
 CEO's Statement

PRIMED FOR GROWTH

Aldar produced a strong performance in 2019, demonstrating an ability to create value through market cycles, while conducting major transactions to prepare for continued growth in the coming years.

The Company is benefitting from our robust business model, designed to deliver growth and stable income through an optimal balance of property investment and development.

Aldar's portfolio of mature, income-generating assets is the foundation for consistent delivery of solid dividends to shareholders. In parallel, well-planned development of the Company's diverse and valuable land bank creates significant surplus capital to drive further expansion across our businesses.

In 2019, we reported record development sales of AED 4.0 billion, up 53%, driven by a series of new launches, while making strong progress across our development pipeline, with Mamsha Al Saaiyat, Jawaher and Yas Acres entering the customer-handover phase.

The land exchange with the Abu Dhabi Government in December 2019, supported the strategic focus of our development business on key locations such as Yas Island and Saadiyat Island, which will benefit from well-developed infrastructure. The transaction enhanced Aldar's prime position in the Saadiyat Cultural District, which is central to Abu Dhabi's emergence as a regional business hub and high-end lifestyle and cultural destination.

The development business is very well placed to take advantage of new opportunities for growth in our home market of Abu Dhabi, as well as through partnerships in other promising markets such as Saudi Arabia and Egypt.

Meanwhile, Aldar Investments, our AED 20 billion property investment business, which is now contributing 60% to the gross profit, is gaining in importance and the business sees significant opportunity to expand and diversify through yield-accretive acquisitions.

In 2019, net operating income from asset

Aldar Investments' contribution to gross profit

60%

management, which includes the Aldar Investments business, increased 6% to AED 1.7 billion. This growth was driven by the value accretive additions of Etihad Plaza, Etihad Airways Centre and the Al Jimi Mall extension, while the sale of Al Murjan Tower allowed Aldar to realise value and reallocate capital. Average occupancy remained resilient at approximately 89%, reflecting the quality of this large and unique asset portfolio.

Aldar Investments received a strong vote of confidence from international institutional investors in October, when its \$500 million 10-year sukuk was six times oversubscribed.



Aldar's adjacent businesses are also developing well and are becoming significant contributors to our financial performance. Our real estate management solutions business, Provis, now has 15,000 properties under management, while Aldar Academies has tripled student numbers in the last two years to over 22,000.

SUSTAINABILITY INTEGRAL TO STRATEGY

Aldar's strategy for value creation focuses on three pillars: customer centricity, operational excellence and expansion. We have emphasised robust governance as a driver for success, ensuring structures and decision-making processes comply with best practice, and enhance transparency by instituting improved reporting standards.

We also recognise that conducting business in a sustainable manner is crucial if we are to retain the trust of all our stakeholders. As the leading property company in Abu Dhabi, we serve the Emirate's development and growth ambitions. We are determined to lead by example on sustainability, to support our communities and reduce our carbon footprint. That will mean reconsidering and taking action on every element of our operations - from architecture and materials, to building processes and the use of smart and new property industry technologies.

In 2019, we took an important first step in establishing a robust framework by launching an inaugural Sustainability Report that documents

Aldar's initiatives and intentions. The Company will continue to step up its efforts, setting targets and measuring ourselves against best-practice metrics.

POSITIVE MARKET DYNAMICS

Aldar has remained highly resilient in recent years during a downturn in the economic cycle, and we now see clear signs that the Abu Dhabi real estate market is turning a corner. Supply has been well managed in recent years, and the market is approaching equilibrium at a time when the Government's pro-growth agenda is starting to stimulate business activity.

A wide-ranging fiscal stimulus programme is starting to filter into the real economy, as evidenced by Aldar's award of contracts to manage AED 5 billion of infrastructure and other development. Meanwhile, a range of business-friendly policies, including regulatory and visa reforms, are making the Emirate an even more attractive place to set up a business, invest and live in.

I am confident in Aldar's capacity to create significant shareholder value. The Company is at the centre of the exciting and well-planned economic transformation that is being driven by Abu Dhabi's visionary leaders, and we have set a clear path for the deployment of our financial resources and expertise to achieve optimal results.

Talal Al Dhiyebi
Chief Executive Officer