

DELIVERING DESIRABLE DESTINATIONS

Aldar's uncompromising focus on delivering desirable destinations supported both a strong operational and financial performance during 2017.



Despite wider macroeconomic and geopolitical challenges across the region, there are clear signs of strength in the Abu Dhabi property market demonstrated through strong sales for our developments and robust occupancy across our portfolio of diverse real estate assets. As key pieces of infrastructure as well as entertainment and cultural attractions drive people to the Emirates, Aldar's high-quality developments cater for the wide-ranging needs of residents, investors, businesses and visitors looking to Abu Dhabi as a destination of choice.

STRONG FINANCIAL POSITION

Our ability to outperform the wider Abu Dhabi market is testament to our maturation into a stable, dependable and sustainable developer which is reflected in our financial performance.

The value of development sales amounted to AED 3.5 billion in 2017, mainly driven by the launch of new developments as well as sales for existing developments including West Yas and Yas Acres.

To deliver consistent returns through development cycles, Aldar's unrelenting focus on owning and managing a diversified portfolio of high-quality assets across the residential, retail, office and hospitality sectors continues to yield results.

Our strategy, which intertwines our success with Abu Dhabi's ever-increasing reputation as a desirable place to live, work and visit, is creating value for customers, shareholders and the Emirate.

Recurring revenue from our investment portfolio was steady at AED 1.6 billion, reflecting its defensive qualities and the continued demand for our high-quality properties. Our full year net profit was AED 2 billion for 2017.

DEVELOPMENT MANAGEMENT

Our agile approach to adapt to the changing market is made possible due to our flexible destination development strategy and active management of our extensive land bank. While closely monitoring buyers' fast-changing needs, we never compromise on our focus on creating new communities across our key destinations.

During the year, we launched two new residential developments, The Bridges and Water's Edge, targeting the underserved high-quality mid-income market. The response to these developments was exceptional with almost all units released selling out in a matter of weeks. While we are expecting a more normal pace of sales for the future release of phases at these developments, Aldar believes opportunities exist to develop residential products catering to this segment of the market in 2018.

Including the developments launched this year, we now have 7,000 residential units and villas under development across the Emirate, 5,000 of which are on Yas Island, 83% of which are already sold.

Our key focus remains on evolving the urban fabric of Abu Dhabi. However, while we will concentrate on expanding the communities we have established in our three key destinations, we believe other areas of Abu Dhabi and beyond also provide opportunities and we will look to address these in 2018.

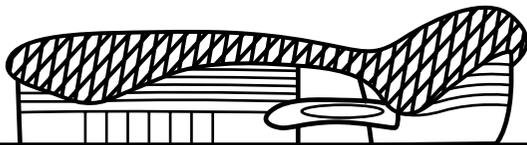
ASSET MANAGEMENT

We use our deep knowledge of the Emirate to build, manage and acquire properties and create desirable destinations.

Our investment portfolio has out-performed the market with occupancy above 90% for our retail and residential assets, 88% for our office assets and 78% for our hospitality portfolio. In all segments, we are seeing a flight to quality as lessees seek the best developments in the best locations. Across our retail, office and residential assets, occupiers continue to commit, albeit following a more considered decision process.

We remain committed to growth of our asset management business and as such increased our investment plan to AED 5 billion from AED 3 billion. With a majority of the original plan committed, the additional allocation will focus on addressing nearer term growth through acquisition opportunities. As part of this plan, we completed the acquisition of International Tower in December 2017, a high-quality office tower location in the heart of one of Abu Dhabi's premier business hubs, Capital Gate District. The acquisition increases the size of our office portfolio by 19% and brings the total NLA across our entire portfolio to 240,000 sqm.

We also retained a portion of the new developments launched throughout the year for our investment portfolio, underscoring our belief in the wide appeal of Water's Edge and The Bridges for homeowners as well as occupiers. Yas Mall experienced record footfall driven by a major event drive including a 24-hour Eid Al-Fitr sale in June 2017, which saw more than 250,000 visitors attend the mall in just one day.



PEOPLE

We employ top professionals in their fields who work with partners and suppliers to develop, build, own and operate real estate successfully and remain on top of the constantly changing environment. It is due to the hard work and dedication of this team that we were able to enjoy a successful 2017 and I would like to personally thank every employee at Aldar for their contribution.

We want Aldar to be a place where people want to work. That is evident in the fact that, this year, 10% of our employees celebrated a significant milestone, reaching a 10-year tenure at Aldar.

Our people strategy is to create a market-driven performance culture, to enable our team to reach their full potential and prepare us for the future. Our aim is to become smarter and more efficient at what we do in order to deliver long-term sustainable shareholder value.

We know the future of Abu Dhabi and the wider Middle East region will result from the bright ideas of the youth of today. This is why a key focus for 2018 is to empower and engage our youth. Recently, we launched the Aldar Youth Council to create a platform for our dozens of

employees aged between 20 and 30 years to contribute to the future of this Company. This will prove that Aldar can make a difference not only to those who live, work and play in our developments but the whole Emirate.

Our new set of values – Performance, Smart, Innovation, Integrity and Team Work and Collaboration – underpin everything we do. Aligning our business decisions with our culture, values and strategy is also key to demonstrating how we are committed to developing a long-term sustainable business.

OPERATING EFFICIENCY

At the start of 2018, we announced a realignment of the business into two operating divisions, Development Management and Asset Management. This simplifies our structure and reflects our focus on operating in the most efficient manner to create more value for our shareholders. By streamlining and simplifying our internal operating model under these two pillars, we are well positioned for a successful year ahead. We have also centralised and realigned our support functions to reflect the importance of our people, digital transformation and innovation as our business environment evolves.

OUTLOOK

We have ambitious plans for the future and head into the year with an ambitious development programme and a strong portfolio of efficiently-operating assets. Enabled by a team of dedicated individuals, the success of our strategy to deliver desirable destinations is evident in our stable financial position as well as in the creation of communities that respond to the changing lifestyles of our customers.

While the external environment may provide a constant challenge, Aldar's resilience, agility and determination to maintain our place as Abu Dhabi's leading developer positions us well to achieve our vision this year and in the years ahead.

Talal Al Dhiyebi
Chief Executive Officer

