

# 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.

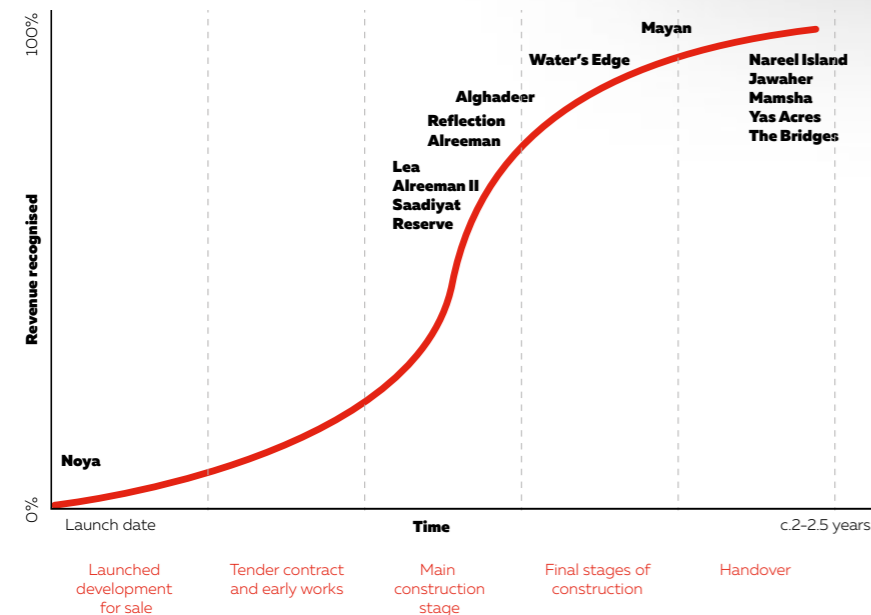


**“I am proud to report that a wide range of ESG ratings agencies and index providers have recognised the progress that Aldar is making on our four key pillars: Economy, Environment, People and Community.”**

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.


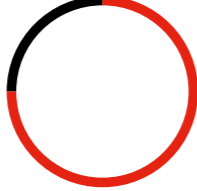
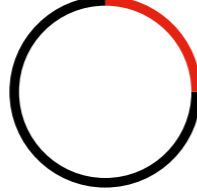
Development revenue based on progress of completion



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

<b>Description of projects/Aldar role</b>	<ul style="list-style-type: none"> <li>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 projects<sup>1</sup>, 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.</li> <li><b>MODON</b> <ul style="list-style-type: none"> <li>Aldar will take on the <b>development management of AED 30bn of social infrastructure projects</b> including Riyadh City, Baniyas North and developments in the Al Ain and Al Dhafra regions.</li> <li>Projects to deliver +40,000 serviced villa plots and +10,000 villas for UAE Nationals and associated infrastructures over the next five years.</li> </ul> </li> <li><b>MUSANADA</b> <ul style="list-style-type: none"> <li>Aldar will take on the <b>management oversight of AED 10bn of ongoing Musanada projects</b> ranging from education, healthcare, infrastructure, social services and facilities management.</li> </ul> </li> </ul>
<b>Contract terms</b>	<ul style="list-style-type: none"> <li>Fee-only contracts at c. 5% of project value</li> <li>Projects fully funded by government and no liability to Aldar for cost and programme overruns</li> <li>No capital outlay or working capital contribution by Aldar</li> <li>Agreement is renewable at the end of the 5 years' term, subject to the achievement of market standard performance criteria</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Projects to support Government of Abu Dhabi's vision of promoting liveability and quality of life in local communities</li> <li>Aldar to implement sustainability goal in areas of environmental standards, procurement and welfare</li> <li>Aldar's 'In-Country Value' (ICV) programme aims to deepen local contractor and consultant base</li> </ul>

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
<b>POLICY</b>	<b>PAYOUT FACTOR</b>	Distribute free cash flow	Realised cash profit
	<b>PAYOUT RANGE</b>	65-80%	20-40%
<b>METHODOLOGY/KEY DRIVERS</b>		Net operating income less: Interest expense Maintenance capex Overheads	 Upon completion and handover of development
<b>2020 DIVIDEND: 14.5 FILS</b>			

**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.

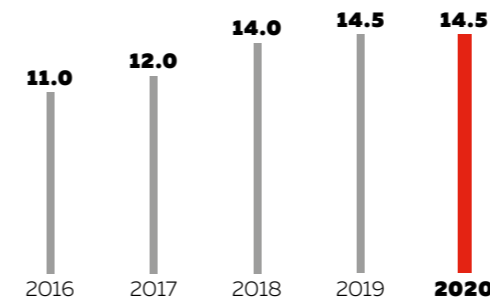
I am proud to report that a wide range of ESG ratings agencies and index providers have recognised the progress that Aldar is making on our four key sustainability pillars: Economy, Environment, People and Community.

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
<b>Outstanding Debt Breakdown</b> (as at 31 December 2020)	<ul style="list-style-type: none"> <li>Capital markets<sup>3</sup>: AED 3.7bn</li> <li>Bank debt: AED 3.8bn</li> </ul>	<ul style="list-style-type: none"> <li>Bank debt: AED 0.5bn</li> </ul>
<b>Leverage policy (LTV)<sup>1</sup></b>	35-40%	<25%
<b>LTV</b> (as at 31 December 2020)	38.7% <sup>2</sup>	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

