

## A MOMENTOUS YEAR

2018 was a momentous year for Aldar and an extremely proud and busy year for me personally as my first full year as CEO.



We completed three game-changing corporate actions during the year, plus a number of other significant achievements that set the stage for powerful future growth.

We announced an important strategic partnership with our neighbour Emaar in March 2018 that when completed will mark our entry into the Dubai real estate market, developing two important projects – Emaar Beachfront in Dubai and Saadiyat Grove, a mixed-use scheme on Saadiyat Island in Abu Dhabi.

In May, we announced one of the UAE's largest asset acquisitions through a AED 3.7 billion transaction that for the first time put Aldar on Saadiyat Island; and a few months later we created the Middle East region's largest diversified real estate investment company, Aldar Investments, a wholly-owned subsidiary of Aldar, into which we transferred substantially all our recurring revenue assets.

We delivered 1,237 homes and plots to customers during 2018 at Ansam, Hadeel, West Yas, Al Merief and Nareel Island, catering to the need for high quality homes across our city.

Our financial and operational performance was strong and will further accelerate as our mature asset portfolio grows and more of our developments enter the handover phase.

Looking at our financials, for the full year 2018, we reported a 2% increase in revenue to AED 6.3 billion, steady gross profit of AED 2.6 billion and development sales of AED 2.6 billion, including Q4 sales of AED 1.3 billion. We also saw a 3% increase in net operating income (NOI) from our recurring revenue assets, up to AED 1.6 billion.

Our NOI was particularly significant because it underpins the visibility of our cash flow and our dividend. We have a large and high-quality recurring revenue asset base business that generates significant and visible cash flow, so our increased dividend – up 17% to 14 fils per share – reflects this stability, our continued and growing confidence and also the contribution this year from our homebuilding business that is in its third straight year of over AED 1 billion in gross profit.

Our net profit of AED 1.9 billion would in fact have been AED 2.5 billion if it wasn't for fair value adjustments of AED 0.7 billion.

Our development business had a solid year too, where we continued the roll out of new, exciting and well thought-out communities that people want to call home.

In 2018, we launched approximately 1,400 units for sale, with two new developments – Reflection and Alghadeer – continuing our focus on the mid-income sector, and two luxurious residential developments on Saadiyat that are progressing well towards their respective completion dates.

Our development sales of AED 2.6 billion were mainly driven by Alghadeer, Mamsha, Jawaher and West Yas, and we are seeing a broadening of our buyer base in the GCC and beyond.

Handovers were completed at five of our developments with more handovers scheduled for 2019. We now have 15 projects and close to 8,000 units currently under construction, which will be delivered to customers from now until 2021, reflecting a rich pipeline of activity.

Looking at the other side of our business – asset management, in September, we created a new company, Aldar Investments, which became the region's largest diversified real estate investment company. We essentially took all of our iconic, recurring revenue assets from our asset management business and put them into Aldar Investments, including our malls, our residential units, our commercial portfolio and our hotels, worth AED 20 billion assets.

The rationale behind spinning off our asset management business was to create an independent, more efficient capital structure that would allow us to accelerate our growth and unlock value for shareholders.

Moody's endorsed the financial strength of Aldar Investments by assigning it a Baa1 credit rating which is the highest rating for a non-government corporate in the region. We then went out and raised independent finance in the form of a seven year \$500 million sukuk, demonstrating Aldar Investment's ability to raise cost effective long-term debt independently, being more than twice oversubscribed across Europe, the Middle East and Africa.

We are excited about the future of Aldar Investments and look forward to making more key announcements during 2019 and beyond.

Additionally, in one of the largest real estate acquisitions in the country's history, we acquired some of the UAE's best assets from TDIC. This transaction facilitated our entry into the sought-after Saadiyat Island, which is also home to the Louvre Abu Dhabi, and crucially provided us with exposure to arguably the most prime investment zone in Abu Dhabi.

We acquired 14 operating assets across the hospitality, retail, residential, education and infrastructure sectors, along with land plots and developments under construction.

This diverse portfolio has already made a meaningful contribution to our financial performance, contributing AED 700 million in revenue and AED 200 million in gross profit to our 2018 financials. This is set to grow further in 2019 as these assets make a full year's contribution for the first time.

Last year, 60 of our loyal employees celebrated 10 years at Aldar, which is testament to the inclusive and supportive environment we have here. We also appointed our first female to our Executive Management Team, demonstrating our commitment to diversity.

In addition, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai presented Aldar with an Emirates Emiratization Award, and we also signed up as Official Partner to the Special Olympics World Games Abu Dhabi 2019.

We are proud to give back to the community in which we operate. During 2018, we brought our total contribution over the last two years to AED 84 million to Sandooq Al Watan, the National Fund charged with the responsibility of promoting sustainable development, a decent life and a bright future for all the people of the UAE.

Aldar has a unique innovation policy and we embrace and support change on both an individual and organizational level. We encourage our employees to spend 10% of their weekly hours for innovating and brainstorming, and our training and development teams offer innovation training courses, conferences and networking opportunities to foster continued learning and knowledge sharing.

We are extremely excited about 2019. In our development business we already hit the ground running with the successful launch of Alreeman, and we plan to launch a number of new developments across our key destinations. We are also making tremendous progress on our previously launched projects, with about 1,500 handovers expected during the year.

In our asset management business, we will see a full year contribution from our recently-purchased assets and completion on a project under development, and we will continue to assess the market for further opportunities to support growth and drive value.

Our strong financial position also allows us to make the most of organic and inorganic growth opportunities, both within Abu Dhabi and further afield, in line with our strategy to manage the region's most diversified property investment portfolio.

**Talal Al Dhiyebi**  
Chief Executive Officer