

TRANSFORMATIONAL YEAR

In a transformational year for Aldar Properties, the Company delivered a robust financial performance, made significant progress on sustainability and put in place the building blocks for the next phase of accelerated growth.

Despite a challenging operating environment, the Group recorded a 17% increase in revenue to AED 8.39 billion. Gross profit rose 8% to AED 2.98 billion and net profit held steady at AED 1.93 billion.

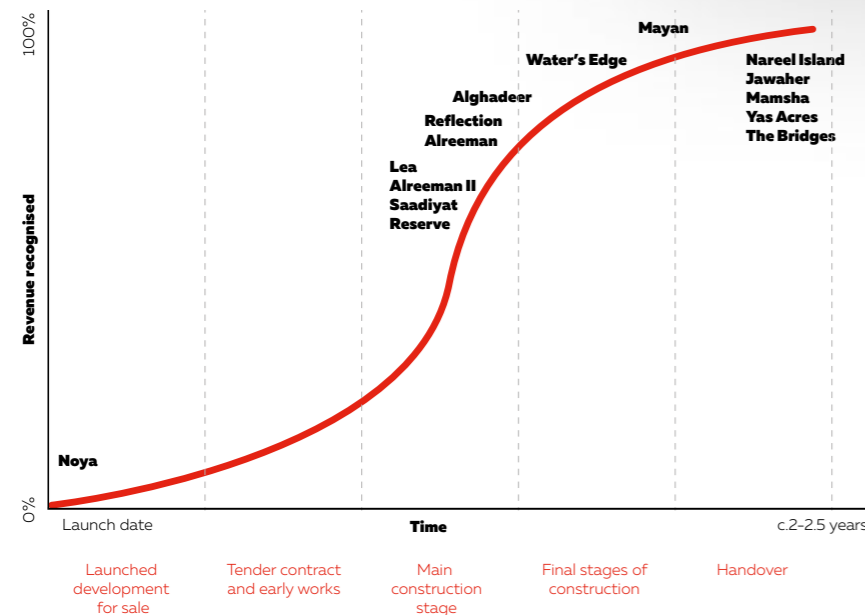


“I am proud to report that a wide range of ESG ratings agencies and index providers have recognised the progress that Aldar is making on our four key pillars: Economy, Environment, People and Community.”

Aldar Development achieved a record year in terms of revenue, which jumped 60% to AED 4.96 billion, while gross profit increased 31% to AED 1.40 billion. This growth was driven by handovers, inventory sales and recurring high-margin income from the third-party development management business. The Company held off on new project launches until the fourth quarter, when the first phase of Noya on Yas Island sold out in four hours.

Aldar Investment demonstrated fortitude amid challenging conditions, drawing on its key strengths: a well-diversified portfolio of recurring income assets with defensive attributes managed by an expert team and supported by a robust governance framework. Net operating income for the business was AED 1.58 billion, a decline of just 7% year-on-year. Encouragingly, in the fourth quarter there were significant improvements in retail footfall and sales as consumer confidence rebounded, and hotel occupancy increased due to the return of sporting events in Abu Dhabi under strict safety criteria.

Development revenue based on progress of completion



Fifth consecutive year of AED 1 billion development gross profits delivered
AED +1bn

Overview of Framework Agreement with the Government of Abu Dhabi (announced January 2021)

Description of projects/Aldar role	<ul style="list-style-type: none"> As part of a new framework agreement with the Government of Abu Dhabi in connection with the delivery of key public housing and associated community infrastructure projects¹, Aldar has been awarded development projects associated with Modon and Musanada (public infrastructure companies owned by the Government of Abu Dhabi). Projects will be transferred to Aldar in Q1 2021 for direct management or oversight. MODON <ul style="list-style-type: none"> Aldar will take on the development management of AED 30bn of social infrastructure projects including Riyadh City, Baniyas North and developments in the Al Ain and Al Dhafra regions. Projects to deliver +40,000 serviced villa plots and +10,000 villas for UAE Nationals and associated infrastructures over the next five years. MUSANADA <ul style="list-style-type: none"> Aldar will take on the management oversight of AED 10bn of ongoing Musanada projects ranging from education, healthcare, infrastructure, social services and facilities management.
Contract terms	<ul style="list-style-type: none"> Fee-only contracts at c. 5% of project value Projects fully funded by government and no liability to Aldar for cost and programme overruns No capital outlay or working capital contribution by Aldar Agreement is renewable at the end of the 5 years' term, subject to the achievement of market standard performance criteria
Sustainability	<ul style="list-style-type: none"> Projects to support Government of Abu Dhabi's vision of promoting liveability and quality of life in local communities Aldar to implement sustainability goal in areas of environmental standards, procurement and welfare Aldar's 'In-Country Value' (ICV) programme aims to deepen local contractor and consultant base

Note:

¹ Announced on 20 January 2021, pursuant to the recommendation of the Abu Dhabi Executive Committee on establishing a public private-partnership framework for the development of capital projects in the Emirate and the subsequent Memorandum of Understanding (MoU) signed between ADQ and Aldar Properties (October 2020).

Transparent Dividends Policy			
		Aldar Investment	Aldar Development
POLICY	PAYOUT FACTOR	Distribute free cash flow	Realised cash profit
	PAYOUT RANGE	65-80%	20-40%
METHODOLOGY/KEY DRIVERS		Net operating income less: Interest expense Maintenance capex Overheads	<div style="text-align: center;">+</div> Upon completion and handover of development
2020 DIVIDEND: 14.5 FILS			

78 Other businesses within Aldar Investment, continued to progress well, with Provis and Khidmah delivering a combined gross profit of AED 50 million, a rise of 22%, and Aldar Education reporting a 25% increase in gross profit to AED 122 million.

The Group's balance sheet remains robust. At the end of 2020, gross debt was flat year-on-year and leverage remained within our policy range, with 38.7% loan-to-value for the asset management business and 9.3% for the development business. The average cost of debt during 2020 was 2.9%. Aldar remains well funded and has strong liquidity, with AED 3.3 billion in free cash and AED 4.0 billion in undrawn committed facilities as of 31 December 2020.

Given the strong performance, the Board recommended a cash dividend of 14.5 fils per share for 2020. The Company's progressive dividend policy has delivered CAGR of 12% for the 2012-2020 – a clear demonstration of our commitment to shareholder value through market cycles.

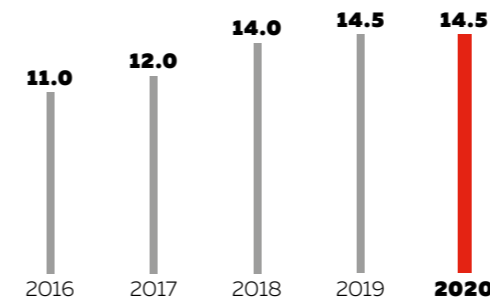
I am proud to report that a wide range of ESG ratings agencies and index providers have recognised the progress that Aldar is making on our four key sustainability pillars: Economy, Environment, People and Community.

Note:
 1. Gross debt.
 2. Excludes Saadiyat Island cooling assets debt repayment (sale proceeds to be received). Pro forma LTV of 37.9% following cooling assets debt repayment.
 3. Two outstanding Islamic bonds: (1) US\$ 500m maturing in 2025; and (2) US\$ 500m maturing in 2029.

“Aldar Investment Properties (AIP) has the highest credit rating for a non-GRE corporate in the region at Baa1 (stable)”

	Investment	Development
Outstanding Debt Breakdown (as at 31 December 2020)	<ul style="list-style-type: none"> Capital markets³: AED 3.7bn Bank debt: AED 3.8bn 	<ul style="list-style-type: none"> Bank debt: AED 0.5bn
Leverage policy (LTV)¹	35-40%	<25%
LTV (as at 31 December 2020)	38.7% ²	9.3%

Dividend policy (fils)



In 2020, we launched our In-Country Value programme to deepen the local contractor and consultant base. We also created a framework for a carbon neutral action plan and invested in the ATMAH programme, the GCC's first social impact bond. Aldar has made a serious commitment in connection with workers welfare audits and the Company has begun to audit its primary contractors against our Worker Welfare Policy.

In line with Aldar's commitment to best practice governance, we are proud to be the first real estate company in the GCC region to adopt the European Property Real Estate Association's (EPRA) Best Practice Recommendations (BPR) guidelines. This enhanced transparency facilitates comparisons with global peers on several performance measures, and we are confident that introducing a wider range of quality disclosures will serve to demonstrate Aldar's regional leadership as a property owner, asset manager and developer.

Looking ahead, the Company is embarking on a new phase of growth, and we envisage significant investment across all our businesses, with approximately AED 2 billion allocated to pursue new opportunities in 2021.

Our guidance for the Aldar Development business is for AED 3.5 billion of sales in 2021, predominantly driven by existing inventory although the Company will look to launch new projects that are consistent with market conditions. Fee income for third-party development will also begin to ramp up in 2021, with capital projects worth an initial AED 40 billion starting to be handed over to Aldar from the first quarter of the year.

For Aldar Investment, our guidance is for net operating income to continue to hold steady in 2021, notwithstanding our strategy of recycling capital into accretive opportunities. Our aim is to significantly expand the portfolio of income-generating properties owned by our flagship platform, Aldar Investment Properties (AIP) – the most efficient platform for real estate ownership in the region.

While Aldar will undoubtedly need to navigate considerable global challenges in 2021, we are confident that our core market of Abu Dhabi will remain resilient in the face of continued global challenges, supported by the Government's ability to invest significantly in our communities and to encourage further private sector growth. In this context, we look forward to taking important strides in building scale across our businesses and making further progress on our sustainability goals.

Greg Fewer
 Chief Financial and Sustainability Officer of Aldar Properties



EPRA REPORTING DISCLOSURES AS OF 31 DECEMBER 2020

Aldar Properties PJSC ("Aldar" or the "Group") presents below the key performance indicators as defined by the European Public Real Estate Association (EPRA) and as calculated in accordance with its recommendations. We have presented the following metrics for the years ended 31 December 2020 and 31 December 2019:

- EPRA earnings
- EPRA net asset value
- EPRA yield
- EPRA vacancy rate
- EPRA cost ratios

The EPRA Best Practice Recommendations (BPR) identify several key performance measures for disclosure by public real estate companies and have been widely adopted in Europe. The EPRA performance measures aim to encourage more consistent and widespread disclosure and are deemed to be of importance for investors in listed property companies (predominantly REITs and companies whose major business activity involves the ownership of income-producing real estate). As a leading regional property owner, asset manager and developer, Aldar deems the EPRA BPR to be a suitable and relevant disclosure framework.

The EPRA measures presented herein, are calculated in accordance with the EPRA BPR Guidelines. Aldar has been a member of EPRA since 2018 and is publishing its debut EPRA disclosure in this report for the years ended 31 December 2019 and 31 December 2020. Aldar is the first real estate company in the GCC region to voluntarily adopt the EPRA BPR disclosure.

The following category of indicators are presented in the next pages – the first metric which is "EPRA earnings" indicates the underlying recurring earnings from Aldar Investment, the asset management business of the Group. The next two metrics which are "adjusted EPRA earnings" and "EPRA net asset value" indicate the overall Group financial position and performance. The remaining three metrics "EPRA yield", "EPRA vacancy rate" and "EPRA cost ratio" indicate the financial performance of the Investment Properties sub-segment of the Group.

(AED millions)	31 December 2020	31 December 2019
EPRA Earnings	777	935
– per share (AED)	0.10	0.12
Adjusted EPRA Earnings	1,836	1,917
– per share (AED)	0.23	0.24
EPRA Net Reinstatement Value (EPRA NRV)	28,888	28,231
– per share (AED)	3.67	3.59
EPRA Net Tangible Assets (EPRA NTA)	28,860	28,039
– per share (AED)	3.67	3.57
EPRA Net Disposal Value (EPRA NDV)	28,490	27,990
– per share (AED)	3.62	3.56
EPRA NIY (%)	8.0%	8.7%
EPRA 'topped-up' NIY (%)	8.6%	9.0%
EPRA vacancy rate (%)	14.7%	12.4%
EPRA cost ratio (incl. direct vacancy costs) (%)	24.4%	22.7%
EPRA cost ratio (excl. direct vacancy costs) (%)	21.7%	20.5%

ADJUSTED EPRA EARNINGS

The EPRA earnings measure represents the performance of recurring activities which relate specifically to the Group's asset management business, Aldar Investment. For purposes of calculating the EPRA earnings, previously unallocated overheads and expenses have been apportioned between the two businesses on a best estimates basis in accordance with the Group's internal practice. EPRA earnings for the year ended 2020 were AED 777 million versus AED 935 million for the previous year, owing mainly to challenging conditions experienced by the retail and hospitality segments of the asset management business.

An adjusted EPRA earnings is presented to capture the contribution of Aldar Development, which represents a significant portion of Aldar's overall activities. We believe the adjusted EPRA earnings is an appropriate indicator as it represents the full business and is therefore comparable with Aldar's reported IFRS earnings (and earnings per share) figures and Aldar's share price.

Aldar's adjusted EPRA earnings were AED 1,836 million (AED 0.23 per share) for the year ended 2020.

EPRA Earnings (AED '000)	31 December 2020	31 December 2019
Earnings per IFRS income statement	1,932,238	1,984,097
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	399,850	374,751
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	495,760	442,028
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	1,059,696	981,965
(iv) Tax on profits or losses on disposals	-	-
(v) Negative goodwill/goodwill impairment	-	-
(vi) Changes in fair value of financial instruments and associated close-out costs	-	-
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-	-
(viii) Deferred tax in respect of EPRA adjustments	-	-
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	-	-
(x) Non-controlling interests in respect of the above	-	-
EPRA Earnings	776,632	934,855
Basic number of shares	7,862,629,603	7,862,629,603
EPRA Earnings per Share (EPS)	0.10	0.12
Company specific adjustments:		
(a) Profit from development business	1,059,696	981,965
Adjusted EPRA Earnings	1,836,328	1,916,820
Adjusted EPRA EPS (AED)	0.23	0.24

EPRA NET ASSET VALUE

EPRA net asset value measures the value of Aldar based on changes in equity and changes in value of asset portfolios, liabilities, and property development. Aldar's EPRA net asset value figures are based on the fair value of the Group's assets (including the fair value of certain land which is historically carried at nominal value on the consolidated statement of financial position).

The three EPRA net asset value metrics are listed below:

- EPRA Net Reinstatement Value (EPRA NRV) assumes that entities never sell assets and aims to represent the value required to rebuild the entity
- EPRA Net Tangible Assets (EPRA NTA) reflects the fair value of the Group's tangible assets and liabilities when traded
- EPRA Net Disposal Value (EPRA NDV) represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability

Aldar's EPRA NRV stood at AED 28,888 million as of December 31, 2020 (AED 3.67 per share), +2.3% on the previous year.

Aldar's EPRA NTA amounted to AED 28,860 million (AED 3.67 per share), +2.9% on the previous year.

Aldar's EPRA NDV totalled AED 28,490 million (AED 3.62 per share), +1.8% on the previous year.

We would note that the net asset values presented here are conservative estimates of the EPRA net asset values as they exclude certain key value elements as follows:

- Certain assets are not included at fair value (such as school properties and intangible assets)
- DWIP and Inventories are recorded at expected selling price (conservatively estimated values as at year end 31 December 2020 and 2019)

As we build and progress our EPRA disclosure history, we will strive to incorporate these and other important elements of incremental value into the net asset value metrics on an ongoing basis.

EPRA NET ASSET VALUE continued

EPRA Net Asset Value Metrics (AED '000)	31 December 2020			31 December 2019		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	25,630,793	25,630,793	25,630,793	24,837,506	24,837,506	24,837,506
Include/Exclude:						
(i) Hybrid instruments	-	-	-	-	-	-
Diluted NAV	25,630,793	25,630,793	25,630,793	24,837,506	24,837,506	24,837,506
Include:						
(ii.a) Revaluation of IP (if IAS 40 cost option is used)	-	-	-	-	-	-
(ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	-	-	-	-	-	-
(ii.c) Revaluation of other non-current investments	526,884	526,884	526,884	497,296	497,296	497,296
(iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
(iv) Revaluation of trading properties	2,715,197	2,715,197	2,715,197	2,885,457	2,885,457	2,885,457
Diluted NAV at Fair Value	28,872,874	28,872,874	28,872,874	28,220,259	28,220,259	28,220,259
Exclude:						
(v) Deferred tax in relation to fair value gains of IP	-	-	-	-	-	-
(vi) Fair value of financial instruments	15,330	15,330	N/A	10,760	10,760	N/A
(vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
(viii.a) Goodwill as per the IFRS balance sheet	N/A	(3,259)	(3,259)	N/A	(17,860)	(17,860)
(viii.b) Intangibles as per the IFRS balance sheet	N/A	(24,826)	N/A	N/A	(174,363)	N/A
Include:						
(ix) Fair value of fixed interest rate debt	N/A	N/A	(379,478)	N/A	N/A	(212,339)
(x) Revaluation of intangibles to fair value	-	N/A	N/A	-	N/A	N/A
(xi) Real estate transfer tax	-	-	-	-	-	-
NAV	28,888,204	28,860,119	28,490,137	28,231,019	28,038,796	27,990,060
Fully diluted number of shares	7,862,629,603	7,862,629,603	7,862,629,603	7,862,629,603	7,862,629,603	7,862,629,603
NAV per share	3.67	3.67	3.62	3.59	3.57	3.56

EPRA NET INITIAL YIELD (NIY) AND 'TOPPED-UP' NIY

The table below represents the adjustments to Aldar's net yields that are required to obtain EPRA yields. The calculation is applied to Aldar's Investment Properties segment that includes retail, residential and commercial use properties.

Aldar's EPRA NIY for 2020 is 8.0%, down from 8.7% in the previous year, due to lower rents from the retail segment most impacted by Covid-19. Aldar's 'topped-up' NIY, which captures notional rent expiration of rent-free periods or other lease incentives stands at 8.6% down from 9.0% in the previous year.

EPRA NIY and 'topped-up' NIY (AED '000)	31 December 2020	31 December 2019
Investment property – wholly owned	16,462,916	16,782,476
Investment property – share of JVs/Funds	-	-
Trading property (including share of JVs)	-	-
Less: developments	569,193	556,191
Completed property portfolio	15,893,723	16,226,285
Allowance for estimated purchasers' costs	357,608	365,091
Gross up completed property portfolio valuation	B 16,251,331	16,591,376
Annualised cash passing rental income	1,473,409	1,623,192
Property outgoings	174,092	182,835
Annualised net rents	A 1,299,317	1,440,357
Add: notional rent expiration of rent-free periods or other lease incentives	104,378	47,124
Topped-up net annualised rent	C 1,403,695	1,487,481
EPRA NIY	A/B 8.0%	8.7%
EPRA "topped-up" NIY	C/B 8.6%	9.0%

EPRA VACANCY RATE

EPRA vacancy rate is defined as the ratio between the estimated rental value of vacant space and the estimated rental value of the entire Investment Properties portfolio. Properties under development are not included in the calculation of this ratio.

EPRA Vacancy Rate (AED '000)	31 December 2020	31 December 2019
Estimated rental value of vacant space	A 274,049	246,469
Estimated rental value of the whole portfolio	B 1,863,346	1,993,411
EPRA Vacancy Rate	A/B 14.7%	12.4%

Across the Investment Properties segment, which includes residential, retail and commercial office, the EPRA vacancy rate has increased to 14.7% from 12.4% in 2019. This drop in the vacancy rate is largely attributable to the retail segment.

EPRA COST RATIOS

Aldar's EPRA cost ratios are based solely on its Investment Properties segment, which includes retail, residential and commercial use assets. Aldar's cost ratios increased during the year due to higher operating expenses in 2020 due to vacancy and additional costs from Covid-19 related measures.

EPRA Vacancy Rate (AED '000)	31 December 2020	31 December 2019
Include:		
(i) Administrative/operating expense line per IFRS income statement	401,465	391,595
(ii) Net service charge costs/fees	-	-
(iii) Management fees less actual/estimated profit element	-	-
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	-	-
(v) Share of Joint Ventures expenses	-	-
Exclude (if part of the above):		
(vi) Investment property depreciation	-	-
(vii) Ground rent costs	-	-
(viii) Service charge costs recovered through rents but not separately invoiced	-	-
EPRA Costs (including direct vacancy costs)	A 401,465	391,595
(ix) Direct vacancy costs	45,402	36,808
EPRA Costs (excluding direct vacancy costs)	B 356,063	354,787
(x) Gross Rental Income less ground rents – per IFRS	1,642,536	1,728,773
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant)	-	-
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rents)	-	-
Gross Rental Income	C 1,642,536	1,728,773
EPRA Cost Ratio (including direct vacancy costs)	A/C 24.4%	22.7%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C 21.7%	20.5%

Historical Financial Performance

The following section presents the historical financial performance of the Group split into real estate and non-real estate operations for the past five fiscal years (including the year ended 31 December 2020).

Real estate operations include investment properties; hospitality (only room-related); property development and sales; and construction. Non-real estate operations include fee-based development management; hospitality (non-room); and adjacent businesses (excluding construction). Non-real estate operations also include the disposal of subsidiaries and businesses that are one-off transactions.

The last five-year average annual EBITDA percentage contribution from real estate operations to overall Aldar Group EBITDA (including the fiscal year 2020) is approximately 90%. In 2020, mainly due to a one-off sale of district cooling assets (refer to Note 46 of the consolidated financial statements), the EBITDA contribution from real estate operations was below the last five-year average.

	31 December 2020			31 December 2019			31 December 2018			31 December 2017			31 December 2016		
	Real estate operations AED '000	Non real estate operations AED '000	Total AED '000	Real estate operations AED '000	Non real estate operations AED '000	Total AED '000	Real estate operations AED '000	Non real estate operations AED '000	Total AED '000	Real estate operations AED '000	Non real estate operations AED '000	Total AED '000	Real estate operations AED '000	Non real estate operations AED '000	Total AED '000
Revenue	5,959,482	2,432,996	8,392,478	5,428,669	1,719,212	7,147,881	5,053,374	1,233,159	6,286,533	5,172,299	1,008,377	6,180,676	5,276,945	960,551	6,237,496
Direct costs	(3,330,793)	(2,071,563)	(5,402,356)	(2,859,564)	(1,518,673)	(4,378,237)	(2,480,870)	(1,173,976)	(3,654,846)	(2,602,772)	(922,399)	(3,525,171)	(2,681,286)	(916,957)	(3,598,243)
Gross profit	2,628,689	361,433	2,990,122	2,569,105	200,539	2,769,644	2,572,504	59,183	2,631,687	2,569,527	85,978	2,655,505	2,595,659	43,594	2,639,253
Selling and marketing expenses	(125,449)	-	(125,449)	(109,522)	-	(109,522)	(85,440)	-	(85,440)	(74,978)	-	(74,978)	(61,418)	-	(61,418)
General and administrative expenses	(614,128)	(75,641)	(689,769)	(566,167)	49,662	(516,505)	(436,874)	28,643	(408,231)	(288,358)	(35,131)	(323,489)	(333,430)	(37,377)	(370,807)
<i>Staff costs</i>	(253,853)	-	(253,853)	(237,423)	-	(237,423)	(218,948)	-	(218,948)	(227,767)	-	(227,767)	(233,329)	-	(233,329)
<i>Provisions, impairments and write-downs, net</i>	(272,437)	(23,365)	(295,802)	(203,981)	51,306	(152,675)	(78,691)	28,643	(50,048)	43,952	(35,131)	8,821	9,755	(37,377)	(27,622)
<i>Others</i>	(87,838)	(52,276)	(140,114)	(124,763)	(1,644)	(126,407)	(139,235)	-	(139,235)	(104,543)	-	(104,543)	(109,856)	-	(109,856)
Gain/(loss) on disposal of property, plant and equipment	-	54	54	23,014	(50)	22,964	-	-	-	-	-	-	-	-	-
Fair value loss on investment properties, net	(399,850)	-	(399,850)	(374,751)	-	(374,751)	(671,046)	-	(671,046)	(613,107)	-	(613,107)	(169,680)	-	(169,680)
Gain on transfer from DWIP to IP	3,343	-	3,343	-	-	-	-	-	-	-	-	-	-	-	-
Gain on disposal of investment properties	4,396	-	4,396	23,856	-	23,856	-	-	-	3,835	-	3,835	14,409	-	14,409
Share of results of associates and joint ventures	(9,875)	-	(9,875)	(3,096)	-	(3,096)	49,863	-	49,863	41,544	-	41,544	66,636	-	66,636
Gain on disposal of subsidiaries	-	429,535	429,535	-	-	-	-	-	-	-	-	-	-	-	-
Gain on disposal of businesses	-	58,432	58,432	-	-	-	-	-	-	-	-	-	-	-	-
Gain on exchange of properties, net of write-downs	-	-	-	388,384	-	388,384	-	-	-	-	-	-	-	-	-
Gain on disposal of joint venture	-	-	-	-	-	-	30,319	-	30,319	-	-	-	-	-	-
Other income	188,013	1,524	189,537	256,067	2,320	258,387	635,077	132,791	767,868	627,049	5,163	632,212	954,280	-	954,280
EBITDA	1,675,139	775,337	2,450,476	2,206,890	252,471	2,459,361	2,094,402	220,618	2,315,020	2,265,512	56,010	2,321,522	3,066,456	6,217	3,072,673
Depreciation and amortisation			(274,791)			(268,550)			(230,142)			(185,976)			(199,050)
Finance income			67,240			84,087			79,735			124,642			119,972
Finance costs			(310,697)			(349,719)			(309,749)			(254,253)			(241,189)
Profit for the year			1,932,228			1,925,179			1,854,864			2,005,935			2,752,406