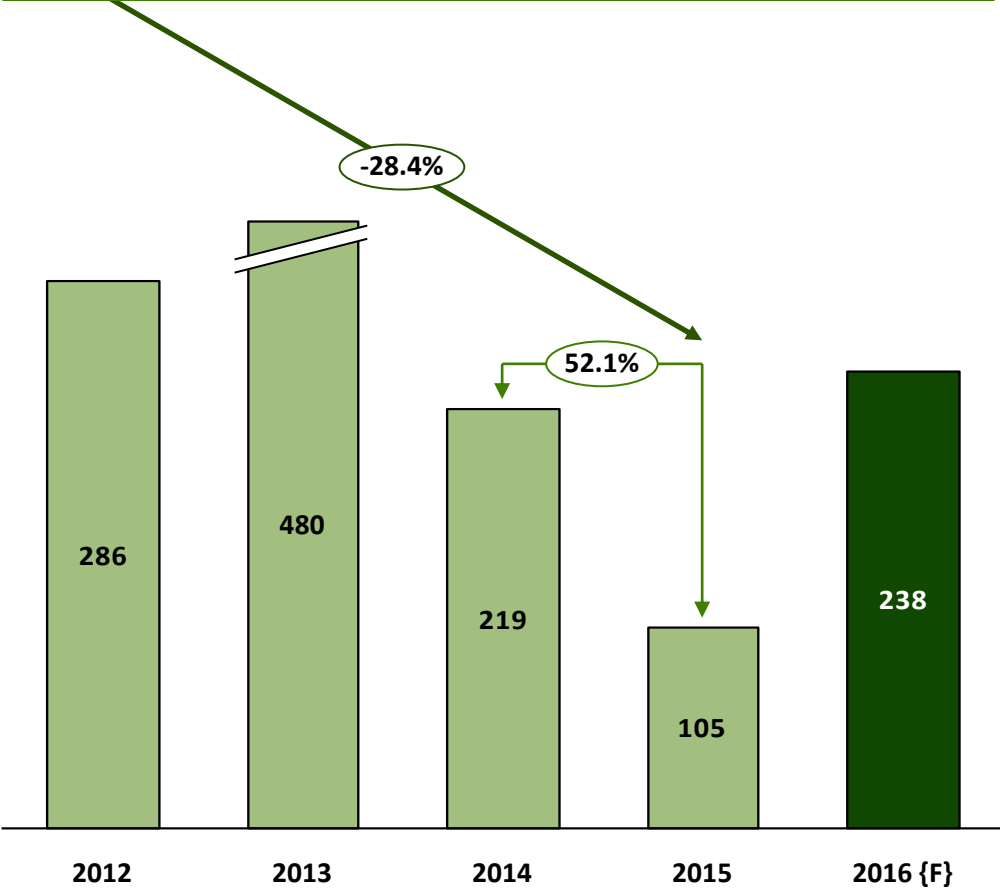
# Industrial Valley- Year on Year Performance

## Sales and Lease Revenue

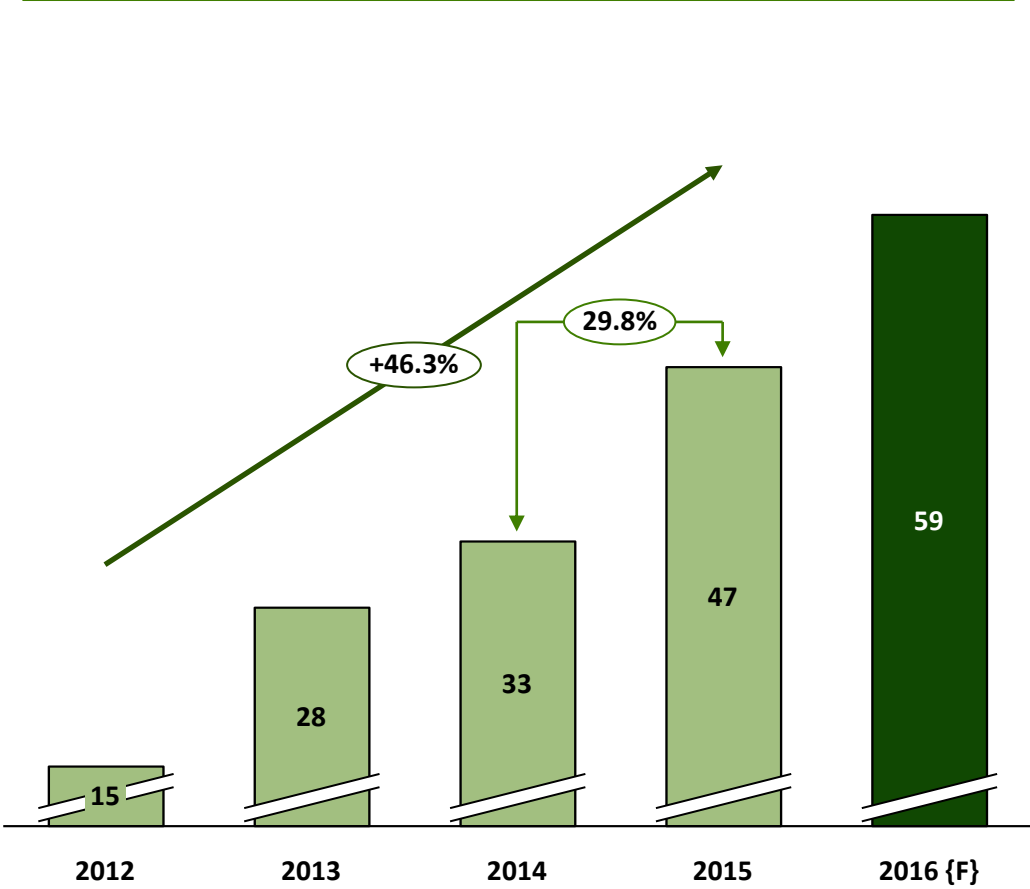
Product	2012	2013	2014	2015	2016 Budget
Sales Revenue	286	480	219	105	238

Product	2012	2013	2014	2015	2016 Budget
Operating Revenue	15	28	33	47	59

Sales Revenue (YoY)



Operating (YoY)



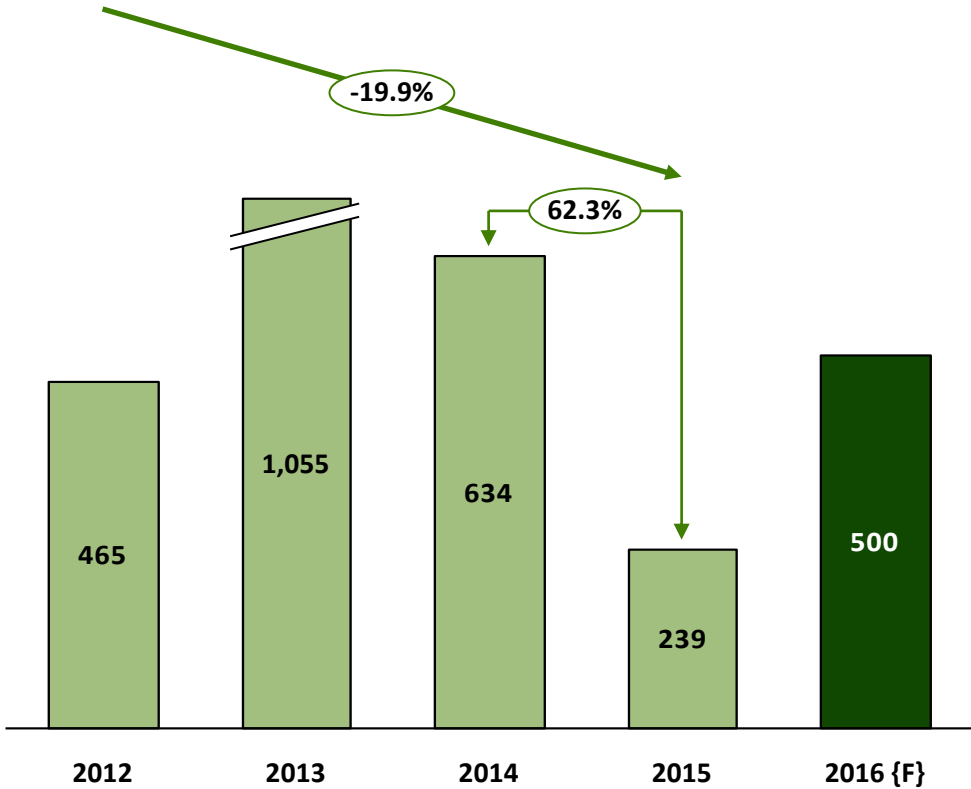
# Industrial Valley- Year on Year Performance

## Order Intake and Price Trend

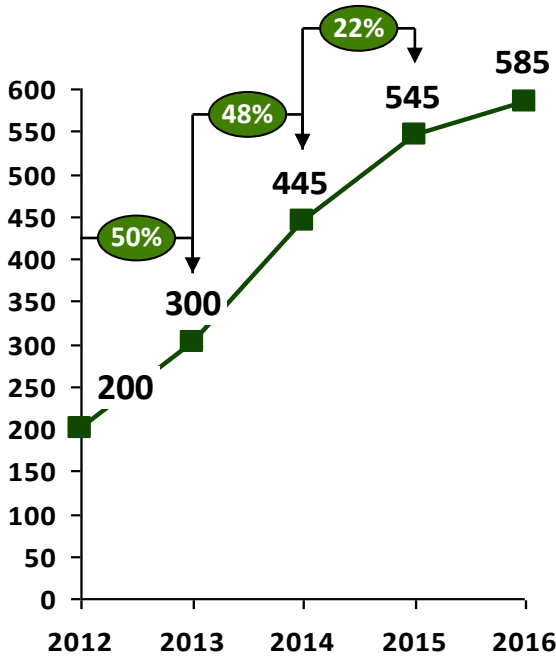
Product	2012	2013	2014	2015	2016 Budget
Order Intake	465	1055	634	239	500

Product	2012	2013	2014	2015	2016 Budget
Sales Price (SR/sqm)	202	247	413	490.5	535
Lease Price (SR/sqm)	6	7	11	14	14.42

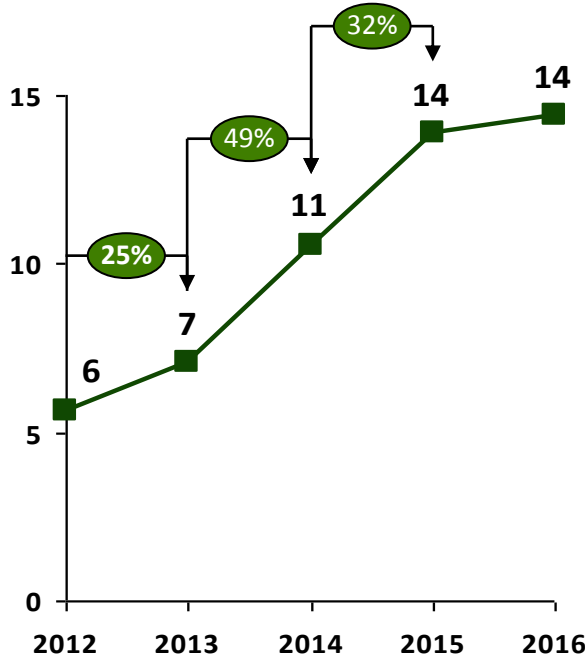
Order Intake (YoY)



Sales Price (YoY)


















































Lease Price (YoY)



# INDUSTRIAL VALLEY - EXISTING TENANTS

Over 110 global and local IV tenants are in KAEC with 34 tenants on the ground

FMCG	PHARMACEUTICALS	PLASTICS	CONSTRUCTION	LOGISTICS	AUTOMOTIVE	GENERAL
      	     	   	       	      	      	       

# Commercial Development

---



## Bay Views Office Park

### Brief Description:

- Bay View's is located in the heart of the Bay La Sun district in close proximity to the Bay La Sun Hotel & Marina and other waterfront residential developments. Currently this development is complete and will host 11, 500 Employees upon completion

## Bay La Sun Hotel

- Premium 4-star Business & Leisure hotel
- 195 rooms and 6 suits
- 60.7% Average occupancy rate for 2015
- Operated by AlKhozama
- Awarded as Saudi Arabia's Leading Destination Hotel 2014

## Juman Park

Juman Park development is adjoining the Bay La Sun hotel with a private swimming pool and recreational facilities.

- Juman Park and Promenade spans over 75,000 sqm
- Located in the heart of the Bay La Sun District bordered by the Bay La Sun Hotel & Marina on one side and Bay Views office park on the other side, all connected by the canal promenade.
- Project completion expected in Q4



# EXISTING RETAIL TENANTS





# Appendix

# ECONOMIC CITIES AUTHORITY (ECA)

---



# INCENTIVES FOR DOING BUSINESS IN KAEC

---

## A) REGULATORY

- Full foreign ownership permitted for companies, plant, equipment, projects and property
- Accelerated business registration and setup process
- 38 bilateral trade agreements with partners giving stronger foreign investor rights
- Double taxation agreements with key countries - Equal treatment for foreign and domestic investors
- No minimum paid-up capital (most industries)
- Flexibility of transferring/allocation of companies' shares between shareholders, in accordance with regulations
- The ability of foreign investors to sponsor foreign employees

# INCENTIVES FOR DOING BUSINESS IN KAEC

---

## B) FISCAL

- 20% Corporate Tax Rate for foreign companies and unlimited loss carryover
- No VAT or GST, no land or property tax and no personal income tax
- Kingdom is ranked 3rd best tax environment globally
- Tax deductions for R&D investment and training expenditures as well special tax treatments for investing in less developed regions within the Kingdom
- Full repatriation of profits
- Custom duty on imported manufacturing equipment and raw material if used for local manufacturing
- A one-time 15% tax credit for industrial projects carried forward for up to 10 years
- 50% tax credit on Saudi employees training costs and payroll for 10 years

# INCENTIVES FOR DOING BUSINESS IN KAEC

---

## C) FINANCIAL

- Access to soft loans from Saudi Industrial Development Fund (SIDF), and Public Investment Fund (PIF)
- Human Resources Development Fund that provides aid and support for activities related to qualifying, training and recruitment of Saudi labor. It also shares the cost of the training and employment of the trainees by providing assistance up to 50% of the employee's salary for a period of one to two years
- KACST and KAUST R&D endowments
- No fees for registration of real estate property
- Generous and optimal industrial locations in both public and private arena (Industrial Cities & Zones, Economic Cities and Clusters)
- Access to regional and international financial programs and incubators, including: Arab Fund, Arab Monetary Fund, Arab Trade Financing Program, Inter-Arab investment Guarantee Corporation, and Islamic Development Bank