ALDAR PROPERTIES PJSC
Aldar Square
Yas Mall
Abu Dhabi
Tel: +971 800 25327

ALDAR.COM

Aldar Properties Annual Report 2021

FOR A BETTER FUTURE

**ALDAR PROPERTIES
ANNUAL REPORT 2021**

ALDAR

Aldar Properties PJSC is the leading real estate developer, manager and owner in Abu Dhabi and through its iconic developments, it is one of the most well known in the United Arab Emirates and the wider region.

For a better future


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AT A GLANCE

Aldar is a leading UAE real estate developer, owner and manager predominantly focused on the Abu Dhabi market. In 2021, the Company expanded its footprint outside the UAE into the Egyptian market.

We are recognised for master planning destinations that people can live in, work at and visit and have built many iconic developments in Abu Dhabi since our inception in 2004. We also own one of the largest diversified property investment portfolios in the region, the majority of which is in Abu Dhabi[1].

The company has two core business segments:

ALDAR DEVELOPMENT

Aldar is the largest property developer in Abu Dhabi and one of the largest in the UAE. Since its inception, it has completed over 31,000 residential units across the Emirate. As of 31 December 2021, more than 3,500 residential units were under development.

It owns a significant landbank of approximately 65 million square metres in prime locations across Abu Dhabi that provide through-the-cycle optionality to address specific segments of the real estate market.

The development business unit comprises of two main divisions: Property Development and Sales, which is responsible for developing and marketing Aldar's diverse and strategic landbank located in key investment zones – including Saadiyat and Yas Islands; and Project Management Services, which manages Aldar's fee-based development management business, including government housing and infrastructure projects.

Egypt

Aldar's Egypt platform is primarily comprised of SODIC[2], one of Egypt's leading real estate companies that was established in 1996. SODIC is focused on the development of large-scale, mixed-use communities in West Cairo, East Cairo and the North Coast.

ALDAR INVESTMENT

Aldar owns and manages a diverse real estate portfolio, all located within the Emirate of Abu Dhabi[3]. The portfolio is predominantly split across three asset classes: residential, retail and office[3]. Aldar Investment also owns several operating businesses including a hospitality and leisure platform; a leading school business; and a real estate services business (including construction and property & facilities management subsidiaries).

OUR MARKETS

Residential

Aldar Development predominantly sells residential properties through its development business, where it actively launches off-plan (construction-linked build-to-sell) developments. In addition, Aldar Investment owns a significant residential portfolio across Abu Dhabi, which is leased to a mix of individual and corporate tenants.

Retail

The company has developed a substantial retail footprint within Abu Dhabi that addresses both super-regional malls, such as Yas Mall and Al Jimi Mall, as well as community and convenience-focused retail located around its residential developments.

Commercial

The company has acquired and developed a high-quality, predominantly Grade A commercial office portfolio that attracts top tier local and international tenants. The commercial portfolio is principally located across Abu Dhabi Island and has the Government of Abu Dhabi as a significant tenant.

Hotels

Aldar owns a unique cluster of hotels predominantly on Yas Island that benefit from their proximity to tourist attractions and continue to support Yas Island as the leisure and entertainment hub of Abu Dhabi.

Aldar Education

Through its wholly-owned subsidiary, Aldar Education, the company is heavily invested in schools, catering for the education of more than 26,000 students. Aldar Education owns and operates its own schools, as well as managing schools owned by the Abu Dhabi government and ADNOC.

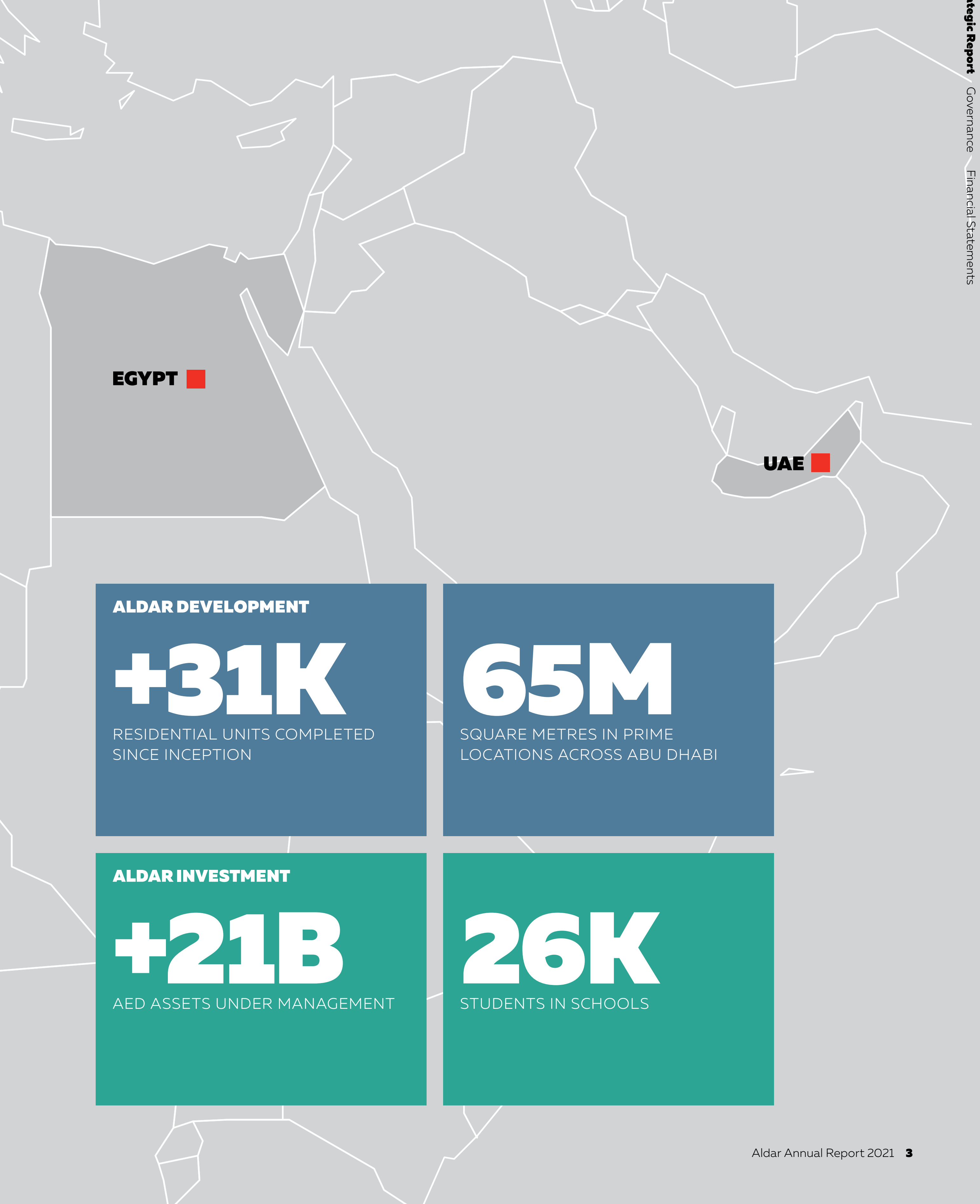
Provis/Khidmah

Aldar's real estate services arm is comprised of Khidmah, a facilities management business, and Provis, a property management business. Provis undertakes sales and leasing, property management, consultancy services and valuation advisory amongst others. Khidmah is a full-service facility management solutions provider focused on domestic, commercial and retail facility management solutions across the UAE and KSA.

Read more in our market overview on pages 10 to 15.

1. In H1 2022, Aldar expanded its investment portfolio into the Ras Al Khaimah market through the acquisitions of Al Hamra Mall, a flagship retail and leisure destination and Rixos Bab Al Bahr hotel, a 715-key ultra-all-inclusive beach resort.
2. Aldar acquired a majority stake in one of Egypt's leading real estate companies, SODIC, through a consortium owning 85.52% of SODIC (Aldar ownership of 59.9%). The investment in Egypt completed on 16 December 2021. As there were no significant transactions or events from the acquisition date to 31 December, our financial results for 2021 do not include the performance of SODIC and the balance sheet was consolidated as of 31 December 2021.
3. The majority of the investment properties are owned through Aldar Investment Properties LLC (AIP) rated Baa1 (stable) by Moody's.

OUR LOCATIONS



ALDAR DEVELOPMENT

+31K
RESIDENTIAL UNITS COMPLETED SINCE INCEPTION

65M
SQUARE METRES IN PRIME LOCATIONS ACROSS ABU DHABI

ALDAR INVESTMENT

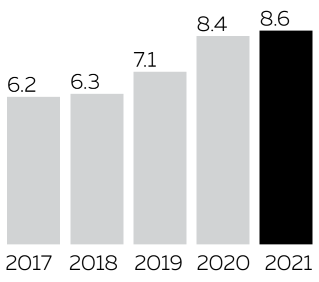
+21B
AED ASSETS UNDER MANAGEMENT

26K
STUDENTS IN SCHOOLS

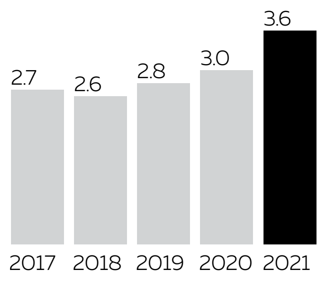
Aldar is the largest real estate group in Abu Dhabi, and one of the region's most recognised and trusted master developers.

FINANCIAL

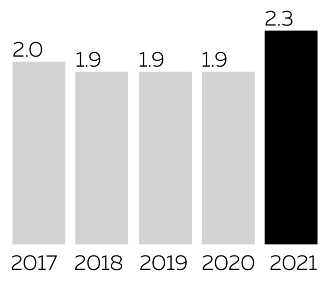
REVENUE
AED 8.6bn



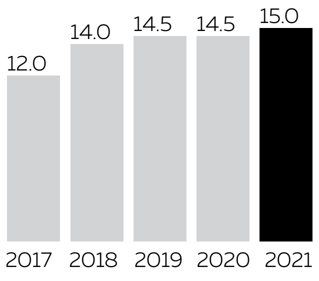
GROSS PROFIT
AED 3.6bn



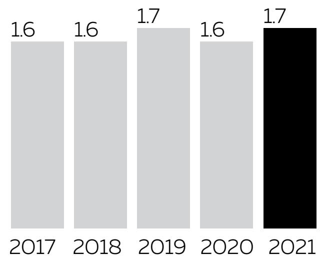
NET PROFIT
AED 2.3bn



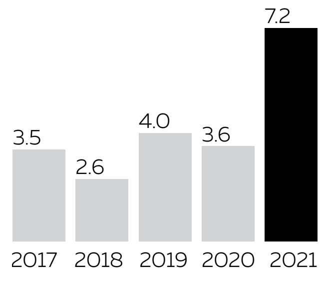
DIVIDEND PER SHARE
15.0 fils



RECURRING NET OPERATING INCOME FROM ALDAR INVESTMENT[1]
AED 1.7bn



OFF-PLAN DEVELOPMENT SALES
AED 7.2bn



EARNINGS PER SHARE
29.5 fils

TOTAL ASSETS
AED 49.5bn

1. Excludes Pivot.

Note: The investment in Egypt completed on 16 December 2021. As there were no significant transactions or events from the acquisition date to 31 December, our financial results for 2021 do not include the performance of SODIC and the balance sheet was consolidated as of 31 December 2021.

OPERATIONAL

- Aldar announces new group operating model as it embarks on the next phase of growth
- Provis accelerates growth and widens reach through acquisition of Asteco Property Management
- Appointment of Aldar on an exclusive basis as the strategic delivery partner for the Government of Abu Dhabi on key public housing and associated community infrastructure projects above AED 50 million
- Aldar unveils AED 500 million redevelopment plan to redefine retail experience at Yas Mall to be completed in H2 2022

- Aldar's Yas Island development Noya Viva sells out in less than 48 Hours
- Aldar partners with global venture capital firm Fifth Wall to invest in European proptech fund
- Aldar Q1 2021 net profit grows 80% to AED 544 million as development business outperforms
- Aldar's Noya Luma development on Yas Island sells out in 4 hours

- Aldar signs agreement with HSBC to become the first MENA real estate company to secure sustainability-linked loan
- Aldar sells out Saadiyat Reserve, The Dunes
- Aldar sells out exclusive Waterfront land plots at Al Gurm
- Aldar sustains growth momentum with 15% rise in gross profit in Q2 2021

- Aldar completes the sale of all homes at the newly launched Magnolias development at Yas Acres
- Aldar pledges to create 1,000 jobs for UAE nationals by 2026 in line with 'Projects of the 50' Nafis programme
- Aldar Q3 2021 gross profit grows 20% to AED 834 million with Aldar Development recording highest-ever quarterly sales of AED 2.69 billion
- Aldar-ADQ consortium completes acquisition of majority stake in EGX-listed SODIC

TRANSFORMATIONAL GROWTH

"We are scaling up rapidly, while driving profitable growth through a highly efficient and balanced business model, recycling capital effectively into new opportunities."

DRIVEN BY AN AMBITIOUS STRATEGY AND A STRONG CONNECTION WITH OUR COMMUNITIES, ALDAR PRODUCED A REMARKABLE FINANCIAL AND OPERATING PERFORMANCE IN 2021, DRIVING FORWARD OUR AGENDA FOR TRANSFORMATIONAL GROWTH.

The Company's net profit increased 21% in 2021 to AED 2.33 billion. Subsequently, the Board of Directors has recommended a dividend of AED 0.15 per share in line with the company's progressive dividend policy delivering a CAGR of 11% over the 10-year period demonstrating our continued commitment to delivering sustainable shareholder value.

Our achievements over the last two years are even more extraordinary when set against the context of the global pandemic and its impact on individuals, companies, and almost all economic sectors. Our teams at Aldar have shown considerable resilience and compassion as they have ensured that the Company continues to prosper and act as a positive force in supporting our stakeholders in the community, from the tenants in our properties to the children in our schools.

As an organisation, we have been uplifted by the tenacity and ambition shown by Abu Dhabi in the face of substantial disruption. Our esteemed leaders have produced a world-leading response to the multiple challenges posed by the pandemic, while driving forward with a comprehensive programme of economic and social reforms that make it one of the best places in the world to live and do business.

Among its key economic programmes launched in 2021, the country introduced the 'Projects of the 50' series of developmental and economic projects that will accelerate the UAE's development into a premium destination for top talent and investors. The country also overhauled commercial company ownership laws to facilitate inward investment and corporate establishment, while introducing legal safeguards to promote best practice in corporate governance and intellectual property. In line with the UAE's open, tolerant, and welcoming traditions, the country has calibrated family law to reflect the cultural diversity of our population.

As a company that is highly attuned to the business environment and deeply embedded in our communities, Aldar is embracing the country's confident, forward-looking spirit through its commitment to hire and train 1,000 UAE nationals by 2026. Similarly, while we are increasing the scale of our business platforms, it is also important that we focus on delivering an exciting vision of a sustainable, technology-enabled economy that provides opportunity to individuals, SMEs, and corporates. That is why the Board of Directors of Aldar is fully behind the company's programmes for technology and sustainability, which includes entrenching a comprehensive ESG framework into every element of strategy and operations. This approach will reinforce our relationships with all stakeholders and support the UAE's Net Zero by 2050 strategic initiative.

A powerful combination of financial strength, expertise, extensive business networks and an increasingly vibrant core market have brought Aldar to the cusp of significant transformation. We are scaling up rapidly, while driving profitable growth through a highly efficient and balanced business model, recycling capital effectively into new opportunities.

I would like to take this opportunity to thank all our stakeholders – including investors, partners, customers, and the people we serve in our communities – as well as the highly dedicated teams at Aldar for being part of this journey. I am very excited for what the future will bring.

H.E. MOHAMED KHALIFA AL MUBARAK
CHAIRMAN OF ALDAR PROPERTIES

LASER-FOCUSED GROWTH STRATEGY

"Our strong performance in the context of continued global economic disruption in 2021 underscores the capacity of Aldar to withstand significant challenges and to flourish."

ALDAR PRODUCED AN EXCELLENT SET OF OPERATING AND FINANCIAL RESULTS IN 2021, WHICH REFLECT A RESILIENT BUSINESS THAT IS GROWING AND TRANSFORMING AT PACE. DRIVEN BY A LASER-FOCUSED GROWTH STRATEGY, OUR AGILE AND EFFICIENT OPERATING MODEL CONTINUES TO REAP REWARDS, WITH OUR DIVERSIFIED BUSINESSES ALL MAKING A VALUABLE CONTRIBUTION TO THE EXPANSION OF OUR PLATFORM.

Our strong performance in the context of continued global economic disruption in 2021 underscores the capacity of Aldar to withstand significant challenges and flourish. The sentiment in our core market, Abu Dhabi, has been bolstered by the roll out of a world-leading vaccination programme in combination with economic and social policy initiatives to promote private sector development.

During 2021, Abu Dhabi real estate fundamentals were supported by a marked return of consumer confidence and our measured, data-led approach to supply of new developments. The company continues to build on its position as a trusted and key partner in the delivery of premier real estate projects and communities which is evidenced by Aldar being the fastest growing constituent of the Brand Strength Index in the UAE real estate sector with brand value rising 20% in 2021.

Against this backdrop, Aldar Development achieved its highest ever annual sales of AED 7.2 billion. This was accompanied by a broadening of our customer profile, with an increasing number of younger and female buyers purchasing properties in Abu Dhabi – a testament to the appeal of our market-leading offering. Aldar Investment also experienced a noticeable improvement in rental income and capital appreciation across its portfolio. The business division's approach to active asset management has ensured strong tenant retention and take-up across all segments, most notably in retail, where the redevelopment and renovation of Yas Mall has resulted in near full occupancy.

Our strong financial performance and balance sheet provide Aldar with the robust foundations to implement our transformational growth agenda. We have been able to act swiftly to accelerate our pursuit of new growth opportunities to deliver attractive returns, driven by a business model that delivers an efficient recycling of capital. We have seen this agility in action with a significant amount of investment activity over the last year, including the acquisition of an 85.52% stake in one of Egypt's leading listed real estate development companies, Sixth of October Development and Investment Company (SODIC), and our recent expansion into the Ras Al Khaimah market with two acquisitions in the retail and hospitality sectors.

The company ended 2021 with AED 5.4 billion of unrestricted cash and AED 4.7 billion of undrawn committed facilities allocated for capital expenditure to drive further expansion and diversification of our asset base as part of our growth agenda. We subsequently entered into a landmark strategic partnership in February 2022, with Apollo Global Management, one of the world's largest alternative investment managers, committing to investing AED 5.1 billion into Aldar.

Aldar Investment will be an increasingly key engine of growth in the coming years. We have identified a robust pipeline of yield accretive investment opportunities and will continue to deploy capital effectively to build scale and enhance asset class diversification. Our diversified businesses, including Aldar Education, Aldar Estates and Aldar Hospitality and Leisure, are cementing their market-leading positions through investment in scale and capacity, and will grow in importance in terms of the returns they deliver.

Aldar Development will continue to develop prime destinations and build communities in both Abu Dhabi and the wider region. SODIC provides a high-quality platform that we will leverage to expand significantly into the high potential Egyptian market, where youthful demographics and a growing middle class are fuelling demand for premium residential and mixed-use properties.

As a firm, we are encouraged by the sustained economic recovery in the UAE and the positive conditions for growth, guided by the clear vision of the country's leadership. I am confident in Aldar's ability to build on the strong momentum garnered over 2021 to drive forward our growth agenda as we deploy capital and transform our business at an even more accelerated pace.

TALAL AL DHIYEBI
GROUP CHIEF EXECUTIVE OFFICER OF ALDAR PROPERTIES

OUR MARKETS

Aldar's recent acquisition of SODIC, one of Egypt's largest real estate developers, and the acquisitions in Ras Al Khaimah in 2022 reflect the company's ongoing diversification efforts.

Whilst the business continues to operate primarily within the residential, retail, commercial offices, and hospitality sectors, diversification efforts continue to broaden the breadth of assets and create alternative sources of revenue for the portfolio, as highlighted by recent investment activity in Ras Al Khaimah, with the acquisition of Al Hamra Mall and Rixos Bab Al Bahr hotel.

This section provides a general overview of performance during 2021 across each asset segment and a brief outlook for 2022 and beyond.

The UAE government has continued to evolve the country's laws, rules, and regulations, positioning the Emirates for further growth and expansion, including recent changes to the Commercial Companies Law, Labour Law, UAE Industrial Property Rights, Crime and Punishment Law, Data Protection Law and The Personal Data Protection Law, to name just a few of the 40+ laws which have been amended.

As part of 2021, the "Year of the 50th" which marked the fiftieth anniversary of the federation of the United Arab Emirates, a number of legal and regulatory amendments were passed. The amendments aim to strengthen the country's economic, investment and commercial opportunities, as well as making it a more attractive location for global talent, entrepreneurship, and foreign capital, whilst also continuing to promote social stability, security and ensuring equal rights.

As part of plans to attract increased foreign direct investment, the UAE is now working to improve trade relations and to agree several new trade deals, including with Israel, Colombia, and Indonesia. This follows a recently completed agreement with India which aims to double non-oil trade over the next five years to over US$ 100 billion.

2021 saw continued activity in capital markets across debt and equity for Abu Dhabi and the UAE, with US$ 5.0 billion in new bond offerings and significant IPO launches across the year.

In May, Abu Dhabi raised US$ 2.0 billion in seven-year dollar denominated bonds, and in October, raised US$ 3.0 billion in 10 and 30-year notes: 10-year US$ 1.75 billion tranche priced at 63bps over Treasuries and US$ 1.25 billion in a 30-year tranche priced at a 3% yield[1].

Support for Abu Dhabi, and Aldar in particular, has been further underlined by the recent US$ 1.4 billion investment from Apollo Global Asset Management, one of the world's largest alternative investment managers. The deal follows the Apollo led US$ 5.5 billion investment into Abu Dhabi's national oil company ADNOC during 2020 and long-standing relationships with Emirate's sovereign wealth funds, which reflects the widening breadth of institutional interest in the Emirate.

The economy has also been boosted by a very strong recovery in the oil sector. Oil prices for Brent Crude averaged US$ 70.86/barrel across 2021 and have already breached US$ 130/barrel during March 2022[2]. With oil prices currently well above the fiscal breakeven rate, the Emirate looks set to deliver a budget surplus, facilitating the potential for greater levels of investment in the years ahead.

The country's economy is expected to expand by 4.2% in 2022, up from 2.1% in 2021, driven by the relative strength of both the oil and non-oil private sectors[3].

MARKET ANALYSIS

This section provides an overview of the performance of Abu Dhabi's residential, retail, office, and hospitality real estate segments during 2021 and an outlook for the coming years.

Residential

The residential market witnessed a significant improvement during 2021, led by rising demand for low-density housing, as unit upgrading and relocations to quality communities supported a modest recovery across both the leasing and transactional markets.

However, the recovery has remained quite fragmented, with consumer preference for villas, townhouses, and high-quality apartments, but more constrained demand for lower quality assets. This underlines the demonstrable shift in end-user preferences, led in part by Covid-19 driven shifts for work-from-home and desire for larger living and outdoor spaces.

In general, the transactional market has outperformed the leasing sector, with value growth across all asset types recorded during 2021. Abu Dhabi property values increased by an average of 1.6% year-on-year, although at an asset level much higher levels of growth were achieved[4].

For the leasing market, rental rates declined by an average of 1.4% year-on-year[4]. However, there was a positive recovery during the second half of the year, with an 0.8% increase quarter-on-quarter in December, following a 0.7% increase quarter-on-quarter in September.

From an off-plan perspective, the market remained buoyant throughout the year with many successful project launches. This reflects growing strength in real estate investment demand across the country, from both domestic and foreign capital, supported by recent regulatory changes and a positive international reaction to the UAE's response to the pandemic.

References
1. Bloomberg
2. EIA
3. UAE Central Bank
4. Reidin

Abu Dhabi has witnessed a rise in global liveability rankings such as safest cities in the world, global talent attractiveness and the best cities during Covid.

Residential occupiers are focusing on quality and space, and have moved from older areas of Abu Dhabi island and the mainland to newer master-planned destinations such as Saadiyat Island, Yas Island, Reem Island and Raha Beach. This trend is expected to continue, accompanied by an increase in new units.

With 2022 expected to see a stronger economic landscape across the UAE, net new housing demand is likely to increase, supporting activity for both the leasing and sales segments, as a broader job recovery ensues.

With evidence of employment growth returning across highly impacted sectors such as aviation, construction, hospitality, and trade, there are also indications of an improving backdrop across higher yielding sectors. This is taking place in line with diversification into new areas of the economy and the recovery in key sectors such as oil and gas, and some areas of professional services.

Tracking the economic recovery, Aldar's development business saw a huge uptick in net sales value for 2021, with demand evident for a wide sub-set of residential off-plan projects, including villas, townhouses, apartments, and villa plots, as a more diversified investor profile emerged, supported by rising demand from resident foreign investors and non-resident investors.

Aldar's 2021 launches included new phases of Noya (Noya Luna and Noya Vida), Waters Edge, Yas Acres (The Magnolias), and Saadiyat Reserve, whilst demand for completed standing inventory was also sustained.

During 2021, Abu Dhabi saw completion of more than 10,000 new residential units, bringing total housing stock to approximately 278,000 units[5]. Most of these new properties were delivered across the communities of Raha Beach, Yas Island and Reem Island, including Aldar's handover of units within Waters Edge (Yas) and Reflections Building A (Shams, Reem Island).

Aldar's residential investment portfolio saw a very strong occupancy performance, rising from 89% in December 2020 to 93% at the end of 2021, as well-managed assets continued to outperform the market[5]. With widespread migration of expatriate residents to emerging masterplan areas, and an overall trend of a "flight-to-quality", superior properties continue to take an outweighed share of occupier demand.

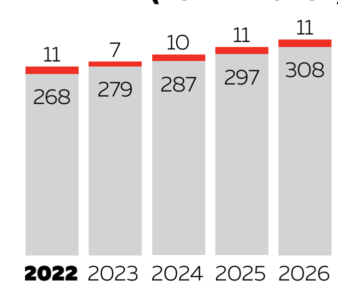
Consequently, residential rental rates have also recovered modestly, with low density housing and premium apartment offerings typically seeing the biggest upward movements, as residents focus on well-managed and well-located properties within the Emirate's lifestyle communities, such as Yas Island and Saadiyat Island, locations where Aldar holds control over upcoming supply and benefits from a large strategic land bank to drive future development activity, including the recent acquisition of 6.2 million square metres of prime land located on the east side of Saadiyat Island.

Outlook

The long-term supply picture up to 2026 now comprises more than 40,000 residential units, which in the short to medium-term is dominated by investment zone locations such as Reem Island, Raha Beach and Yas Island, together comprising 40% of new supply during 2022 and 2023[5].

With new supply being delivered primarily across new masterplan destinations, the migration of residents from aging areas of the city is effectively driving up population levels within Aldar's communities, whilst also supporting occupancy growth across individual assets.

FUTURE RESIDENTIAL SUPPLY BY YEAR (2022 – 2026F)



Future Supply
Existing Supply
Residential Supply ('000/units)

Source: Aldar research

References
5. Aldar

Commercial Offices

Following an extended period of limited new supply, the office sector saw the completion of close to 150,000 sqm of new accommodation, primarily due to the handover of the twofour54 campus on Yas Island, and to a lesser extent, the handover of several other commercial properties across the wider Abu Dhabi Island area[5]. Consequently, total office stock now measures around 3.9 million sqm GLA as of year-end 2021[5].

Overall leasing market dynamics have remained subdued, with limited activity from the global corporates. However, government and GRE occupiers have continued to positively support market take-up, specifically across Grade A accommodations, which remain in relatively scarce supply versus the wider market stock.

Speculative office launches remain few and far between, supporting high-quality Grade A office properties in the short term, as they continue to benefit from a "flight to quality", resulting in rising occupancy rates across premium assets.

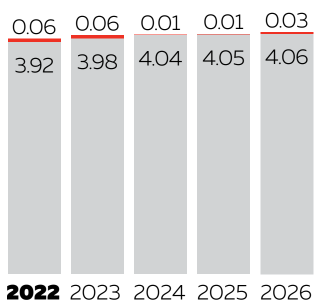
Average vacancy rates have recovered slightly over the past year, although Aldar's Grade A office assets continue to outperform attracting increased tenant inflows, resulting in an occupancy of around 93% at the end of Q4 2021[5].

Outlook

The long-term office pipeline has continued to decline, with future projects now amounting to just 0.25 million sqm for the period 2022-26, meaning new speculative accommodation is likely to be quite constrained over the next five years[5].

This will continue to support the performance of the Grade A market, although demand levels are unlikely to see any significant pick-up in activity without a more robust increase in office-based employment.

FUTURE OFFICE SUPPLY BY YEAR (2022 – 2026F)



Future Supply
Existing Supply
Office Supply (million/sqm/GLA)

Source: Aldar research

Retail

The retail market saw several major completions during 2021, including the handover and opening of the first retail units at Al Qana. In total, more than 100,000 sqm of new retail space was completed, raising the total stock to more than 2.9 million sqm GLA as of 31 December 2021[5].

Whilst many Covid restrictions have already been lifted across the Emirate, there remain some limitations on capacity, whilst protocols for entry to retail, government, and entertainment events continue to be enforced.

Despite these restrictions, there was a positive recovery in retail activity during 2021, with higher footfall and sales volumes as compared to 2020.

Whilst outward travel has noticeably increased over the past year, the retail sector is still benefitting from a more captive domestic market, which supported recovery, particularly during the summer months, when outbound travel remained well below historical norms.

Occupancy rates rebounded positively during 2021, with Aldar's portfolio seeing an increase from 83% at the end of 2020, to 93% at the end of Q4 2021[5]. However, pressures remain elsewhere in the sector as a tenant's market prevails, reflected in the 5% decline in average rental rates amidst rising supply and weaker demand fundamentals across many secondary assets and locations[6].

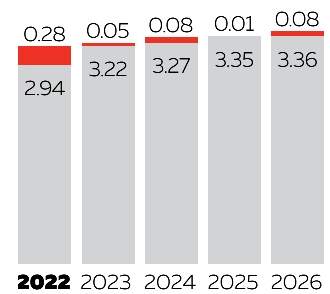
References
5. Aldar
6. JLL

Outlook

There is approximately 500,000 sqm GLA of new retail space set to be delivered between 2022 and 2026, with the largest component coming from Reem Mall (Reem Island), which opened in Q1 2022[5].

The remaining retail supply is more fragmented, spread across smaller scale neighbourhood and community malls and a range of other street and mixed-use retail projects. The large volume of new retail product is likely to mean a continuation of a tenant's market in the short to medium term.

FUTURE RETAIL SUPPLY BY YEAR (2022 – 2026F)



Future Supply
Existing Supply
Retail Supply (million/sqm/GLA)

Source: Aldar research

Hospitality

Abu Dhabi's hospitality sector witnessed a year of recovery, as visitor inflows increased when Covid-related entry restrictions were eased for both international and domestic travellers.

Total hotel guests increased 4.1% from close to 3.15 million in 2020 to 3.28 million during 2021[7]. However, this was still down by 36.2% from the 5.1 million hotel guests in 2019[7].

Abu Dhabi's hotels ended the year with an average occupancy of around 70%, down from 73% in 2019 during pre-pandemic times, but up from 66% in 2020[7]. This mirrored a general recovery story across the UAE's tourism and hospitality sector, with Dubai reaching an average occupancy of 67%, up from 54% in 2020, but down from 75% in 2019[8].

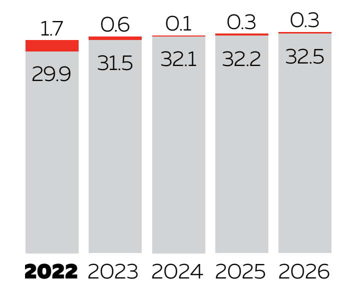
The recovery in occupancy rates in Abu Dhabi was despite the completion of more than 1,200 new rooms which added additional capacity to the market, predominantly around Yas Island[5]. A similar level of new keys are expected to open during 2022, primarily focused on the Abu Dhabi Main Island.

With stronger demand has come improvements in room rates, which averaged AED 314/room/night versus AED 278/room/night during 2020, up by more than 11% year-on-year, but still down around 13% from 2019[7]. For RevPAR, the recovery has been even stronger, jumping 18% from AED 187/room/night to AED 211/room/night. However, rates remained 18% below 2019 levels largely due to the lower ADRs[7].

Outlook

Overall global tourism demand is expected to continue its recovery during 2022, supporting an improved domestic hotel market performance.

FUTURE HOSPITALITY SUPPLY BY YEAR (2022 – 2026F)



Future Supply
Existing Supply
Hospitality Supply ('000 keys)

Source: Aldar research

References
7. Department of Culture and Tourism (Abu Dhabi)
8. Department of Tourism and Economy (Dubai)

CREATING SUSTAINABLE, LONG-TERM VALUE

Aldar plays a pivotal role in the growth, maturity and diversification of Abu Dhabi's economy. We aim to be a sustainable business by anticipating and responding to the needs of our customers, communities, partners and employees. Using our knowledge, we are able to adapt to market conditions and enhance our position as we pursue our vision of long-term value creation.

INPUT

FINANCIAL
We invest in our business through shareholder capital, borrowings and existing capital.

PHYSICAL
Our land and buildings, the materials and technologies we use, and the natural environment.

SOCIAL AND RELATIONSHIP
The relationships we have with customers, communities, government and partners, and the capabilities of our employees.

CORE ACTIVITIES

SECURE LAND
Land bank and land purchase

ACTIVATE LAND
Building Infrastructure

ACQUIRE, MANAGE AND RECYCLE DIVERSE ASSET BASE
Real estate and complementary businesses

MONETISE LAND
Sell land or develop residential properties for sale

DEVELOPMENT MANAGEMENT FOR THIRD PARTY
Including Asset Management

STRATEGY SITS AT THE HEART OF OUR BUSINESS

- **FINANCIAL HORIZON**
- **OPERATIONAL EXCELLENCE**
- **CUSTOMER CENTRICITY**
- **GROWTH AND EXPANSION**
- **PEOPLE, INNOVATION, SUSTAINABILITY, AND DIGITAL TRANSFORMATION**

OUTPUT

FINANCIAL
Long-term growth in income and asset value, creating capacity for us to reinvest in our business and deliver on our promise to our shareholders.

PHYSICAL
Delivering desirable destinations for people to live, work and play.

SOCIAL AND RELATIONSHIP
Our ability to help businesses and people to thrive – including our own employees.

OUR VALUES UNDERPIN EVERYTHING WE DO

CUSTOMER CENTRICITY | **DIVERSE & INCLUSIVE** | **AGILE** | **INNOVATIVE** | **COLLABORATIVE**

SUSTAINABLE RETURNS THROUGH SOUND INVESTMENTS AND INNOVATIVE STRATEGIES

Our vision demonstrates what we aim to achieve, while our mission defines our DNA and what we stand for. They form the cornerstone of our strategic intent and commitment to stakeholders

OUR VISION

BECOME A LEADING REGIONAL REAL ESTATE DEVELOPER AND MANAGER THAT CREATES MEMORABLE EXPERIENCES AND VALUE FOR OUR CUSTOMERS AND SHAREHOLDERS.

OUR MISSION

PLACE OUR CUSTOMERS FIRST BY EMBEDDING SUSTAINABILITY, QUALITY, TECHNOLOGY AND INNOVATION IN EVERYTHING WE DO.

OUR VALUES

CUSTOMER CENTRICITY
We engage and deliver an exceptional customer journey.

DIVERSE & INCLUSIVE
We value diversity and treat everyone with respect, inclusiveness and dignity.

AGILE
We are responsive, dynamic and committed.

INNOVATIVE
We differentiate ourselves by going above and beyond in everything we do.

COLLABORATIVE
We are one team. We work together across boundaries to achieve our mutual objectives.

FINANCIAL HORIZON

- MAXIMISE SHAREHOLDER VALUE
- GROW PROFITS AND ENHANCE MARGINS
- EXPAND AND DRIVE SUSTAINABLE GROWTH

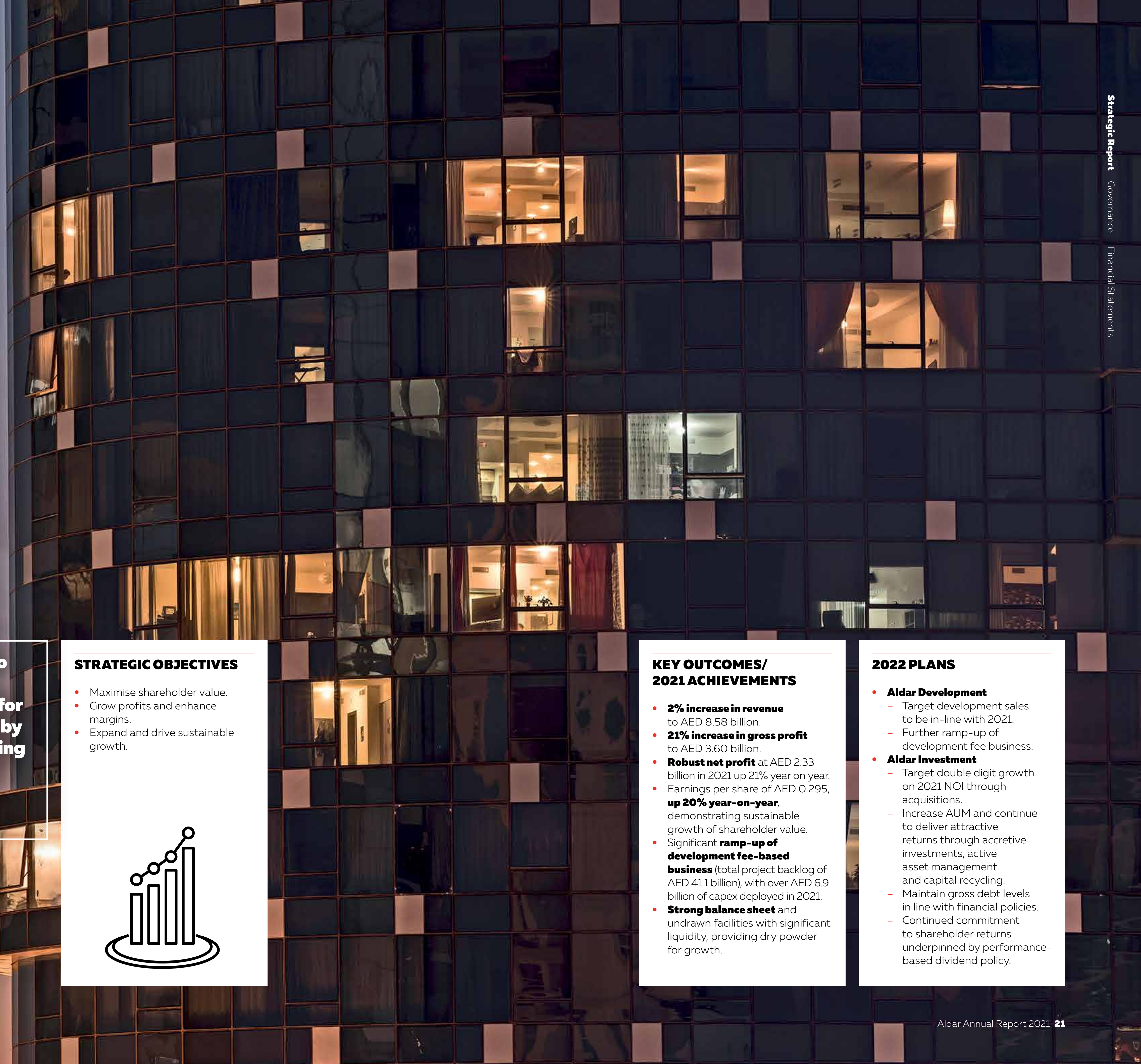
CUSTOMER VALUE PROPOSITION

- WE ARE A TRUSTED REAL ESTATE COMPANY...
- THAT CREATES MEMORABLE EXPERIENCES...
- WHICH YIELD SUSTAINABLE RETURNS.

OUR STRATEGIC THEMES

- FINANCIAL HORIZON
- OPERATIONAL EXCELLENCE
- CUSTOMER CENTRICITY
- GROWTH AND EXPANSION
- PEOPLE, INNOVATION, SUSTAINABILITY, AND DIGITAL TRANSFORMATION

FINANCIAL HORIZON



Our objective is to drive maximum financial returns for our shareholders by continually growing our portfolio and improving efficiencies.

STRATEGIC OBJECTIVES

- Maximise shareholder value.
- Grow profits and enhance margins.
- Expand and drive sustainable growth.

KEY OUTCOMES/ 2021 ACHIEVEMENTS

- **2% increase in revenue** to AED 8.58 billion.
- **21% increase in gross profit** to AED 3.60 billion.
- **Robust net profit** at AED 2.33 billion in 2021 up 21% year on year.
- Earnings per share of AED 0.295, **up 20% year-on-year**, demonstrating sustainable growth of shareholder value.
- Significant **ramp-up of development fee-based business** (total project backlog of AED 41.1 billion), with over AED 6.9 billion of capex deployed in 2021.
- **Strong balance sheet** and undrawn facilities with significant liquidity, providing dry powder for growth.

2022 PLANS

- **Aldar Development**
  - Target development sales to be in-line with 2021.
  - Further ramp-up of development fee business.
- **Aldar Investment**
  - Target double digit growth on 2021 NOI through acquisitions.
  - Increase AUM and continue to deliver attractive returns through accretive investments, active asset management and capital recycling.
  - Maintain gross debt levels in line with financial policies.
  - Continued commitment to shareholder returns underpinned by performance-based dividend policy.

OPERATIONAL EXCELLENCE

We aim to achieve agility through optimising operational processes and supply chain efficiency to ensure that we deliver our developments on time and within budget, and manage our assets and investments in an effective and efficient manner.

STRATEGIC OBJECTIVES

- Ensure our projects are delivered on time, within budget and agreed quality.
- Maximise and unlock the potential of our assets.
- Optimise our processes and strengthen our value chain.
- Embed environment and quality in all aspects of the business.
- Drive value and synergy through investment.

KEY OUTCOMES/ 2021 ACHIEVEMENTS

- **13%** efficiency improvement due to the shift in **operating model** compared to 2020.
- **93% occupancy** achieved in our commercial, residential and retail portfolio.
- **1,700 units** handed over across **6 communities**.
- **53,000 units managed** via the ASTECO acquisition, becoming the largest estate manager in the UAE.

2022 PLANS

- Introducing **value add services** and **products** to our current projects.
- Adjusting our **operating model** to unlock **more value**, **synergies** and align with our **growth plans**.
- **Ramping up digital services investments** and operating model across the portfolio.
- Introducing and implementing **world-class frameworks** that enables **efficiency** and **agility**.

CUSTOMER CENTRICITY

Encompasses our corporate customer value proposition that creates trust through engaging our customers and delivering exceptional customer experience.

STRATEGIC OBJECTIVES

- Engage customers and end users in all aspects of the business.
- Deliver exceptional customer experiences.
- Create customer intimacy through loyalty programmes and unified marketing.
- Integrate and promote social and environmental sustainability.

KEY OUTCOMES/ 2021 ACHIEVEMENTS

- 68,000 **customers engaged** across Aldar's portfolio.
- 10% improvement in **Net Promoter Score** on Aldar's Group performance.
- **111% increase in memberships on Darna loyalty programme**.
- Launched energy management project to guarantee a **reduction of energy consumption by 20% across 80 assets**.
- **Leading** in **ESG rankings** on a sector and regional scale.
- **Major sponsorships** announced such as Manchester City FC and UAE Cycling.

2022 PLANS

- Implementing an **integrated CRM** across the portfolio to drive better insights and responsiveness.
- **Attracting** new customers segments through **international marketing**.
- **Hyper customisation** of product and services offering through **customer engagement**.
- Significant **investment** in **sustainability** and **realising benefits** of the **Energy Management System**.

GROWTH AND EXPANSION

We aim to increase the value of our assets through sustainable growth into new markets; quicker turnaround on quality developments and acquisitions; and innovative marketing strategies.

STRATEGIC OBJECTIVES

- Explore and invest in regional and international expansion.
- Grow our local portfolio in a sustainable and agile manner.
- Ensure optimal utilisation and growth ratios of our assets.
- Actively engage with our key stakeholders to drive growth.

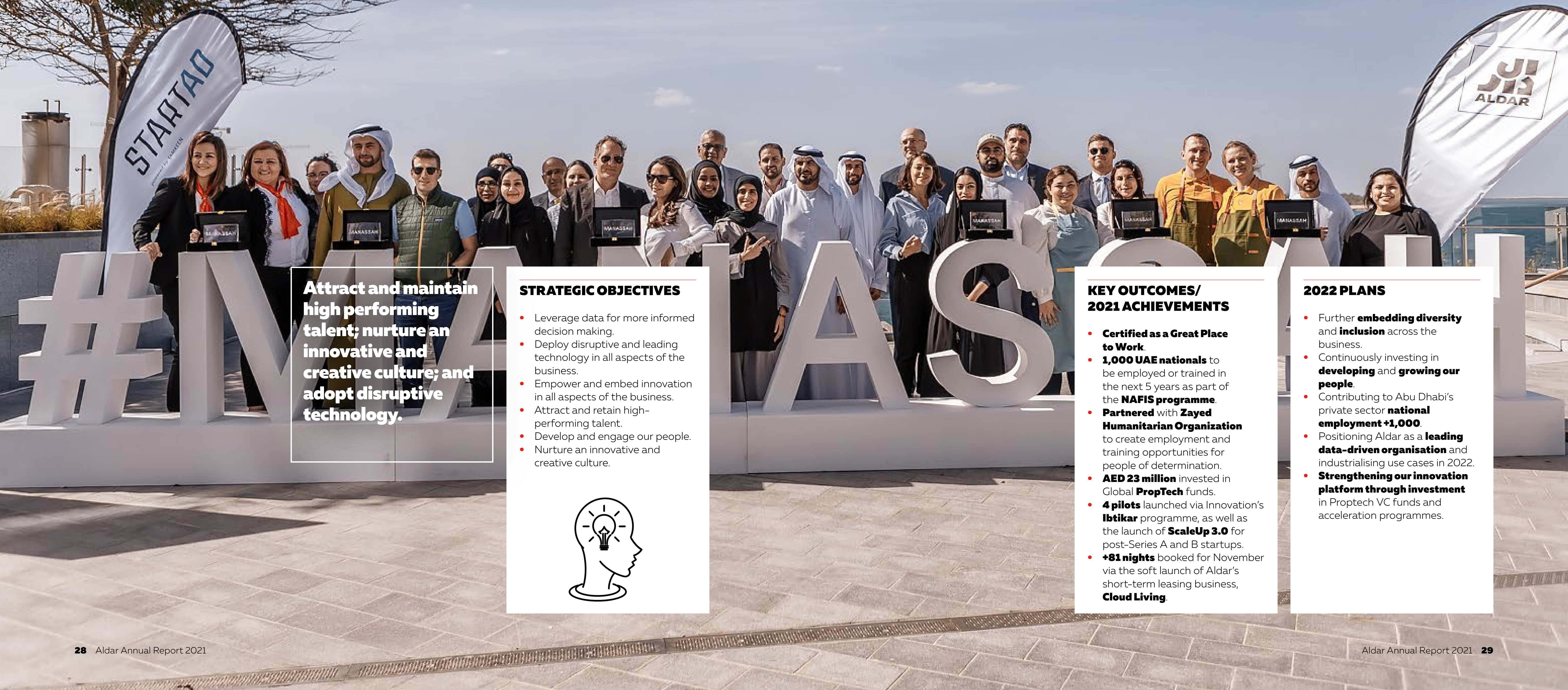
KEY OUTCOMES/ 2021 ACHIEVEMENTS

- **AED 1 billion** acquisition of **Egypt's SODIC** via an Aldar and ADQ consortium.
- **AED ~5 billion** value of **megaprojects** to develop and manage via a partnership with Abu Dhabi government.
- AED 7 billion in **record sales** of 7 newly launched projects.
- **AED 500 million** redevelopment of **Yas Mall**.
- **AED 509 million** total **value of new investments** in assets within Aldar's investment portfolio.

2022 PLANS

- **AED 5+ billion** of **capital to be deployed** proactively in our investment portfolio in 2022.
- Accelerated focus on **alternative investments** and **asset classes**.
- **Growing sales** and **investment opportunities** to be executed outside of Abu Dhabi.
- **Assess new markets** and new asset classes that can synergistically add value to Aldar's portfolio.
- Evaluate further **M&A opportunities** internationally.

PEOPLE, INNOVATION AND DIGITAL TRANSFORMATION



Attract and maintain high performing talent; nurture an innovative and creative culture; and adopt disruptive technology.

STRATEGIC OBJECTIVES

- Leverage data for more informed decision making.
- Deploy disruptive and leading technology in all aspects of the business.
- Empower and embed innovation in all aspects of the business.
- Attract and retain high-performing talent.
- Develop and engage our people.
- Nurture an innovative and creative culture.

KEY OUTCOMES/ 2021 ACHIEVEMENTS

- **Certified as a Great Place to Work**.
- **1,000 UAE nationals** to be employed or trained in the next 5 years as part of the **NAFIS programme**.
- **Partnered** with **Zayed Humanitarian Organization** to create employment and training opportunities for people of determination.
- **AED 23 million** invested in Global **PropTech** funds.
- **4 pilots** launched via Innovation's **Ibtikar** programme, as well as the launch of **ScaleUp 3.0** for post-Series A and B startups.
- **+81 nights** booked for November via the soft launch of Aldar's short-term leasing business, **Cloud Living**.

2022 PLANS

- Further **embedding diversity** and **inclusion** across the business.
- Continuously investing in **developing** and **growing our people**.
- Contributing to Abu Dhabi's private sector **national employment +1,000**.
- Positioning Aldar as a **leading data-driven organisation** and industrialising use cases in 2022.
- **Strengthening our innovation platform through investment** in Proptech VC funds and acceleration programmes.

Our sustainability strategy and framework

OUR VISION

Become a leading regional real estate developer and manager that creates memorable experiences and value for our customers and shareholders.

OUR MISSION

Place our customers first by embedding sustainability, quality, technology and innovation in everything we do.

SUSTAINABILITY PURPOSE

Shaping a Better Future
We aim to create a business culture where sustainability is at the heart of everything we do, and where the concept of sustainability informs the way we operate, collaborate, innovate and grow.

CORE SUSTAINABILITY PILLARS

Economy | **Community** | **People** | **Environment**

STAKEHOLDERS

Our People, Shareholders & Investors, Local Communities, Partners, Rating Agencies & Media, Government & Regulators, Customers, Subsidiaries, Suppliers & Contractors, Banks & Lenders

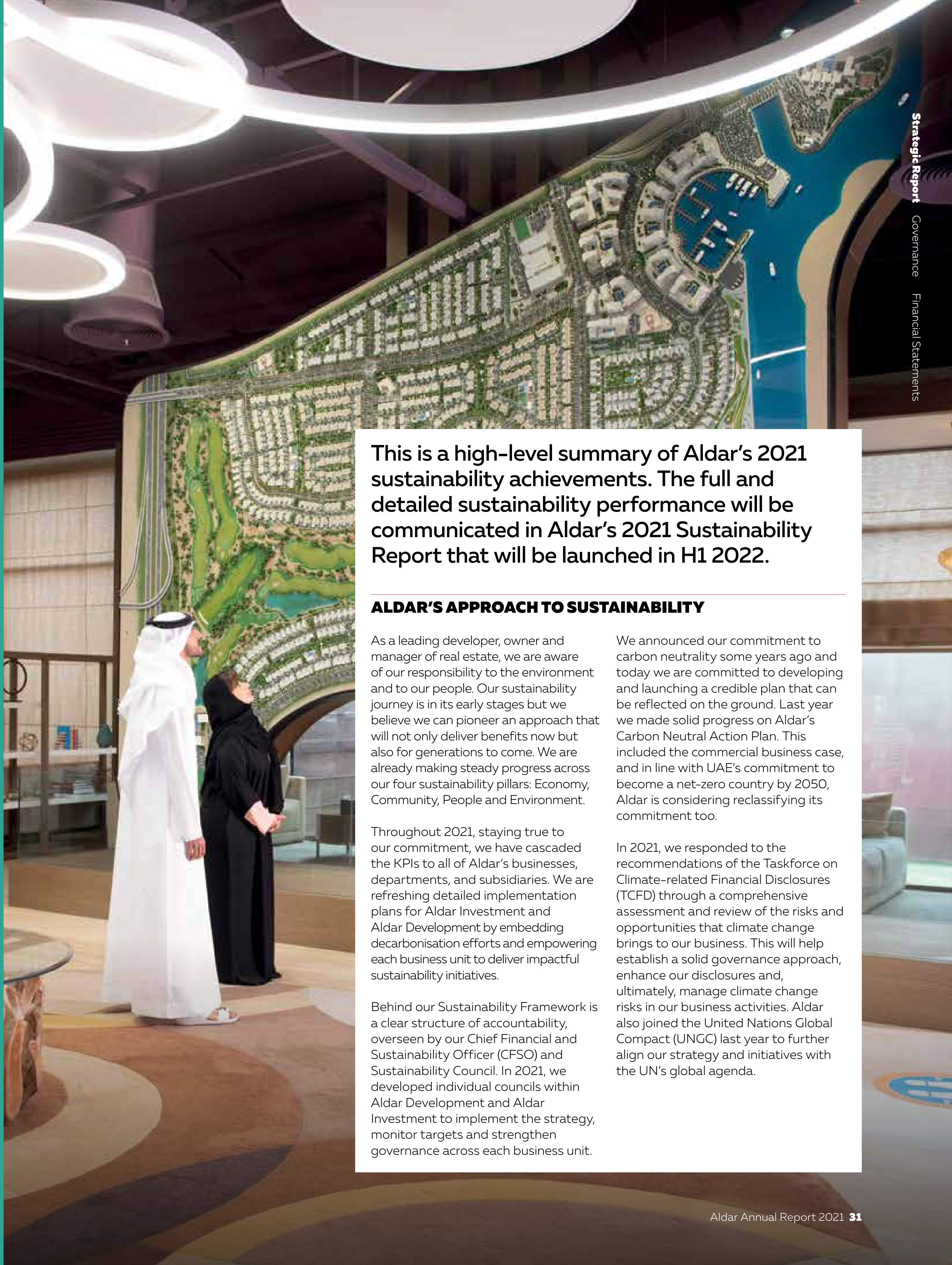
GOVERNANCE

Board of Directors, Executive Management, Sustainability Department, Sustainability Council, Sustainability Champions

GLOBAL GOALS (SDGS)

SHARED VALUE

Vision 2021 | Ghadan 21 | National Climate Change Plan of the United Arab Emirates 2017-2050 | The UAE Green Agenda



This is a high-level summary of Aldar's 2021 sustainability achievements. The full and detailed sustainability performance will be communicated in Aldar's 2021 Sustainability Report that will be launched in H1 2022.

ALDAR'S APPROACH TO SUSTAINABILITY

As a leading developer, owner and manager of real estate, we are aware of our responsibility to the environment and to our people. Our sustainability journey is in its early stages but we believe we can pioneer an approach that will not only deliver benefits now but also for generations to come. We are already making steady progress across our four sustainability pillars: Economy, Community, People and Environment.

Throughout 2021, staying true to our commitment, we have cascaded the KPIs to all of Aldar's businesses, departments, and subsidiaries. We are refreshing detailed implementation plans for Aldar Investment and Aldar Development by embedding decarbonisation efforts and empowering each business unit to deliver impactful sustainability initiatives.

Behind our Sustainability Framework is a clear structure of accountability, overseen by our Chief Financial and Sustainability Officer (CFSO) and Sustainability Council. In 2021, we developed individual councils within Aldar Development and Aldar Investment to implement the strategy, monitor targets and strengthen governance across each business unit.

We announced our commitment to carbon neutrality some years ago and today we are committed to developing and launching a credible plan that can be reflected on the ground. Last year we made solid progress on Aldar's Carbon Neutral Action Plan. This included the commercial business case, and in line with UAE's commitment to become a net-zero country by 2050, Aldar is considering reclassifying its commitment too.

In 2021, we responded to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) through a comprehensive assessment and review of the risks and opportunities that climate change brings to our business. This will help establish a solid governance approach, enhance our disclosures and, ultimately, manage climate change risks in our business activities. Aldar also joined the United Nations Global Compact (UNGC) last year to further align our strategy and initiatives with the UN's global agenda.

KEY 2021 ACHIEVEMENTS

Despite a challenging year for businesses and processes as a result of the ongoing pandemic, we significantly improved our ESG score on different regional and international ratings[1]. Our ESG score is now well above the industry average for both S&P Dow Jones Sustainability Index and Sustainalytics.

WE ALSO MADE GOOD PROGRESS IN 2021 ACROSS OUR FOUR SUSTAINABILITY PILLARS:

ECONOMY:
Our economic sustainability and contributions are vital to everyone who depends on our Company, including our customers, communities, employees, supply chain, shareholders and investors. We strive to provide our shareholders with secure, growing distributions derived from sustainable business practices.

COMMUNITY:
Healthy and dynamic communities are at the heart of our business. These multi-faceted environments – where citizens, residents and visitors live, learn, work and play – can be powerful catalysts of sustainable change, not just through the sustainability of the buildings themselves but also by encouraging sustainable lifestyles for everyone within them.

PEOPLE:
Our people are the lifeblood of our business and sustainability journey, continuously raising the bar for what our Company should and can achieve, and then applying their combined creativity, determination and expertise to meet and exceed these goals.

ENVIRONMENT:
We aim to reduce our environmental impact and improve the efficiency of our use of resources over time, in recognition that our stewardship of the environment is our greatest responsibility to future generations.

1. https://esginvest.com/esg-rankings/

ECONOMY

After the launch of the new operating model in early 2021, we updated the sustainability governance to ensure alignment and efficient decision making.

The Group Sustainability Council has been divided into smaller business-level sustainability councils. This will empower businesses to lead on implementing the sustainability strategy and provide smaller group-level council monitoring and advising on its strategic direction and progress.

Sustainability is at the heart of our business and we are making progress to make this vision a reality. This is reflected by our performance assessed by two leading ESG rating agencies. Sustainalytics ranked Aldar 9 out of 104 companies in the diversified real estate industry for being at low risk of experiencing material financial impacts from ESG factors. We were ranked in the top-quartile of real estate companies globally by the Dow Jones Sustainability Index, achieving a score of 58. This represented a 52% increase on the previous year's score of 38.

In 2021, we implemented a new data management system to streamline data collection, performance tracking, and reporting across the Group. It will be used to track more than 500 non-financial KPIs including environmental metrics related to energy, water, waste, and emissions. It will also track non-environmental metrics covering gender balance, human rights, and health and safety. The system is aligned with international sustainability reporting frameworks such as the Global Reporting Initiative and the Global Real Estate Sustainability Benchmark and will soon be expanded to incorporate ratings from agencies such as Dow Jones, Sustainalytics, and EPRA.

We secured the region's first sustainability-linked loan, with the AED 300 million five-year facility linked to the company's sustainability performance.

We signed an agreement with Majid Al Futtaim to collaborate on the digitalisation of real estate transactions to make property purchases, sales, and management a simple and convenient process for both UAE-based and overseas customers.

COMMUNITY

Thriving and inclusive communities are at the heart of our business. In both flourishing and challenging times, we have been a committed and active participant in communities where we live, work, and play.

Through our social responsibility programme, we aim to create sustainable value for shareholders, employees, suppliers, customers, business partners and the communities in which we operate. We invested an average of AED 25 million in our 2021 CSR programmes.

In 2022, we plan to roll out a new CSR Impact Strategy for the Group with KPIs for both Aldar Investment and Aldar Development, empowering each business to deliver impactful CSR initiatives.

Creating impact and supporting the wider community

Driven by our purpose to shape a better future, we continually look for ways to provide a positive social and environmental impact that enrich inclusive, happy, healthy, and resilient communities across UAE and beyond.

Throughout the year, we supported numerous impactful initiatives to benefit the wider community.

FOSTERING UAE INNOVATION AND TALENT

Sandooq Al Watan

We have pledged AED 15 million to our long-term CSR partner, Sandooq Al Watan (the UAE National Fund) taking our total investment to AED 150 million. One of the world's largest social initiatives, Sandooq Al Watan aims to champion social entrepreneurship and cohesion, in line with the national vision for sustainable development. Through our partnership, we have funded local research projects that focus on solving environmental and social challenges, supporting local entrepreneurs, and upskilling and developing young local talent through customised programmes.

Some of the main initiatives of the Fund include:

- Supporting the UAE Coder and Mawhibatna Programmes
- Funding the Centurium Prize and other research programmes to support innovation and local research talent
- Supporting local entrepreneurs

Investing in teachers of tomorrow

Aldar Education, in partnership with Mohammed V University Abu Dhabi, continues to provide training programmes to aspiring teachers as part of its commitment to shape the future of education and to empower the next generation of UAE Nationals and GCC teaching professionals. It has trained more than 100 students so far.

COMMUNITY continued

ENRICHING INCLUSIVE COMMUNITIES

Enriching our inclusive schools

We have partnered with Key2Enable, a start-up providing assistive technologies in education to people of determination to provide a unique keyboard, Key-X, for use in our academies.

Key-X is a nine-button multi-functional smart keyboard that helps people of determination to use computers, tablets and smartphones for learning, communicating and gaming as part of its complete education platform. They give children and adults with various disabilities – ranging from cerebral palsy, severe autism, Down syndrome, multiple sclerosis, Alzheimer's and Parkinson's disease – greater autonomy and an inclusive learning experience through eye blinks and slight body gestures. Last year we ordered 30 additional keyboards distributed across the schools.

Supporting the nation's youth and empowering the leaders of tomorrow

Empowering youth and equipping them with the necessary skills to work is essential. In our academies, students take part in challenges to promote critical thinking and innovation. We are also committed to offering one of our flagship buildings to the Federal Youth Authority – which acts as a co-working space with state-of-the-art.

Promoting health and wellbeing

We aim to champion and promote active lifestyles for people in our community. During the year, we organised multiple fitness sessions for our employees, residents and students.

In addition, we sponsored the UAE Team Emirates, the UAE's competitive road cycling team. The three-year sponsorship agreement is in line with our efforts by advocating healthy and sustainable living across its communities.

Volunteering programmes

In 2021, we launched our employee volunteering programme. Activities range from beach clean-ups to planting trees to raise awareness on the importance of reducing single-use plastics and recycling waste.

Special Olympics UAE

As an official partner of Special Olympics UAE, we are collaborating on the implementation of enrichment programmes to empower people of determination. We also provide office space and support services.

Furthermore, as a sole education partner with Special Olympics, Aldar Education facilitates the implementation of its Unified Robotics Programme in its schools – as well as contributing their expertise and knowledge to support the provision of an inclusive, enjoyable, and impactive initiative for all.

Zayed Higher Organization for people of determination

In 2021 we signed a Memorandum of Understanding (MoU) with Zayed Higher Organization (ZHO) to enhance opportunities and accessibility for people of determination within Aldar and across our retail, hospitality, residential and commercial assets. The agreement comes as part of our CSR strategy to drive positive impact and improve inclusivity and accessibility in local communities. Aldar Hospitality collaborated with ZHO to source more than 1,000 staff uniforms, tailored by People of Determination students, to Aldar Hotel employees.

Atmah: GCC's first social impact bond

In 2020, Aldar signed a strategic agreement with Ma'an, the Authority of Social Contribution, to build the Gulf Co-operation Council's first social impact bond. We invested AED 2 million in the ground-breaking ATMAH programme that aims to increase employment opportunities for people of determination in Abu Dhabi, by equipping them with employability skills and helping them secure permanent employment.

We are proud to be harnessing the untapped potential of people of determination and promoting a more diverse and inclusive workforce in Abu Dhabi. Through this collaboration, we have enabled the recruitment of more than 20 individuals from the programme into local organisations.

PEOPLE

We became a supporter of the UN Global Compact (UNGC), the world's largest corporate sustainability initiative that has more than 13,000 corporate participants in over 170 countries.

The UNGC is based on 10 fundamental principles relating to human rights, labour, environment, and anti-corruption. We are committed to these principles, which are integrated within our policies and processes.

Aldar's 2020 Sustainability Report highlights its progress towards the UNGC principles.

We were named as a top 10 employer by 'Great Place to Work' for the environment it has created for women.

We are developing the next generation of talent in Abu Dhabi by committing to hiring and training 1,000 UAE nationals by 2026.

We are working closely with the Abu Dhabi Department of Community Development and the Camali Clinic to deliver gatekeeper training on mental health and suicide prevention to site foremen and supervisors responsible for approximately 2,000 workers.

Aldar launched a pilot grievance mechanism for workers in its supply chain on two Aldar project sites.

We completed 79 million manhours worked across all the projects in 2021 with zero lost-time injuries (LTI).

ENVIRONMENT

Aldar Properties launched a portfolio-wide energy management project to reduce its energy consumption by approximately 20% across 80 assets including hotels, schools, commercial, leisure, retail, and residential buildings.

In addition to reducing energy emissions, the project will enable Aldar to save approximately AED 20 million per year in energy consumption costs on owned assets. Based on the completion of the level-III audits by the shortlisted partners, Aldar has signed five-year Energy Performance Contracts with four Energy Service Companies (ESCOs). The project aims to reduce Aldar's carbon emissions by 80,000 tons, electricity consumption by 110 GWh, water consumption by 886,000 m^3, chilled water consumption by 23,000,000 TRH, and gas consumption by 726,000 m^3 every year. In the upcoming phase of the project, the ESCOs will carry out retrofit projects across all 80 assets with an expected completion date in 2022.

Aldar implemented the first solar hybrid power plant, which contributes to reducing the construction offices' energy consumption related emissions by 25%.

Aldar adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), becoming one of the first in the region to take this action. Using the TCFD framework, Aldar identified climate risks and opportunities, and it has now started to evaluate the resilience of its strategy and business model under various climate scenarios.

Using the insights from our scenario analysis, we are creating a climate risk management plan and developing business level ESG risk registers that will monitor ESG and climate risks and track the associated risk mitigation measures. These registers will be integrated into the company's overall risk management processes, which require us to consider options to transfer, avoid, reduce risk likelihood, reduce risk impact, or retain a risk.

Managing climate-related risks, Aldar's response to TCFD

STRATEGY

1. Scenario analysis

As recommended by TCFD, we have undertaken a detailed analysis of two distinct and plausible climate scenarios to understand the risks we face and the resilience of our business strategy. We chose two of the Representative Concentration Pathways (RCP 4.5 and RCP 8.5) used by the Intergovernmental Panel on Climate Change (IPCC), to align our approach with best practice and leading climate science. These model a defined pathway of increased greenhouse gas concentrations, which correspond with associated levels of average global temperature rise by the end of the century.

- The RCP 4.5 scenario considers major mitigation efforts by governments to keep global temperature rise less than 2°C above pre-industrial levels, in line with the 2016 Paris Agreement. Risks in this scenario are associated with decarbonisation activities, although there is still at least 1.5°C of warming and, as a result, physical risks are present.
- The RCP 8.5 scenario considers a high emissions scenario where governments take no further action to decarbonise and global warming likely exceeds 4°C, resulting in severe and more frequent physical climate impacts on a global scale. Extreme physical risks have implications including supply chain disruption, litigation risk and difficulty securing insurance.

2. Risk assessment process

To inform our scenario analysis, we reviewed extensive climate science data and literature from leading credible sources, including the Intergovernmental Panel on Climate Change (IPCC), whose models and reports consolidate the foremost peer-reviewed climate literature and are used as a central resource by global climate policy decision makers. We selected time horizons aligning with climate policy and available data to assess our business strategy against climate risks over the short term (up to 2030), medium-term (up to 2050) and long term (2050 onwards). Our methodology assessed climate risk impacts and likelihoods, considering these in the context of our time horizons and current business strategy. The impact was assessed per risk to our business operations, revenue, expenditure, assets and liabilities, and capital financing. Likelihood was determined by the probability, frequency and duration with which major impacts are felt once the risk materialises. This allowed us to capture the nuance of how risks materialise and are experienced over time. The risks that we identified as most material and that we are prioritising for action include:

- Shareholder pressure, fines, void periods or declines in asset values if we do not comply with enhanced policy and building requirements, with capital expenditures needed to comply with new standards for energy and resource efficiency and climate defence measures.
- Significant financial market implications resulting in market disruption as investor and consumer demands shift in favour of more sustainable alternatives. Conversely, if serious climate action is not taken, physical climate risks may lead to a severe economic downturn, disrupted supply chains, and reduced consumer confidence.
- Operating in a water-stressed region, water scarcity will impact our cost to operate and construction of our buildings – there will be a likelihood of the need to invest in additional water efficiency measures.
- More frequent, severe and unpredictable extreme weather events in the region are likely to include storms, sandstorms, severe rainfall, drought, and flooding. Assets will need to have robust plans in place to address these risks and new developments will need to be resilient.
- Rising sea levels are a significant risk for the region. The coastline of Abu Dhabi may retreat by as much as 3.8km and subsequently, our assets could face flooding risk in the long term. Accordingly, we plan to consider investment in flood defence measures.

As a business operating in the real estate sector, key risks are increased costs associated with meeting policy and legislative requirements and the cost impact associated with mitigating or recovering from physical climate events. As the physical impacts of climate change will be felt over the medium and long term, the preparatory action we take now will embed long term resilience-planning into each stage of our assets' lifecycles.

RISK MANAGEMENT

Using insights from our scenario analysis, we created a three-year climate risk management plan.

We are developing business level ESG risk registers to monitor ESG and climate risks and track associated risk mitigation actions. These registers will be integrated into overall risk management processes, which require us to consider options to transfer, avoid, reduce risk likelihood, reduce risk impact or retain a risk. We will assign overall responsibility for overseeing the chosen risk treatment option to process owners. Through our scenario analysis, we have identified several key climate risks and opportunities (as outlined in the strategy section) that we plan to actively embed into our ESG risk registers and business plans.

At Aldar Development, cost and feasibility analysis include sustainability features in the earliest stages of design. As the design checklist evolves, we will include climate resilience designs into our guidance to help mitigate future risks. We are also working to integrate sustainability into our investment criteria and due diligence processes, and we will include climate risks as part of these considerations. Finally, we periodically review and monitor legislation, which includes climate and sustainability issues. This ongoing oversight enables us to manage risks associated with non-compliance and falling behind climate-related legislative requirements.

METRICS AND TARGETS

As part of our commitment to enhanced, transparent environmental reporting, we reported specific Scope 3 GHG emissions for the first time (see page 74 from the 2020 sustainability report for more detail). We reported intensity metrics for energy, GHG emissions (using the GHG protocol methodology) and water consumption as intensity per million AED in revenue. For all our environmental reporting, please see pages 99-103 from the 2020 sustainability report.

Our environmental performance monitoring helps us to develop, activate and achieve our Carbon Neutral Action Plan. We have set ambitious public environmental targets in support of this, including achieving a 20% reduction in asset portfolio energy intensity and associated GHG emissions, and a 10% reduction in water intensity by 2025, against our 2019 baseline.

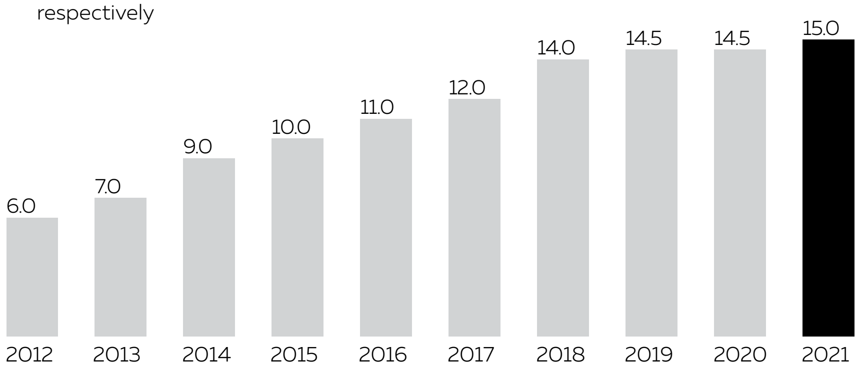
For Aldar Development, it targets a 70% Estidama score, with a Pearl 1 or Pearl 2 building certification for all our assets. Since 2010, 87% of Aldar developments have attained a Pearl 1 and 13% a Pearl 2 rating. We are now exploring more ambitious, internationally recognised building certifications. We have also set ourselves a target of 80% of waste diverted from landfills on all our new development projects.

A POWERFUL PERFORMANCE

"Our robust position has been achieved against a backdrop of an economic recovery across the UAE. Confidence in Abu Dhabi's real estate market continued to strengthen progressively throughout 2021."

SUSTAINABLE DIVIDEND

- 1-year and 3-year Total Shareholder Returns[1] of 20% and 187%, respectively
- 11% dividend CAGR growth between 2012 and 2021



1. As of close on 31 December 2021.

Note: The investment in Egypt completed on 16 December 2021. As there were no significant transactions or events from the acquisition date to 31 December, our financial results for 2021 do not include the performance of SODIC and the balance sheet was consolidated as of 31 December 2021.

Aldar's powerful performance in 2021 has set the foundation for a new phase of sustainable and transformational growth across our diversified business. Our revenue for the year stood at AED 8.58 billion, up 2% year-on-year, with gross and net profit both up 21% year-on-year to reach AED 3.60 billion and AED 2.33 billion respectively.

Our robust position has been achieved against a backdrop of an economic recovery across the UAE. Confidence in Abu Dhabi's real estate market continued to strengthen progressively throughout 2021, supported by the world-leading response to the pandemic, and a series of economic and social reforms aimed at enhancing the Emirate's standing as a business, lifestyle, and investment destination.

Aldar Development witnessed a record year in terms of sales, which increased 100% to AED 7.2 billion, while gross profit increased 30% to AED 1.82 billion. The development business also completed its first foray into an international market as part of the platform's expansion strategy, highlighting our commitment to growth, our deep understanding of market dynamics, and our ability to both deliver and execute based on our customers' needs.

Meanwhile, Aldar Investment continued to demonstrate its resilience with best-in-class asset management expertise, a well-diversified portfolio, and a laser-focused growth agenda at its core. Net operating income for the business was AED 1.72 billion[2], an 11% year-on-year increase. Performance was bolstered by the marked return of consumer confidence and leisure travel as several key sporting events were held in Abu Dhabi including the UFC and the Formula 1 Grand Prix.

Other businesses within Aldar Investment, continued to perform strongly with Aldar Education witnessing an increase in enrolments in 2021 to its highest since inception, resulting in the business reporting a 42% increase in EBITDA to AED 146 million along with a commitment of AED 1 billion to further diversify its portfolio. Within the Principal Investments business, Provis and Khidmah continue to perform well and delivered a combined EBITDA of AED 58 million, an increase of 62%.

DIVIDEND POLICY

		Aldar Investment	Aldar Development
Policy	Pay-out factor	Distributable free cash flow	Realised profit
	Range	65-80%	20-40%
Methodology / key drivers		Net operating income Less: Interest expense, Maintenance capex, Overheads	Upon completion and handover of projects
2021 dividend: Payout %		**65%** **80%**	**20%** **40%**

2. Excluding Pivot.

On the ESG front, Aldar continued to push forward with its sustainability priorities and goals, resulting in strong progress during 2021. We were able to recirculate AED 8.8 billion to the local economy through the National In-Country Value Programme, while also securing the region's first sustainability-linked loan, with the AED 300 million five-year facility linked to the company's sustainability performance. Aldar also joined the United Nations Global Compact, adopted the Task Force on Climate Related Financial Disclosures framework, and attained the highest ESG rating amongst publicly listed real estate developers in the UAE – an achievement we are extremely proud of.

In 2022, we have continued to build on our solid ESG foundations, with the signing of an agreement with Emirates Water and Electricity Company (EWEC) to adopt clean energy across all of Aldar's owned and managed operating assets. In parallel, Aldar has also launched a portfolio-wide energy management project to reduce energy consumption by approximately 20% across 80 assets including hotels, schools, commercial, leisure, retail, and residential buildings.

"Aldar continued to push forward with its sustainability priorities and goals, resulting in strong progress during 2021."

ESG RATINGS

YEAR-ON-YEAR ESG RATING IMPROVEMENT

Rating provider	Latest	Previous
S&P Dow Jones Indices (A Division of S&P Global)	**2021: 58** ↑	2020: 38
Sustainalytics	**2021: 16.4 (low risk)** ↑	2020: 22.45 (medium risk)
ESG Invest By Sustainability Excellence	**2020: 53** ↑	2019: 23
MSCI	**2021: BB (average)** ↑	2020: BB (average)

The Group's balance sheet remains robust with the firm well-funded, along with a strong liquidity position to drive its future growth. Looking ahead, the company is embarking on a transformational phase of growth, and we envisage significant investment activity across all our businesses, with over AED 5.0 billion allocated to pursue new opportunities throughout 2022.

Our diversified business profile, new operating model, solid balance sheet fundamentals, and the significant capital available to deploy position us well to deliver on our aspirations from a strategic, financial, and growth perspective throughout 2022. The fundamentals of Abu Dhabi's real estate market remain strong, and we are excited to embark on our transformational growth journey that will enable us to build scale and diversify our platform at an accelerated rate while continuing to forge ahead with our ambitious sustainability agenda.

GREG FEWER
CHIEF FINANCIAL AND SUSTAINABILITY OFFICER OF ALDAR PROPERTIES

"The Group's balance sheet remains robust with the firm well-funded and along with a strong liquidity position to drive its future growth. Looking ahead, the company is embarking on a transformational phase of growth, and we envisage significant investment activity across all our businesses."

LEVERAGE[1]

	Aldar Investment	Aldar Development
Outstanding Debt (AED bn) (as at 31 Dec 21)	• Sukuk: 3.7bn • Bank: 3.5bn	• Bank: 1.2bn (o/w SODIC: 596m)
LTV[2] (as at 31 Dec 21)	38.5%	15.2%
Leverage Policy	<40%	<25%
Cost of debt	3.27% (2.81% excluding SODIC)	
Average maturity	4.02 yrs (4.08 yrs excluding SODIC)	
Liquidity	• AED 5.4bn free and subsidiary cash • AED 4.7bn committed undrawn bank facilities	
AIP Credit Rating	• Baa1 stable (Moody's) • Issuer of US$ 1bn of Islamic bonds maturing in 2025 and 2029	

1. Includes SODIC.
2. Gross debt.

EPRA REPORTING DISCLOSURES AS OF 31 DECEMBER 2021

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 2021 and 31 December 2020:

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

During the year, the basis of allocation of certain expenses to Aldar Development and Aldar Investment segments have been revised. Based on this revision, the calculation for "EPRA Earnings" and "EPRA Cost Ratios" for the year ended 31 December 2020 have been updated to make it comparable to 2021 presentation.

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 EPRA disclosure in this report for the years ended 31 December 2021 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. 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 2021	31 December 2020
EPRA Earnings	**884.4**	**784.9**
– per share (AED)	0.11	0.10
Adjusted EPRA Earnings	**2,077.7**	**1,836.3**
– per share (AED)	0.26	0.23
EPRA NAV Metrics		
EPRA Net Reinstatement Value (EPRA NRV)	**31,517.8**	**28,888.2**
– per share (AED)	4.01	3.67
EPRA Net Tangible Assets (EPRA NTA)	**31,224.6**	**28,860.1**
– per share (AED)	3.97	3.67
EPRA Net Disposable Value (EPRA NDV)	**31,102.0**	**28,490.1**
– per share (AED)	3.96	3.62
EPRA NIY (%)	7.9%	8.0%
EPRA 'topped up' NIY (%)	8.2%	8.6%
EPRA vacancy rate (%)	9.9%	14.7%
EPRA cost ratio (incl. direct vacancy costs) (%)	24.4%	20.9%
EPRA cost ratio (excl. direct vacancy costs) (%)	23.1%	18.2%

ADJUSTED EPRA EARNINGS

The EPRA earnings measure represents the performance of recurring activities which relate specifically to the Group's asset management business segment, Aldar Investment. EPRA earning's for the year ended 2021 were AED 884 million versus AED 785 million for the previous year, due to recovery in the hospitality and retail sectors in addition to the growth in education from higher enrolments.

Adjusted EPRA earnings is presented to capture the contribution of Aldar Development business segment, 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, earnings per share and Aldar's share price.

Adjusted EPRA earnings amounted to AED 2,078 million (AED 0.26 per share) for the year ended 31 December 2021 (31 December 2020: 1,836 million, AED 0.23 per share).

EPRA Earnings (AED '000)	31 December 2021	31 December 2020 (Restated)
Earnings per IFRS income statement	**2,315,601**	1,932,238
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	**146,383**	(399,850)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	**12,600**	495,760
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties.	**1,193,360**	1,051,474
(iv) Tax on profits or losses on disposals	**–**	
(v) Negative goodwill / goodwill impairment	**99,469**	–
(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	**(20,597)**	–
(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	**884,385**	784,854
Basic number of shares	**7,862,629,603**	7,862,629,603
EPRA Earnings per Share (EPS)	**0.11**	0.10
Company specific adjustments:		
(a) Profit from development business (including impairment of development assets)	**1,193,360**	1,051,474
Adjusted EPRA Earnings	**2,077,746**	1,836,328
Adjusted EPRA EPS (AED)	**0.26**	0.23

EPRA NET ASSET VALUE

EPRA net asset value measures the value of Aldar based on changes in equity and changes in the 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. Aldar's EPRA NRV stood at AED 31,518 million as of December 31, 2021 (AED 4.01 per share), +9.1% on the previous year.

EPRA Net Tangible Assets (EPRA NTA)

Reflects the fair value of the Group's tangible assets and liabilities when traded. Aldar's EPRA NTA amounted to AED 31,253 million (AED 3.97 per share), +8.3% on the previous year.

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 NDV totalled AED 31,130 million (AED 3.96 per share), +9.3% 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. Certain assets are included at their respective book values instead of fair value. (These assets mainly include school properties and intangible assets)
- DWIP and Inventories are recorded at expected selling price (estimated values)

The assets acquired as part of the investment in Sixth of October for Development and Investment Company (SODIC) are not adjusted as they were already recorded at fair value on acquisition on 16 December 2021.

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

B. EPRA Net Asset Value Metrics	31 December 2021 EPRA NRV	31 December 2021 EPRA NTA	31 December 2021 EPRA NDV	31 December 2020 EPRA NRV	31 December 2020 EPRA NTA	31 December 2020 EPRA NDV
IFRS Equity attributable to shareholders	**26,921,570**	**2,921,570**	**26,921,570**	**25,630,793**	**25,630,793**	**25,630,793**
Include / Exclude:						
Hybrid instruments	–	–	–	–	–	–
Diluted NAV	**26,921,570**	**26,921,570**	**26,921,570**	**25,630,793**	**25,630,793**	**25,630,793**
Include:						
Revaluation of IP (if IAS 40 cost option is used)	–	–	–	–	–	–
Revaluation of IPUC (if IAS 40 cost option is used)	–	–	–	–	–	–
Revaluation of other non-current investments	494,572	494,572	494,572	526,884	526,884	526,884
Revaluation of tenant leases held as finance leases	–	–	–	–	–	–
Revaluation of trading properties	4,143,404	4,143,404	4,143,404	2,715,197	2,715,197	2,715,197
Diluted NAV at Fair Value	**31,559,546**	**31,559,546**	**31,559,546**	**28,872,874**	**28,872,874**	**28,872,874**
Exclude:						
Deferred tax in relation to fair value gains of IP	–	–	–	–	–	–
Fair value of financial instruments	(13,651)	(13,651)	–	15,330	15,330	–
Goodwill as a result of deferred tax	(28,073)	(28,073)	(28,073)	–	–	–
Goodwill as per the IFRS balance sheet	–	(107,287)	(107,287)	–	(3,259)	(3,259)
Intangibles as per the IFRS balance sheet	–	(185,908)	–	–	(24,826)	–
Include:						
Fair value of fixed interest rate debt	–	–	(322,205)	–	–	(379,478)
Revaluation of intangibles to fair value	–	–	–	–	–	–
Real estate transfer tax	–	–	–	–	–	–
NAV	**31,517,822**	**31,224,627**	**31,101,981**	**28,888,204**	**28,860,119**	**28,490,137**
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	**4.01**	**3.97**	**3.96**	**3.67**	**3.67**	**3.62**

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 2021 is 7.9%, broadly flat compared to 8.0% in the previous year. This is mainly due to the fair value gains and timing delay in income recognition.

Aldar's 'topped-up' NIY, which captures notional rent expiration of rent-free periods or other lease incentives stands at 8.2%, down from 8.6% in the previous year. Lease incentives decreased in 2021 as the COVID-19 related stimulus provided in 2020 completed.

EPRA NIY and 'topped-up' NIY		31 Dec 2021	31 Dec 2020
Investment property – wholly owned		**18,025,935**	**16,462,916**
Investment property – share of JVs/Funds		**–**	**–**
Trading property (including share of JVs)		**–**	**–**
Less: developments		**1,408,257**	**569,193**
Completed property portfolio		**16,617,678**	**15,893,723**
Allowance for estimated purchasers' costs		**373,898**	**357,609**
Gross up completed property portfolio valuation	**B**	**16,991,576**	**16,251,332**
Annualised cash passing rental income		**1,585,721**	**1,473,409**
Property outgoings		**246,201**	**174,092**
Annualised net rents	**A**	**1,339,520**	**1,299,317**
Add: notional rent expiration of rent free periods or other lease incentives		**51,152**	**104,378**
Topped-up net annualised rent	**C**	**1,390,671**	**1,403,695**
EPRA NIY	**A/B**	**7.9%**	**8.0%**
EPRA "topped-up" NIY	**C/B**	**8.2%**	**8.6%**

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 including the portfolio in Egypt. Properties under development are not included in the calculation of this ratio.

EPRA Vacancy Rate		31 December 2021	31 December 2020
Estimated Rental Value of vacant space (AED '000)	**A**	**186,979**	**274,049**
Estimated rental value of the whole portfolio (AED '000)	**B**	**1,882,202**	**1,863,346**
EPRA Vacancy Rate	**A/B**	**9.9%**	**14.7%**

Across the Investment Properties portfolio, which includes residential, retail and commercial office, the EPRA vacancy rate has decreased to 9.9% from 14.7% in 2020. 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 2021 due to additional assets coming into the portfolio during the year and due to the increase in revenue and additional costs relating to COVID-19 safety precautions such as security.

EPRA Cost Ratios		31 December 2021	31 December 2020
Include:			
Administrative/operating expense line per IFRS income statement		**413,004**	**343,696**
Net service charge costs/fees			
Management fees less actual/estimated profit element			
Other operating income/recharges intended to cover overhead expenses less any related profits			
Share of Joint Ventures expenses			
Exclude (if part of the above):			
Investment property depreciation			
Ground rent costs			
Service charge costs recovered through rents but not separately invoiced			
EPRA Costs (including direct vacancy costs)	**A**	**413,004**	**343,696**
Direct vacancy costs		**21,841**	**45,402**
EPRA Costs (excluding direct vacancy costs)	**B**	**391,163**	**298,294**
Gross Rental Income less ground rents – per IFRS		**1,690,043**	**1,642,536**
Less: service fee and service charge costs components of Gross Rental Income (if relevant)			
Add: share of Joint Ventures (Gross Rental Income less ground rents)			
Gross Rental Income	**C**	**1,690,043**	**1,642,536**
EPRA Cost Ratio (including direct vacancy costs)	**A/C**	**24.4%**	**20.9%**
EPRA Cost Ratio (excluding direct vacancy costs)	**B/C**	**23.1%**	**18.2%**

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 2021).

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 principal investments (excluding construction). Non-real estate operations also include the gain on bargain purchase that is a one-off transaction.

The last five-year average annual EBITDA percentage contribution from real estate operations to overall Aldar Group EBITDA (including the fiscal year 2021) is approximately 85%. In 2020 and 2021, the EBITDA contribution from real estate operations was below the last five-year average. In 2020, this was mainly due to a one-off sale of district cooling assets (refer to Note 45 of the consolidated financial statements). In 2021, while Real Estate operations' performance returned to pre-COVID-19 levels, contribution to overall EBITDA excluding one-off transactions increased significantly from Non Real Estate operations' performance.

	31 December 2021			31 December 2020			31 December 2019			31 December 2018			31 December 2017		
	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	5,895,406	2,680,544	8,575,950	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
Direct costs	(2,996,323)	(1,975,510)	(4,971,833)	(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)
Gross profit	**2,899,083**	**705,033**	**3,604,117**	**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**
Selling and marketing expenses	(171,622)	(10,970)	(182,592)	(125,449)	–	(125,449)	(109,522)	–	(109,522)	(85,440)	–	(85,440)	(74,978)	–	(74,978)
General and administrative expenses	(757,677)	(172,844)	(930,521)	(614,128)	(75,641)	(689,769)	(566,167)	49,662	(516,505)	(436,874)	28,643	(408,231)	(288,358)	(35,131)	(323,489)
Staff costs	*(363,783)*	*(87,745)*	*(451,529)*	*(253,853)*	–	*(253,853)*	*(237,423)*	–	*(237,423)*	*(218,948)*	–	*(218,948)*	*(227,767)*	–	*(227,767)*
Provisions, impairments and write –downs, net	*(244,900)*	*(2,151)*	*(247,051)*	*(272,437)*	*(23,365)*	*(295,802)*	*(203,981)*	*51,306*	*(152,675)*	*(78,691)*	*28,643*	*(50,048)*	*43,952*	*(35,131)*	*8,821*
Others	*(148,994)*	*(82,948)*	*(231,941)*	*(87,838)*	*(52,276)*	*(140,114)*	*(124,763)*	(1,644)	*(126,407)*	*(139,235)*	–	*(139,235)*	*(104,543)*	–	*(104,543)*
Gain/(loss) on disposal of property, plant and equipment	–	(2,037)	(2,037)	0	54	54	23,014	(50)	22,964	–	–	–	–	–	
Fair value loss on investment properties, net	146,383	–	146,383	(399,850)	–	(399,850)	(374,751)	–	(374,751)	(671,046)	–	(671,046)	(613,107)	–	(613,107)
Gain on transfer from DWIP to IP	–	–	–	3,343	–	3,343	–	–	–	–	–	–	–	–	–
Gain on disposal of investment properties	14,637	–	14,637	4,396	–	4,396	23,856	–	23,856	–	–	–	3,835	–	3,835
Share of results of associates and joint ventures	(8,214)	–	(8,214)	(9,875)	–	(9,875)	(3,096)	–	(3,096)	49,863	–	49,863	41,544	–	41,544
Investments in financial assets at FVTPL	(1,271)	–	(1,271)	–	–	–	–	–	–	–	–	–	–	–	–
Gain on disposal of subsidiaries	–	–	–	(0)	429,535	429,535	–	–	–	–	–	–	–	–	–
Gain on disposal of businesses	–	–	–	(0)	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	–	–	–
Gain on bargain purchase	–	99,469	99,469	–	–	–	–	–	–	–	–	–	–	–	–
Other income	60,353	4,501	64,854	188,013	1,524	189,537	256,067	2,320	258,387	635,077	132,791	767,868	627,049	5,163	632,212
EBITDA	**2,181,673**	**623,152**	**2,804,825**	**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**
Depreciation and amortisation			(254,262)			(274,791)			(268,550)			(230,142)			(185,976)
Finance income			48,444			67,240			84,087			79,735			124,642
Finance costs			(265,558)			(310,697)			(349,719)			(309,749)			(254,253)
Profit for the year			**2,333,449**			**1,932,228**			**1,925,179**			**1,854,864**			**2,005,935**

Note: The investment in Egypt completed on 16 December 2021. As there were no significant transactions or events from the acquisition date to 31 December, our financial results for 2021 do not include the performance of SODIC and the balance sheet was consolidated as of 31 December 2021.

A DIVERSIFIED OPERATING MODEL

Over the past 16 years, Aldar's business model has evolved from a pure play developer to a diversified property development and investment company represented by two core business segments: Aldar Development and Aldar Investment. Within each business are several sub-segments that contribute to the overall Group's financial performance.

ALDAR

ALDAR DEVELOPMENT

Aldar Development comprises Aldar's core UAE businesses: homebuilding business responsible for developing Aldar's expansive land bank and Aldar's fee-based development management business. It also consolidates Aldar's Egypt platform (primarily comprised of SODIC).

PROPERTY DEVELOPMENT & SALES

Aldar's homebuilding business responsible for developing Aldar's expansive land bank.

PROJECT MANAGEMENT SERVICES

Aldar Projects manages the fee-based development management business.

EGYPT

Aldar Egypt will develop integrated mixed-use communities in Egypt.

Read more in our market overview on pages 10 to 15.

ALDAR INVESTMENT

Aldar Investment is Aldar's core asset management business and comprises a leading real estate investment platform[1] and three additional businesses (Hospitality & Leisure, Education and Principal Investments).

INVESTMENT PROPERTIES

comprises prime real estate in the retail, residential and commercial segments across Abu Dhabi.

HOSPITALITY & LEISURE

owns a portfolio of hotel and leisure assets principally located on Yas Island and Saadiyat Island.

ALDAR EDUCATION

is the leading private education provider in Abu Dhabi.

PRINCIPAL INVESTMENTS

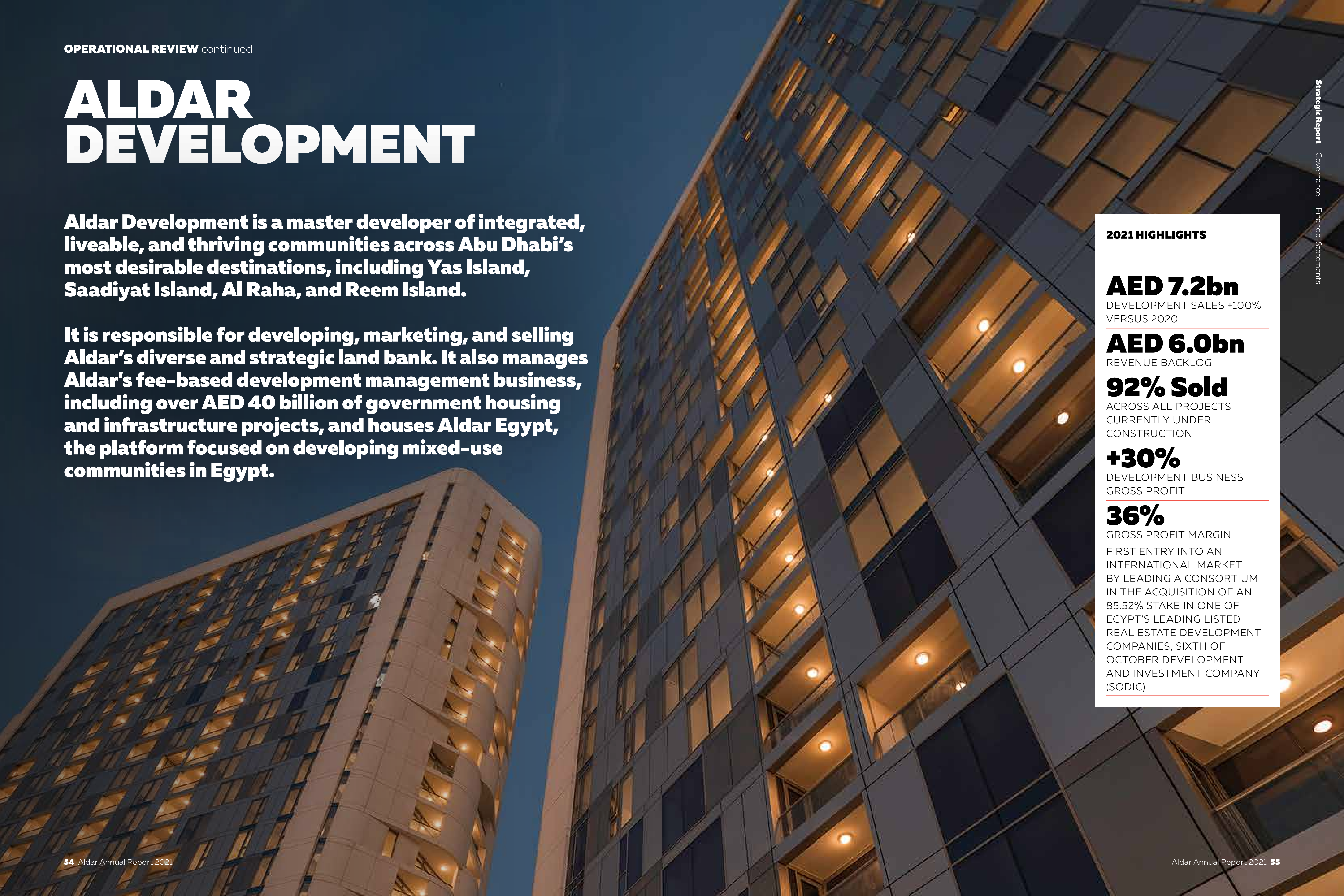
includes Provis, a property management business, Khidmah, a facilities management business, and Pivot, a construction services business.

Read more in our market overview on pages 10 to 15.

FINANCE & SUSTAINABILITY | **STRATEGY** | **PEOPLE** | **LEGAL** | **AUDIT** | **EXCELLENCE**

1. Aldar Investment owns Aldar Investment Properties LLC (AIP) rated Baa1 (stable) by Moody's, owner of a diversified portfolio of prime real estate assets (retail, residential and commercial) in Abu Dhabi.

ALDAR DEVELOPMENT



Aldar Development is a master developer of integrated, liveable, and thriving communities across Abu Dhabi's most desirable destinations, including Yas Island, Saadiyat Island, Al Raha, and Reem Island.

It is responsible for developing, marketing, and selling Aldar's diverse and strategic land bank. It also manages Aldar's fee-based development management business, including over AED 40 billion of government housing and infrastructure projects, and houses Aldar Egypt, the platform focused on developing mixed-use communities in Egypt.

2021 HIGHLIGHTS

AED 7.2bn
DEVELOPMENT SALES +100% VERSUS 2020

AED 6.0bn
REVENUE BACKLOG

92% Sold
ACROSS ALL PROJECTS CURRENTLY UNDER CONSTRUCTION

+30%
DEVELOPMENT BUSINESS GROSS PROFIT

36%
GROSS PROFIT MARGIN

FIRST ENTRY INTO AN INTERNATIONAL MARKET BY LEADING A CONSORTIUM IN THE ACQUISITION OF AN 85.52% STAKE IN ONE OF EGYPT'S LEADING LISTED REAL ESTATE DEVELOPMENT COMPANIES, SIXTH OF OCTOBER DEVELOPMENT AND INVESTMENT COMPANY (SODIC)

JONATHAN EMERY
CHIEF EXECUTIVE OFFICER OF ALDAR DEVELOPMENT

Without question, 2021 was a year characterised by significant activity across every segment of Aldar Development.

Through a comprehensive and in-depth understanding of local market dynamics and our data-driven approach, we were able to focus on releasing a range of new projects into the market that both addressed and satisfied customer demands. Coupled with the continued sales of existing inventory, our strong brand equity and our market-leading execution capabilities, the business recorded the highest ever annual sales figure of AED 7.2 billion – double the value of sales in 2020. This record-breaking achievement resulted in a revenue of AED 5.03 billion, up 1% year-on-year, and a gross profit of AED 1.82 billion, up 30% year-on-year.

Our projects at strategic and prime locations throughout Abu Dhabi, including Yas Island and Saadiyat Island, continue to attract substantial interest. We are seeing increasing demand from international and resident expatriate customers, demonstrating the strong global confidence in Abu Dhabi's real estate market and Aldar's ability to deliver high-quality products. The broadening of our customer profiles was a key target we set for 2021 and with the rising number of first-time and female buyers, our strategy and approach have been firmly reinforced.

The remarkable sales performance of developments such as Yas Acres and Noya throughout 2021 reflects the significant appeal of our offering to both investors and homeowners alike. With a solid pipeline of projects to launch this year, we expect to see continued demand across our portfolio of prime destinations – demand which continues to be bolstered by the rebound in market and consumer activity that we have witnessed over 2021.

Meanwhile, the third-party development management business generated revenue of AED 1.39 billion, increasing 10% compared to last year, and gross profit of AED 440 million, up 105% year-on-year. This business continues to undergo a significant expansion, driven by a number of key infrastructure and housing projects for Abu Dhabi Government, providing increased visibility and predictability on fee income and cementing the pivotal role Aldar continues to play in shaping Abu Dhabi's real estate sector. This strong, trust-based private-public partnership will continue to prosper and be one of our key growth drivers in the coming years.

2021 was also a significant year for our international operations. Our revamped operating model allowed us to act swiftly in the acquisition of a majority stake in one of Egypt's leading real estate companies, SODIC. With an Aldar-led consortium owning 85.52% of SODIC, we are leveraging our broad real estate expertise to build out SODIC's market share through projects in key markets across the country.

Looking ahead we will continue to seek further value-accretive opportunities – both organic and inorganic – in our target markets of Egypt, Saudi Arabia, and of course, the UAE. Emboldened by our remarkable performance, the significant activity and strong momentum over 2021, our business will sustain its focus on the execution and delivery of world-leading and purpose-built communities with operational excellence, technology adoption, and sustainability at their core.

Note: The investment in Egypt completed on 16 December 2021. As there were no significant transactions or events from the acquisition date to 31 December, our financial results for 2021 do not include the performance of SODIC and the balance sheet was consolidated as of 31 December 2021.

SAADIYAT ISLAND

Following the acquisition of land from Tourism Development & Investment Company (TDIC) in 2018 and the land swap with the Government of Abu Dhabi in late 2019, Saadiyat Island now sits at the heart of Aldar's development business. Saadiyat Island is a premier island destination, spanning 27 square kilometres and created around an environmentally sensitive philosophy and low-density master plan. The island is home to three main areas, Saadiyat Cultural District, Saadiyat Beach District and Saadiyat Marina District.

Saadiyat's vibrant Cultural District will bring together Louvre Abu Dhabi, Zayed National Museum and The Guggenheim Abu Dhabi – all designed by Pritzker prize winners. The area is also home to the purpose-built art and culture centre, Manarat AlSaadiyat and The UAE Pavilion.

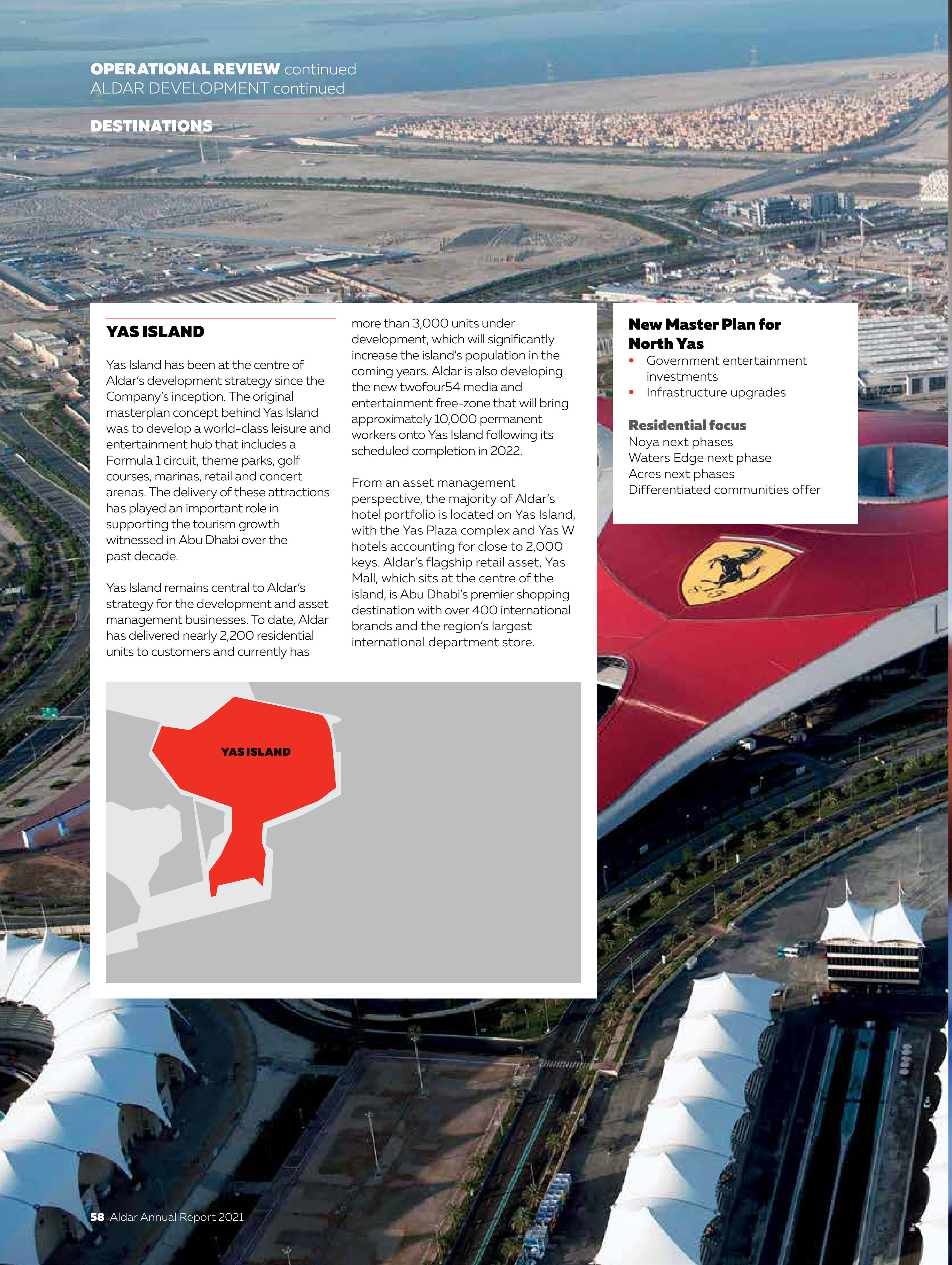
With a pristine beachfront, home to several five-star hotels, a golf course and beach club, the island is a prestigious address in Abu Dhabi, which offers an immaculate lifestyle. The island also hosts world-class educational offerings, including The Redwood Nursery, Cranleigh Abu Dhabi and New York University Abu Dhabi.

Aldar delivered both the Mamsha Al Saadiyat and Jawaher developments in 2019, bringing new residential options to the market. This will soon be complemented by the launch of Saadiyat Grove, a mixed-use development in the heart of the Cultural District.

Updated Master Plan
- Government cultural investments
- Early activations
- Infrastructure and Utilities

Residential focus with retail, commercial and hospitality
The Grove
Saadiyat Living
Mamsha next phase

DESTINATIONS



YAS ISLAND

Yas Island has been at the centre of Aldar's development strategy since the Company's inception. The original masterplan concept behind Yas Island was to develop a world-class leisure and entertainment hub that includes a Formula 1 circuit, theme parks, golf courses, marinas, retail and concert arenas. The delivery of these attractions has played an important role in supporting the tourism growth witnessed in Abu Dhabi over the past decade.

Yas Island remains central to Aldar's strategy for the development and asset management businesses. To date, Aldar has delivered nearly 2,200 residential units to customers and currently has more than 3,000 units under development, which will significantly increase the island's population in the coming years. Aldar is also developing the new twofour54 media and entertainment free-zone that will bring approximately 10,000 permanent workers onto Yas Island following its scheduled completion in 2022.

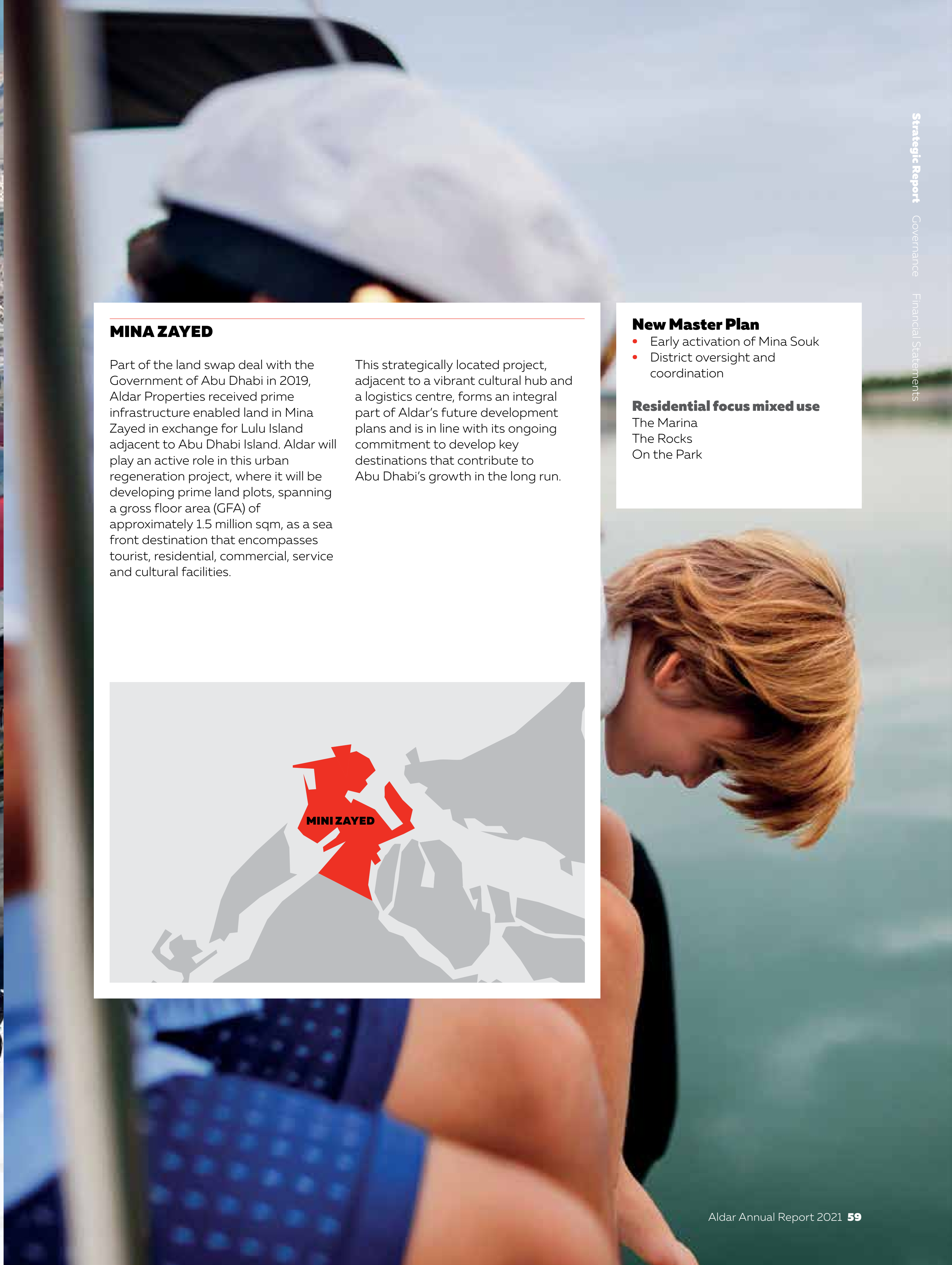
From an asset management perspective, the majority of Aldar's hotel portfolio is located on Yas Island, with the Yas Plaza complex and Yas W hotels accounting for close to 2,000 keys. Aldar's flagship retail asset, Yas Mall, which sits at the centre of the island, is Abu Dhabi's premier shopping destination with over 400 international brands and the region's largest international department store.

New Master Plan for North Yas

- Government entertainment investments
- Infrastructure upgrades

Residential focus

Noya next phases
Waters Edge next phase
Acres next phases
Differentiated communities offer



MINA ZAYED

Part of the land swap deal with the Government of Abu Dhabi in 2019, Aldar Properties received prime infrastructure enabled land in Mina Zayed in exchange for Lulu Island adjacent to Abu Dhabi Island. Aldar will play an active role in this urban regeneration project, where it will be developing prime land plots, spanning a gross floor area (GFA) of approximately 1.5 million sqm, as a sea front destination that encompasses tourist, residential, commercial, service and cultural facilities.

This strategically located project, adjacent to a vibrant cultural hub and a logistics centre, forms an integral part of Aldar's future development plans and is in line with its ongoing commitment to develop key destinations that contribute to Abu Dhabi's growth in the long run.

New Master Plan

- Early activation of Mina Souk
- District oversight and coordination

Residential focus mixed use

The Marina
The Rocks
On the Park

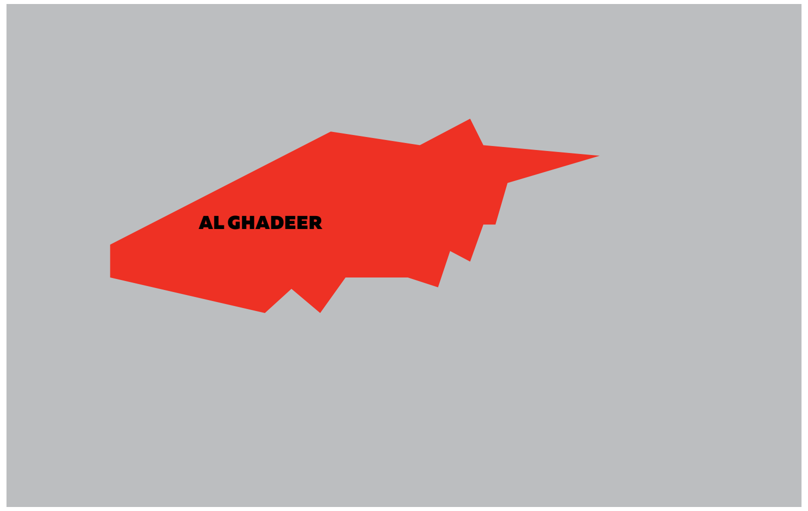
DESTINATIONS

AL GHADEER

The development is located on the borders of Dubai and is well connected between both major cities through a series of highways and truck roads, connecting it to all major economic growth nodes. It is only 20 minutes' drive from major economic catalysts like Kizad, Jabal Ali port and Free Zone, Al Maktoum Airport, and 40 minutes' drive to the heart of the UAE's largest cities.

Phase 2 of the development was handed over in April 2021 with several amenities including community pools, kids play area, cycling routes, basketball pitches and outdoor gyms. This is in addition to the existing amenities in phase 1 that include a nursery, Wheatfields supermarket, coffee shop and salon. The work is also progressing to build a new Lulu hypermarket and a school; both are expected to be completed and operational by mid 2025. Total number of units developed is 2,800 units.

Further phases, consisting of approximately 11,400 units are planned to be developed over the next 5-10 years, will be based on the concept of sustainable circular economy with a variety of land uses, entertainment hubs and economic catalysts.



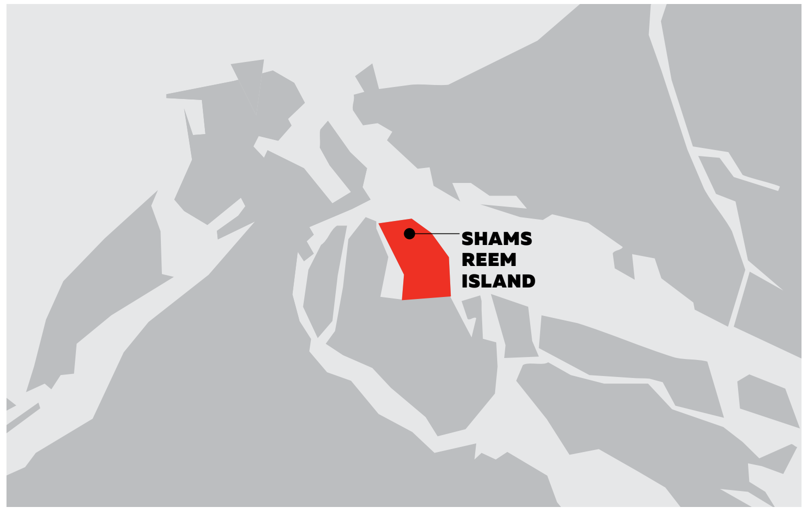
New Master Plan

- Park Life
- LULU Hyper market
- English School

SHAMS REEM ISLAND

Shams Reem Island is closely connected to the traditional centre of Abu Dhabi city and the new financial centre on Maryah Island by five bridges and is only a 20-minute drive from Abu Dhabi International Airport. The island offers the very best in capital living in a beautiful setting with breathtaking views of the city and its surroundings.

Key amenities include Repton School, Sorbonne University, Boutik Mall, Gate Towers, Sun and Sky Towers, and Reem Central Park. Aldar's master-planned community on Reem Island includes The Gate and Arc Towers, and Sun and Sky Towers. Following completion of Aldar's first mid-market positioned residential product, Meera, in 2019, Aldar's next handover on the island will be The Bridges development.



Updated Master Plan

- Responding to changing customer needs

Shams Living

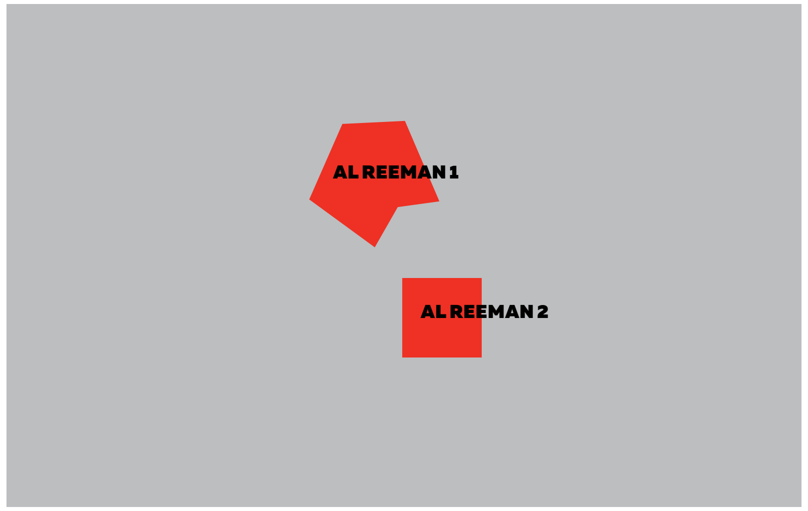
DESTINATIONS

AL REEMAN

The Al Reeman development consists of two large parcels of lands located in Al Shamkha, next to the new developing area of Abu Dhabi, close to Aldar flag ship development of Motor world, Madinat Al Riyad, Baniyas, Abu Dhabi University, Shakbout Medical city and Abu Dhabi International Airport.

Al Reeman 1 is a mixed use freehold development for all nationalities, consisting of residential villa plots and low rise commercial plots ranging in height between G+5 to G+7 along with retail plots, big box retail and other amenities. These include clinics, schools, post offices and a sports centre. Al Reeman 1 handover to buyers started in December of 2021 and is going well.

Al Reeman 2 is predominantly villa plots with phase one launched and sold out in 2019. The anticipated hand over is September 2022. Phases two and three are 1,111 villas aimed at mid income UAE nationals and will feature additional amenities.



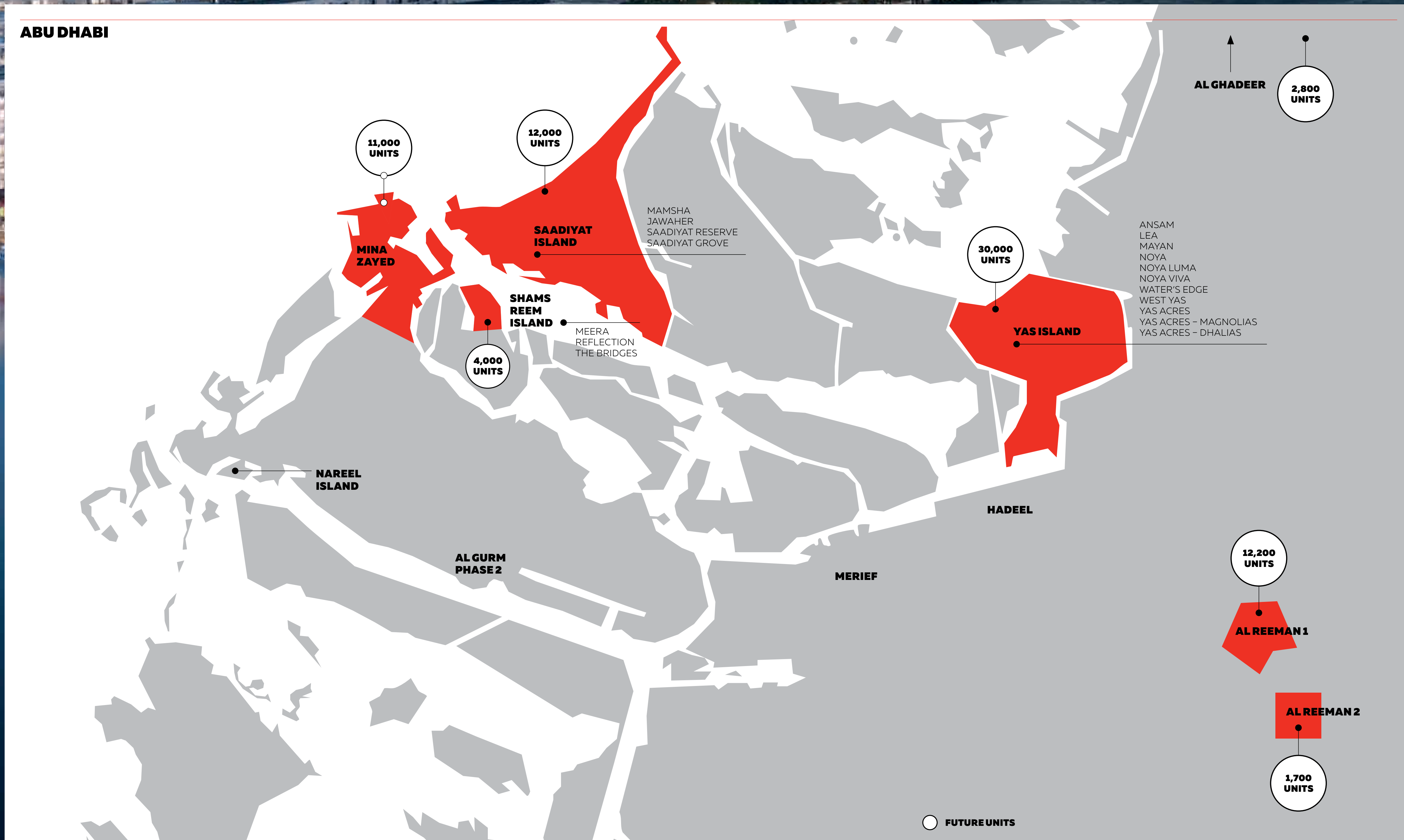
New Master Plan

- Park Life
- LULU Hyper market
- English School

New Development Plans

- Fay Al Reeman
- Retail Hyper market
- Upcoming Commercial Offering

Aldar has GFA for ~60,000 units across its strategically located masterplans, in addition to un-master planned land bank Al Ghadeer, supporting migratory trends, national household formation and demand for unit upgrading.



LAND BANK

Aldar's original business model stems from taking raw land, developing infrastructure and creating a masterplan that sets out a clear vision for the destination. Aldar's exceptional experience in creating Abu Dhabi's key destinations continues to be a driver of value generation and will serve the company well in the future.

As at 31 December 2021, Aldar's land bank comprises of a diverse portfolio of approximately 65 million square metres (sqm) of land and 13 million sqm of GFA at various stages of development. The land bank stretches across the Emirate of Abu Dhabi, ranging from key destinations such as Yas Island, Shams Reem Island, Saadiyat Island and Mina Zayed. Aldar also owns significant land in established locations on Abu Dhabi Island and in the broader Abu Dhabi mainland region, which includes Al Ghadeer on the border with Dubai.

This diversified land bank has allowed Aldar to offer a broad range of residential products through the real estate cycle. Over the past six years, Aldar has launched over 12,000 off-plan residential units across 26 development projects, ranging from mid-market studio apartments to luxury palaces, catering to a wide segment of the market.

DESTINATION DEVELOPMENT

In its role as a master developer, Aldar is responsible for the long-term vision and development of strategic destinations that are instrumental in supporting the long-term development of the emirate of Abu Dhabi. These destinations include Al Raha Beach, Reem Island, Saadiyat Island, Mina Zayed and Yas Island.

PROPERTY DEVELOPMENT & SALES

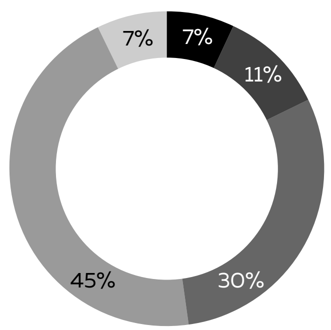
Aldar's core development business is focused on off-plan residential property development through activation of Aldar's diverse land bank. As of 31 December 2021, Aldar had more than 3,500 residential units under development, 92% of which had been sold, including multiple phases of Noya and Yas Acres, Al Gurm and the third phase of Saadiyat Reserve.

During 2021, Aldar Development sales achieved the highest record ever of AED 7.2 billion mostly from Noya Viva, Mamsha, Gurm-2, Reserve Villa, Mayan, Al Ghadeer, S. Reserve, Acres, LEA and Reeman 1&2. Moreover, Aldar sold over close to 2,500 units to customers during 2021 and was able to collect approximately AED 4.5 billion of cash from customers. Aldar's growth in recent years, coupled with a trend for consolidation in the real estate sector, means that the Company enjoys a dominant position in Abu Dhabi, and is a decisive factor in the management of new supply to the market.

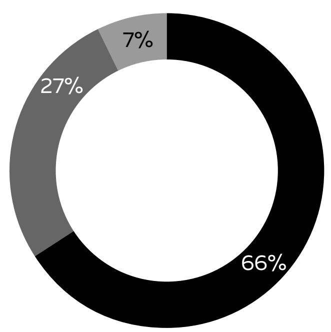
In this context, Aldar managed to achieve approximately AED 4.0 billion of sales annually in the past 5 years, supported by a focused development pipeline that addressed the previously underserviced segments of the market. Moreover, in a booming economy such as Abu Dhabi's unique AA economy, Aldar was able to benefit from a growing young and wealthy population, where approximately 7% of all buyers during 2021 were less than 30 years of age.

Since the introduction and amendments of the new real estate law in 2018, where foreigners can own real estate in investment zones and the abolition of the lease hold structures, Aldar's customer nationality started to slowly become more diverse, where foreign buyers now account for 40% of total customers.

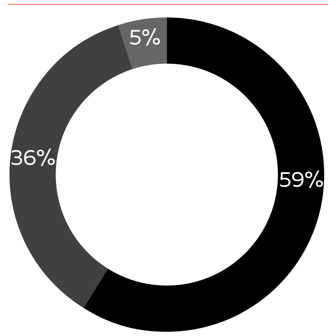
CUSTOMER AGE



CUSTOMER GENDER



CUSTOMER - DOMESTIC AND INTERNATIONAL



DEVELOPMENT SUMMARY

Project	Location	Launch date	Total as at 31 Dec 2021				Project status
			Sold units	Units launched	% sold	% completion	
Ansam	Yas Island	2014	547	547	100%	100%	Handed over
Hadeel	Al Raha Beach	2014	233	233	100%	100%	Handed over
Nareel	Abu Dhabi Island	2015	161	161	100%	100%	Handed over
Merief	Khalifa City	2015	286	286	100%	100%	Handed over
Jawaher	Saadiyat Island	2016	83	83	100%	100%	Handed over
Lea	Yas Island	2019	238	238	100%	100%	Handed over
Meera	Reem Island	2015	407	408	99.8%	100%	Handed over
Mamsha	Saadiyat Island	2016	431	461	93.5%	100%	Handed over
Mayan	Yas Island	2015	336	512	65.6%	100%	Handed over
Yas Acres	Yas Island	2016	649	652	99.5%	100%	Handed over
The Bridges	Reem Island	2017	629	636	98.9%	100%	Handed over
Water's Edge	Yas Island	2017	2,064	2,262	91.2%	100%	On handover
Reflection	Reem Island	2018	164	192	85.4%	100%	Handed over
Al Ghadeer	Seih Sdeirah	2018	539	707	76.2%	100%	Handed over
Al Reeman 1	Al Shamka	2019	920	1,015	90.6%	77%	Under construction
Al Reeman 2	Al Shamka	2019	558	558	100%	51%	Under construction
Reserve	Saadiyat Island	2019	223	224	99.6%	64%	Under construction
Noya	Yas Island	2020	509	510	99.8%	12%	Under construction
Noya Viva	Yas Island	2021	475	479	99.2%	Works in initial stages	Under construction
Noya Luma	Yas Island	2021	189	189	100%	Works in initial stages	Under construction
S. Reserve Villas	Saadiyat Island	2021	82	83	98.8%	Launched	Under construction
Al Gurm Phase 2	Al Gurm	2021	68	71	95.8%	Launched	Under construction
Yas Acres-Magnolias	Yas Island	2021	278	312	89.1%	Launched	Under construction
Yas Acres-Dhalias	Yas Island	2021	86	120	71.7%	Launched	Under construction
Aldar developments (ex handed over)			**8,607**	**9,391**	**91.7%**		
West Yas	Yas Island	2015	960	1,007	95.3%		Handed over
West Yas plots	Yas Island	2018	203	203	100%		Handed over
Total developments			**9,770**	**10,601**	**92.2%**		

EGYPT

Aldar's Egypt platform is primarily comprised of SODIC, one of Egypt's leading real estate companies. With over 25 years of developing award-winning, Class-A , large-scale, mixed-use communities in West Cairo, East Cairo and the North Coast; SODIC is catering to Egypt's growing needs for high quality residential, commercial and retail property. Headquartered in Cairo and listed on the Egyptian stock exchange (EGX) under OCDI.CA, SODIC is one of the few non-family-owned companies traded on the EGX.

SODIC has a strong and diversified project portfolio representing a sales backlog of EGP 22.76 billion (AED 5.3 billion) and 4.85 million square metres of unlaunched land. In 2021, SODIC delivered 1,163 units across its projects, with gross contracted sales reaching a record EGP 11.36 billion (AED 2.66 billion).

Key highlights from 2021 include:

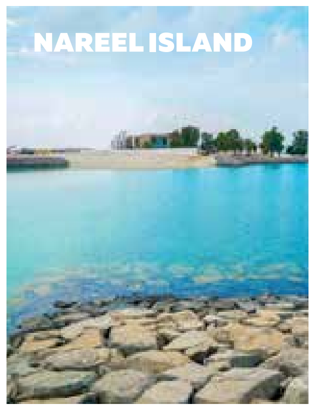
- July 27 2021, SODIC successfully closed its first securitisation bond issuance for a gross receivables portfolio of some EGP 384 million (AED 89.8 million).
- September 2 2021, SODIC acquired a 123 acre land plot directly adjacent to West Cairo project "The Estates" that will serve as an extension to the existing project.
- September 13 2021, SODIC signed a partnership agreement for a 280 acre plot on the North Coast and launched "June" project on the plot.
- October 14 2021, SODIC signed EGP 1.57 billion (AED 367 million) Long-Term Syndicated Facility to finance its flagship development, SODIC West.

Development pipeline

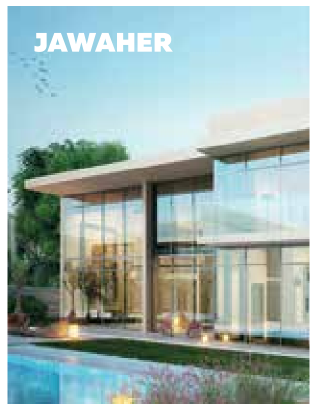
Since 2014, Aldar has launched over 12,000 residential units and plots, catering to all market segments from mid-market studios to palace plots.

HANDED OVER

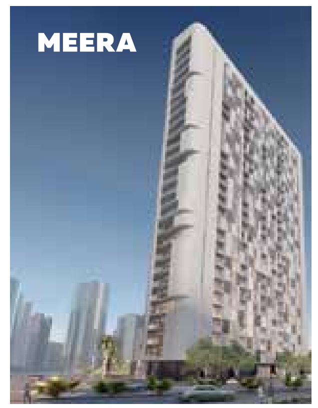
Type: Prime residential apartments
Location: Yas Island
Units launched: 547
Sold as at 31 Dec 2021: 100%



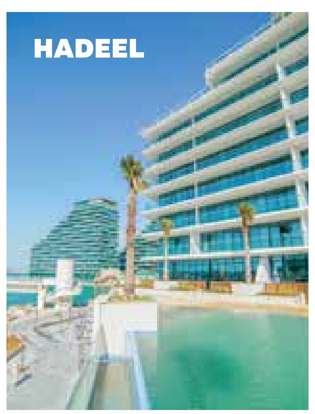
Type: Exclusive land plots for villa development
Location: Nareel Island
Units launched: 161
Sold as at 31 Dec 2021: 100%



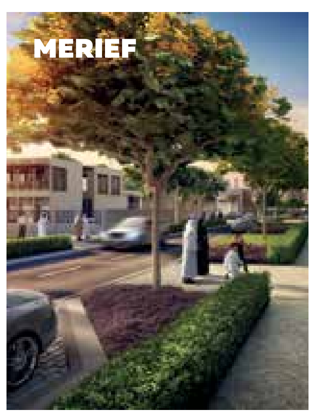
Type: Golf-view villas and townhouses
Location: Saadiyat Island
Units launched: 83
Sold as at 31 Dec 2021: 100%



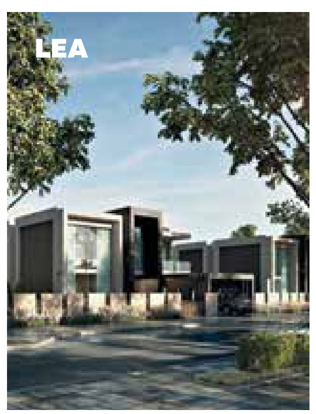
Type: Residential apartments
Location: Al Reem Island
Units launched: 408
Sold as at 31 Dec 2021: 99.8%



Type: Prime residential apartments
Location: Al Raha Beach
Units launched: 233
Sold as at 31 Dec 2021: 100%



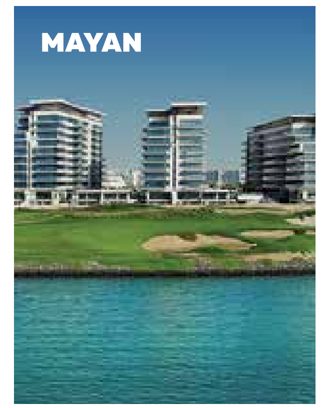
Type: Land plots for villa development
Location: Khalifa City
Units launched: 286
Sold as at 31 Dec 2021: 100%



Type: Land plots
Location: Yas Island
Units launched: 238
Sold as at 31 Dec 2021: 100%

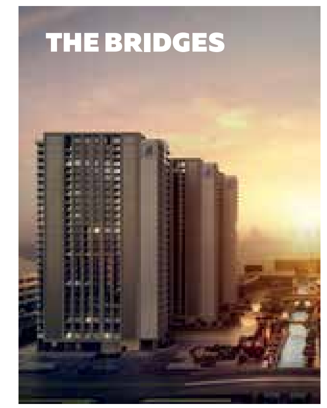
Type: Beachfront residential apartments
Location: Saadiyat Island
Units launched: 461
Sold as at 31 Dec 2021: 93.5%

HANDED OVER continued



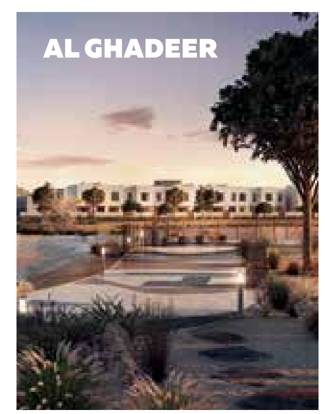
Type: Prime residential apartments
Location: Yas Island
Units launched: 512
Sold as at 31 Dec 2021: 65.6%

Type: Villa and townhouse development
Location: Yas Island
Units launched: 652
Sold as at 31 Dec 2021: 99.5%



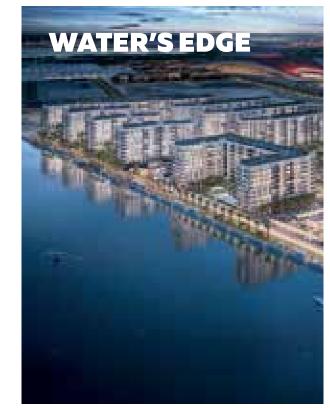
Type: Mid-market units
Location: Reem Island
Units launched: 636
Sold as at 31 Dec 2021: 98.9%

Type: Mid-market units
Location: Reem Island
Units launched: 192
Sold as at 31 Dec 2021: 85.4%



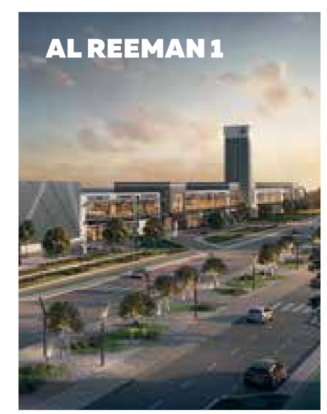
Type: Villa and townhouse development
Location: Seih Sdeirah
Units launched: 707
Sold as at 31 Dec 2021: 76.2%

ON HANDOVER

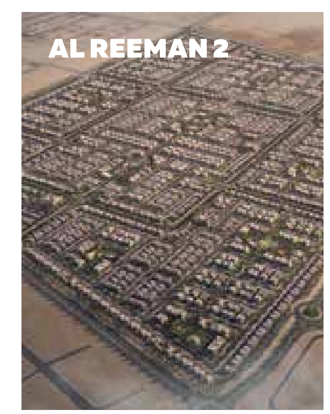


Type: Mid-market units
Location: Yas Island
Units launched: 2,262
Sold as at 31 Dec 2021: 91.2%

UNDER CONSTRUCTION



Type: Land plots
Location: Al Shamka
Units launched: 1,015
Sold as at 31 Dec 2021: 90.6%

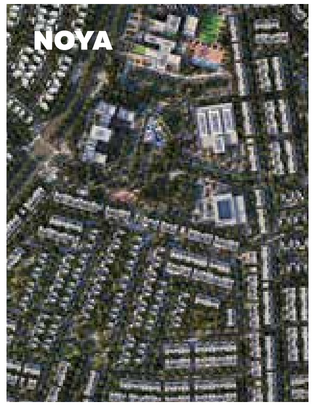


Type: Land plots
Location: Al Shamka
Units launched: 558
Sold as at 31 Dec 2021: 100%

UNDER CONSTRUCTION

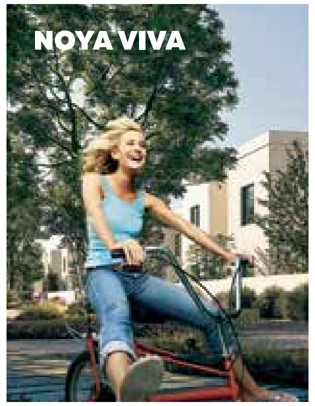
RESERVE

Type: Land plots
Location: Saadiyat Island
Units launched: 224
Sold as at 31 Dec 2021: 99.6%



NOYA

Type: Mid-market villa and townhouse development
Location: Yas Island
Units launched: 510
Sold as at 31 Dec 2021: 99.8%



NOYA VIVA

Type: Mid-market villa and townhouse development
Location: Yas Island
Units launched: 479
Sold as at 31 Dec 2021: 99.2%

NOYA LUMA

Type: Mid-market villa and townhouse development
Location: Yas Island
Units launched: 189
Sold as at 31 Dec 2021: 100%

SAADIYAT RESERVE VILLAS

Type: Villa development
Location: Saadiyat Island
Units launched: 83
Sold as at 31 Dec 2021: 98.8%

AL GURM PHASE 2

Type: Prime land plots for villa development
Location: Al Gurm
Units launched: 71
Sold as at 31 Dec 2021: 95.8%

YAS ACRES – MAGNOLIAS

Type: Villa development
Location: Yas Island
Units launched: 312
Sold as at 31 Dec 2021: 89.1%

YAS ACRES – DHALIAS

Type: Villa and townhouse development
Location: Yas Island
Units launched: 120
Sold as at 31 Dec 2021: 71.7%

Project Management Services

2021 HIGHLIGHTS / CURRENT PROJECTS

AED 41.1bn
BACKLOG (31 DEC 2021)

INFRASTRUCTURE PROJECTS:
22,700
PLOTS (IN 19 LOCATIONS)

HOUSING PROJECTS:
9,650
VILLAS (IN 10 LOCATIONS IN ADDITION TO 1,500 APARTMENTS IN 4 LOCATIONS)

ROAD PROJECTS:
445km
(IN 6 LOCATIONS IN ADDITION TO 5 MAJOR INTERCHANGES)

OTHERS:
10
BUILDINGS IN ADDITION TO C. **500KM** OF CYCLE TRACKS

CURRENT PROJECTS PIPELINE

Projects submitted for approval	35 projects	AED 24bn
Projects approved and under design	24 projects	AED 11bn
Projects approved for construction	18 projects	AED 33bn

Note:
1. Details based on initial feasibilities may vary from final delivery.

Project Management Services continued

ADEL ABDULLA ALBREIKI
CHIEF EXECUTIVE OFFICER OF ALDAR PROJECTS

Aldar Projects saw significant growth during the year driven by the strong ramp-up of projects and notable capital deployment to support the growth of the development fee-based business.

Our continued progress on our strategic priorities has enabled us to achieve a 105% increase in gross profit for the year with a significant total project backlog of AED 41.1 billion which supports revenue visibility going forward. The foundation of our success is built on our expertise, robust business model of delivering operational excellence while focusing on embedding sustainability and smart technology into our projects.

We are emboldened by the strong vote of confidence from the government of Abu Dhabi to develop and execute government housing, community, and infrastructure projects in the Emirate, and the opportunity given to Aldar to contribute to high level strategic discussions on economic development and the future vision for Abu Dhabi and its real estate sector.

Earlier in the year, we were awarded AED 40 billion worth of major projects including Riyadh City, Baniyas North, and developments in the Al Ain and Al Dhafra regions. Together, the projects will deliver approximately 25,000 homes for UAE nationals as well as the associated infrastructure over the next five years. In addition, we were entrusted to provide management oversight of AED 10 billion worth of Musanada's projects in education, healthcare, infrastructure, social services, and facilities management.

Our healthy pipeline of current projects comprises infrastructure projects spanning 22,700 plots across 19 locations, housing projects with 9,650 villas spread across 10 locations, road projects amounting to 445 kilometres between major highways and intersection, and 10 buildings in addition to a 500-kilometre cycle track.

We continue to integrate sustainability through all stages of our projects, from the early stages of design through to procurement and the construction lifecycle. This includes driving operational sustainability initiatives such as the introduction of eco-villa concepts and implementing solar energy sourcing on construction sites. We have also included sustainability elements and criteria into our technical evaluations and supplier contracts.

In addition to sustainability, an integral part of our strategy is our contribution to the UAE In-Country Value Programme, a national initiative to increase employment opportunities for UAE nationals and business opportunities for UAE-based companies. Our focus on sourcing local materials and embedding local sourcing capabilities into government projects enabled us to achieve a significant increase in our ICV score from 57% in 2017 to 72% in 2021. This places us among the 5 highest ICV scores of over 4,000 local entities in the programme. In addition, our reinvestment rate within the ICV programme has risen from 39% to 50% as we further bolster our contributions to making a continued positive impact in our local economy.

We continue to invest in the future, further improving operational excellence to grow our fee-based business and solidify our position as a strategic partner of Abu Dhabi as it continues on its journey to build a vibrant, diversified and sustainable economy.

In addition to developing its own land bank through off-plan residential development and developing assets to lease through the asset management business, the Project Management Services segment also works closely with the government of Abu Dhabi on the development and delivery of large-scale national housing and community infrastructure projects. Aldar works closely with third parties to tender for large scale projects, utilising the Company's development capabilities and procurement know how.

In 2021, pursuant to a governmental decree, Aldar was appointed as the strategic delivery partner for the Government of Abu Dhabi on key public housing and associated infrastructure. As such, Aldar was awarded an initial tranche of capital projects worth more than AED 40 billion across Riyadh City, Baniyas North project and others in Al Ain and Al Dhafra regions, which together include more than 25,000 plots of land and villas for UAE Nationals. Aldar will also have management oversight of Musanada's projects ranging from education, healthcare, infrastructure, social services, and facilities management. Aldar's 'In-Country Value' programme ('ICV') will ensure that most contracts are prioritised towards local contractors, consultants, suppliers (including SMEs) to ensure as much as possible is reinvested into the local economy. During 2021, Aldar recirculated AED 8.8 billion to the local economy through the National In-Country Value Programme.

Projects were transferred to Aldar in Q1 2021 for direct management and oversight of Musanada. As at 31 December 2021, the government capital projects backlog stood at AED 41.1 billion. These Projects are structured as fee-only contracts and are fully funded by the government with no capital contribution by Aldar. We expect the backlog to be replenished on an ongoing basis in-line with announcements of new capital initiatives by the government of Abu Dhabi.

This further builds on the legacy project management business awarded to Aldar in 2019. Aldar was awarded three major development management projects worth AED 5 billion to develop a national housing scheme, a new media and entertainment free-zone on Yas Island and key remaining infrastructure works on Saadiyat Island. The first two projects were based on fixed-price contracts remuneration structure where Aldar will recognise the full revenue and costs associated with the development whilst the infrastructure project will be recognised on a fee-only basis.

Date Awarded	2021	2019
Counterparty	**Abu Dhabi Executive Office**	**Government of Abu Dhabi**
Projects	• Riyadh City, Baniyas North and other • Musanada	• Al Falah housing, media zone, Saadiyat infrastructure
Value (AEDbn)	• AED 40bn+	• AED 5bn
Contract type	• Fee-only contracts	• Fixed-price contracts (Al Falah housing and media zone) • Fee-only (Saadiyat infra)
Fee	• c. 5% (fee-only)	• +10-15% (fixed-price) • c. 5% (fee-only)
Margin	• +70% (fee-only)	• +10-15% (fixed-price) • +80% (fee-only)

Note
1. Differing accounting treatments between fixed-price and fee-only contracts.
   – Fixed-price contracts: full project P&L reflected in financial accounts.
   – Fee-only contracts: only fee income and associated costs reflected in financial accounts.
   – Following ramp-up of projects in 2021, gross profit run-rate projected from 2022 onwards.

FRAMEWORK AGREEMENT WITH THE GOVERNMENT OF ABU DHABI

Contract terms	• Fee-only contracts at c. 5% of project value. • Projects fully funded by government. • No capital outlay or working capital contribution by Aldar. • Agreement is renewable at the end of the term, subject to the achievement of market standard performance criteria.
Sustainability	• Projects support Government of Abu Dhabi's vision of promoting liveability and quality of life in local communities. • Aldar to implement sustainability goals in areas of environmental standards, procurement and worker welfare. • Aldar's 'In-Country Value' (ICV) programme aims to deepen local contractor and consultant base.

FOR A BETTER FUTURE

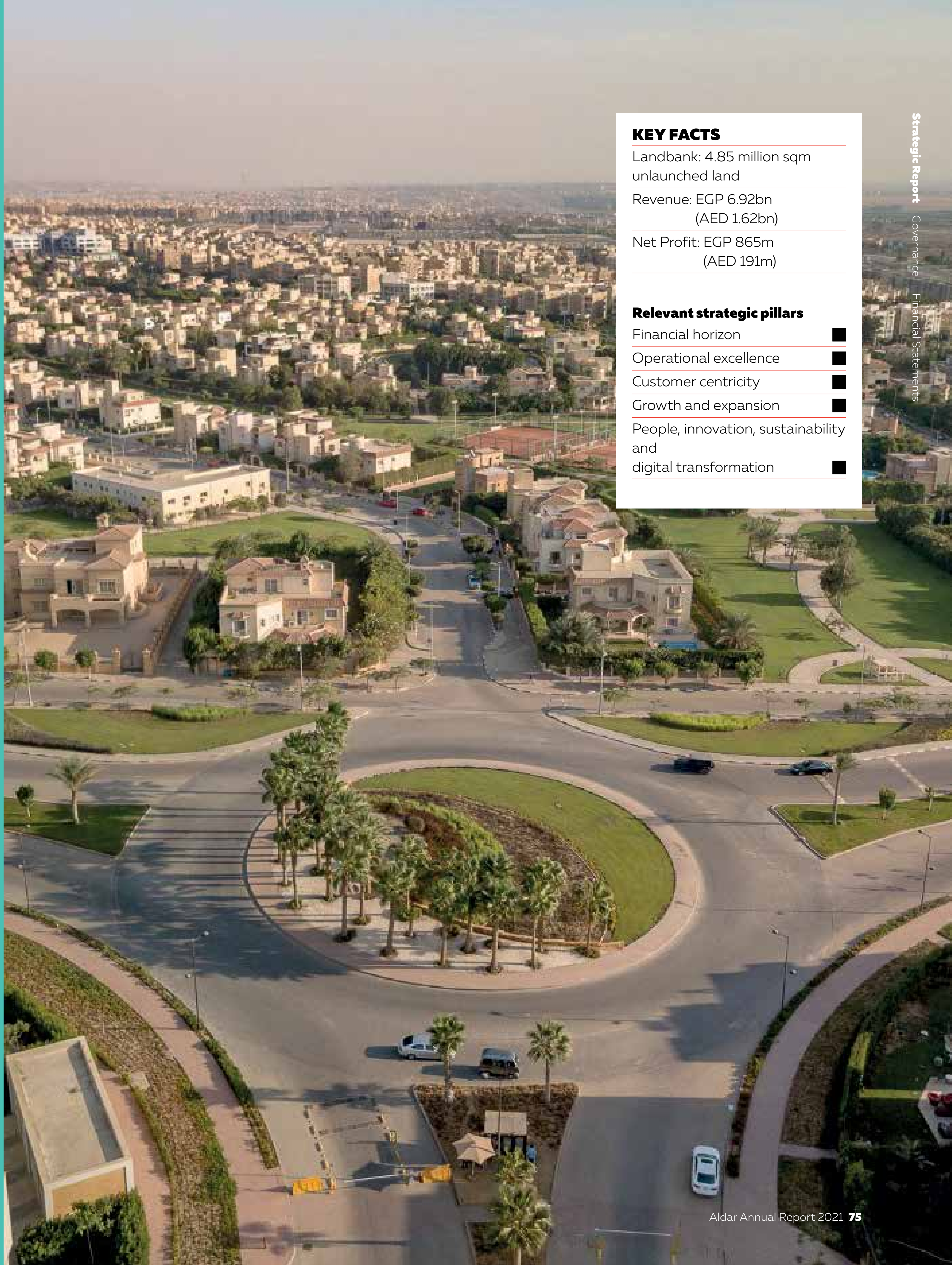
WE COMPLETED OUR FIRST ENTRY INTO AN INTERNATIONAL MARKET BY LEADING A CONSORTIUM IN THE ACQUISITION OF A MAJORITY STAKE IN SODIC, A LEADING REAL ESTATE DEVELOPMENT COMPANY IN EGYPT

The acquisition is part of our overall expansion strategy into other geographical markets.

The business continues to perform well, and through the Aldar-led consortium, we are pursuing our objective to advance SODIC's position as a leading national developer by scale and reputation by growing its portfolio of mixed-use residential communities in Greater Cairo, the North Coast and other major markets.

AED 1.5 billion

Acquisition of SODIC.



KEY FACTS

Landbank: 4.85 million sqm unlaunched land

Revenue: EGP 6.92bn (AED 1.62bn)

Net Profit: EGP 865m (AED 191m)

Relevant strategic pillars

Financial horizon	■
Operational excellence	■
Customer centricity	■
Growth and expansion	■
People, innovation, sustainability and digital transformation	■

FOR A BETTER FUTURE

WE ACHIEVED A RECORD YEAR IN DEVELOPMENT SALES UNDERPINNED BY OUR DEEP UNDERSTANDING OF CUSTOMER NEEDS, THE LOCAL MARKET DYNAMICS, AND OUR PREMIER POSITIONING IN ABU DHABI

Our current development pipeline is 92% sold, including multiple phases of Noya and Yas Acres, Al Gurm and the third phase of Saadiyat Reserve.

With the fourth quarter seeing AED 1.1 billion in sales, this is the sixth consecutive quarter in which we exceeded AED 1 billion in residential sales.

Our high-quality and diverse product mix continue to appeal to an increasingly broad customer base particularly the overseas and resident expats.

AED 7.2 billion

Record yearly development sales.

KEY FACTS

Development sales (FY 2021) – AED 7.2bn

Development sales (Q4 2021) – AED 1.1bn

Revenue backlog – AED 6.0bn

Relevant strategic pillars

Financial horizon	■
Operational excellence	□
Customer centricity	■
Growth and expansion	■
People, innovation, sustainability and digital transformation	□

ALDAR INVESTMENT

ALDAR INVESTMENT STRUCTURE

ALDAR INVESTMENT IS THE COMPANY'S CORE ASSET MANAGEMENT BUSINESS WITH OVER AED 21 BILLION ASSETS UNDER MANAGEMENT. IT IS DIVIDED INTO THE FOLLOWING SEGMENTS:

INVESTMENT PROPERTIES which comprises prime real estate in the retail, residential and commercial segments across Abu Dhabi.

Read more on page 81.

HOSPITALITY AND LEISURE which owns a portfolio of hotel and leisure assets principally located on Yas Island and Saadiyat Island.

Read more on page 89.

ALDAR EDUCATION which is the leading private education provider in Abu Dhabi.

Read more on page 90.

PRINCIPAL INVESTMENTS which includes Provis, the property management business, Khidmah, the facilities management business, and Pivot, a construction services business.

Read more on page 92.

ALDAR INVESTMENT: IN NUMBERS

AED 3.28bn
RECURRING REVENUE[1]

2.0m sqm
GLA

AED 1.72bn
RECURRING NET OPERATING INCOME[1]

3.6 years
PORTFOLIO WAULT (INVESTMENT PROPERTIES)

80
ASSETS ACROSS FOUR SECTORS

93%
OCCUPANCY (INVESTMENT PROPERTIES)

AED +21bn
GAV

38.5%
GROSS DEBT LTV

1. Excludes Pivot

JASSEM BUSAIBE
CHIEF EXECUTIVE OFFICER OF ALDAR INVESTMENT

2021 was a transformational year for Aldar Investment highlighting the robustness of our platform, the strength of our portfolio and established track record of high-quality asset management.

The business produced a solid net operating income of AED 1.72 billion[1], representing an 11% increase from the prior year. Aldar Investment's NOI increased 11% year-on-year to reach AED 1.72 billion, mainly driven by strong performance in the retail portfolio, substantial recovery in the hospitality and leisure business, and increased student enrollments in the education business. The strong retail performance was driven by Yas Mall, with the introduction of new and unique concepts and offerings as part of its successful repositioning and redevelopment. In addition, occupancy at the community retail assets saw an increase of 17% from last year to reach 95%, mainly due to the ramp up in Mamsha Al Saadiyat retail.

Our successful redevelopment of Yas Mall further bolstered the retail segment's performance. In transforming the space and enhancing the consumer experience through the delivery of high-impact retail and F&B offerings, our flagship retail asset achieved near full occupancy. Our commercial portfolio also registered solid performance with steady leasing growth from our tenant base, while our hospitality and leisure business continues to recover on the back of robust demand as tourism gained momentum and travel restrictions continued to ease.

Meanwhile, Aldar Education, as well as our Principal Investments business continue to be significant contributors to our growth. Aldar Education achieved a record increase in enrolments this year, further cementing its position as the leading provider of private education in Abu Dhabi.

We continue to assess opportunities to deploy further capital into new geographies and property types as part of our overarching growth strategy. We have seen this strategy in action through the completion of our first investments in the Ras Al Khaimah market with the acquisition of dominant retail and hospitality assets. These transactions are very much in line with our plans to leverage Aldar Investment's platform to grow, diversify further, and create significant value for our shareholders.

Diversifying our investor base remains a key tenet of our growth strategy and the partnership formed through Apollo's strategic investment in Aldar symbolises a noteworthy step in our next phase of accelerated and transformational growth. The strategic and long-term outlook of Apollo's investment endorses the fundamentals of Abu Dhabi's real estate market as well as Aldar's superior asset management capabilities. As a result of this transaction, we will look to accelerate the growth of our platform through both yield and value accretive investment opportunities and acquisitions.

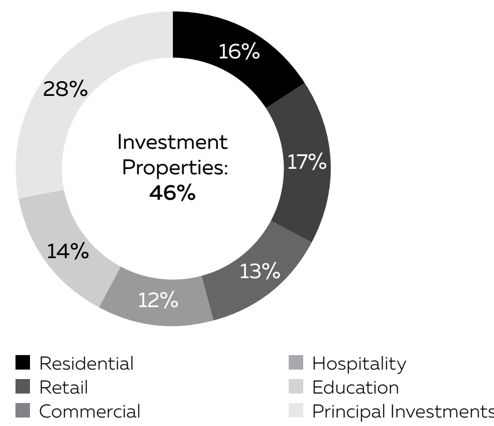
Our AED 21 billion portfolio of prime income-generating property assets will continue to be a key engine of growth and earnings for the Aldar platform as we look to build on our market-leading position as the most efficient platform for real estate ownership in the region. With significant capital to deploy over 2022, our ambitious growth strategy and our best-in-class asset management capabilities, we are strongly placed to deliver significant value across our platform.

1. Excluding Pivot

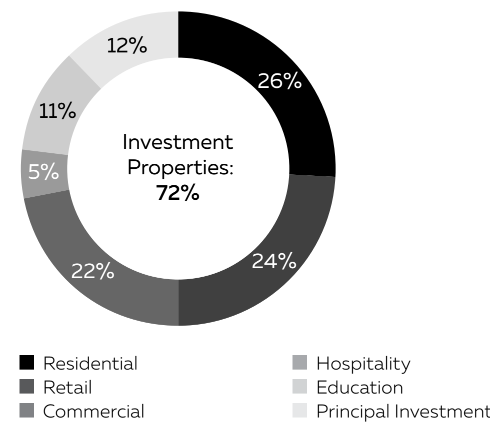
INVESTMENT PROPERTIES

The majority of the investment properties were carved out into Aldar Investment Properties (AIP), an entity established in 2018 as a limited liability company (LLC) and is 100% owned by Aldar Properties PJSC. AIP owns a portfolio of prime retail, residential and commercial assets and is the most efficient platform for real estate ownership in the region. It is a portfolio of diversified income yielding real estate assets located across prime investment zones in Abu Dhabi. AIP has a standalone credit rating of Baa1, one notch higher than the parent's credit rating "Aldar Properties PJSC" of Baa2, and the highest credit rating for a non-government corporate in the region. As a result, Aldar can efficiently raise long-term debt at a lower cost than traditional structures under AIP.

2021 FY REVENUE SPLIT BY SECTOR



2021 FY NOI SPLIT BY SECTOR



RESIDENTIAL
Highlights

851,568 sqm
ACROSS 13 ASSETS (7,295 UNITS)

80% margin
NET OPERATING INCOME

3.4 years
WAULT

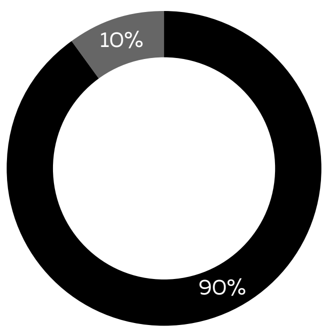
57%
BULK LEASES

AED 471m
NET OPERATING INCOME

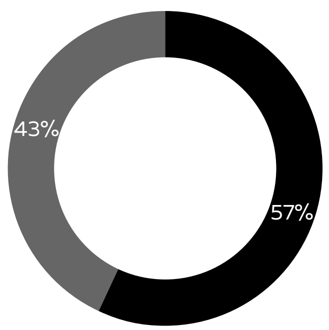
93%
OCCUPANCY

Residential asset breakdown

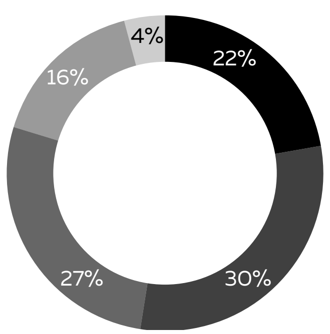
UNIT TYPE



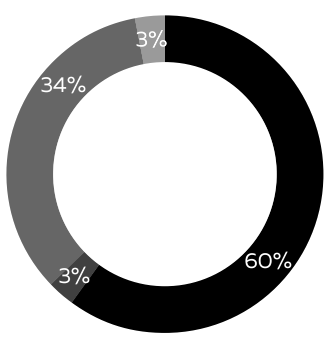
LEASE TYPE SPLIT



UNIT TYPE SPLIT



LOCATION



The residential asset management portfolio includes 7,295 residential units across 13 high-quality developments that have excellent amenities and facilities. All the residential units are located within Abu Dhabi, with a concentration of units positioned between Abu Dhabi mainland and Reem Island.

The residential units appeal to a broad demographic spectrum offering studio apartments to large four and four-plus bedroom villas. In addition to the residential leasing operations, there is a strata monetisation programme, whereby residential units which are in buildings not wholly owned by Aldar are being opportunistically sold. In 2021, Aldar sold 111 units for AED 156 million, at an average 9.8% premium to book value.

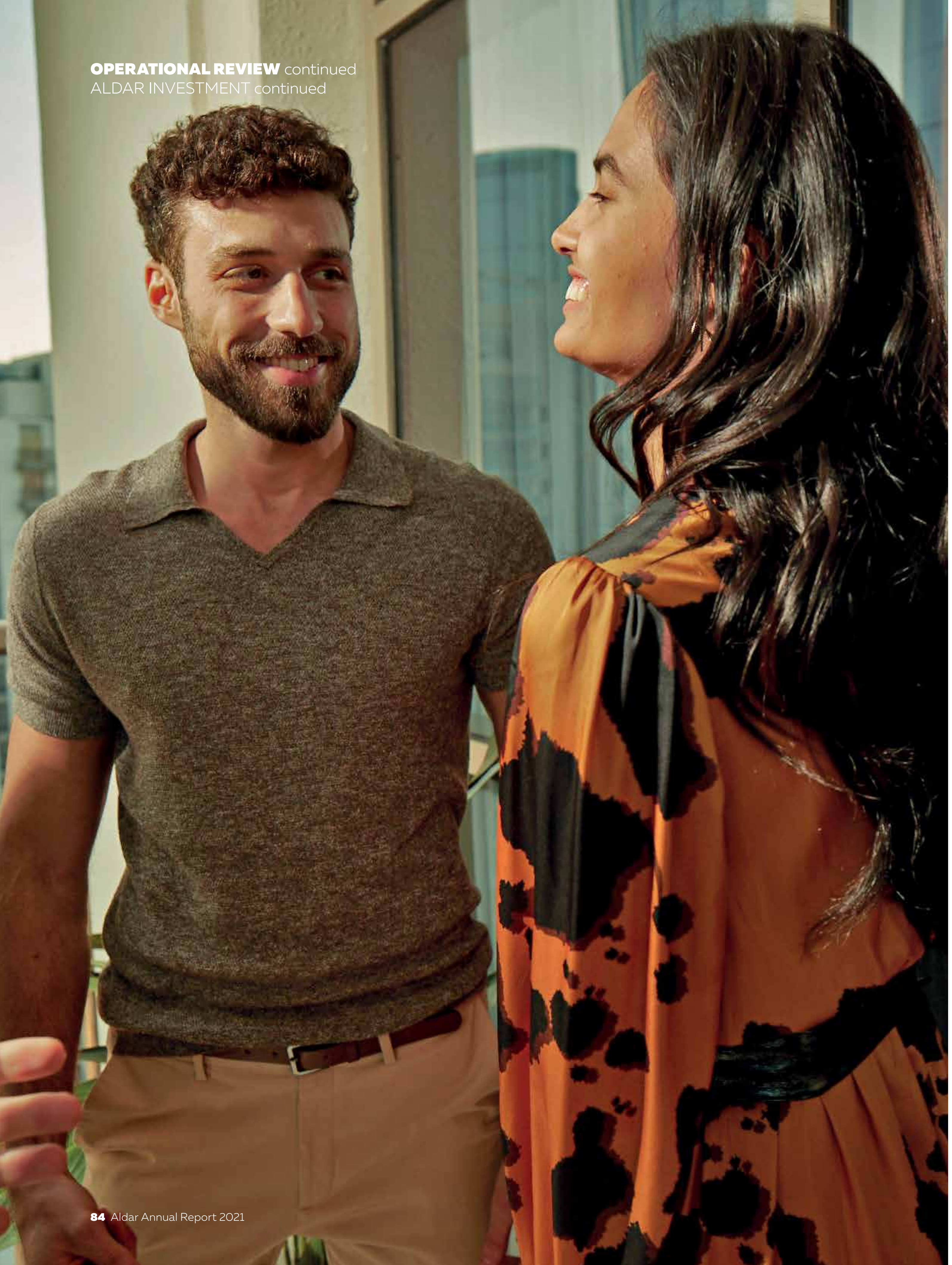
Residential lease terms and duration

WAULT stands at 3.4 years as of 31 December 2021 and is supported by having more than half (57%) of its residential units leased on a bulk, long-term basis. Typical terms for individual tenants are on rolling 12-months leases; for bulk tenants, these leases typically range from three to 30 years.

Top residential tenants

Tenant	% of Rent
Cleveland Clinic Abu Dhabi LLC	13.5%
Etihad Airways	10.5%
Defense Conseil International Services	8.0%
Aldar Academies LLC	5.5%
Aldar Hotels & Hospitality	4.3%

New Projects	Asset type	Overview	Planned completion
Grove Retail	Retail	Grove Retail (part of Saadiyat Grove) is surrounded by three iconic museums offering residents and visitors a dynamic place to visit, explore and shop. Grove Retail will be divided into three districts namely luxury, urban lifestyle and entertainment	H2 2024
Noya British School	Commercial/Education	Noya, Yas Island will be Aldar Education's first affordable segment school to be rolled out under the Aldar Schools umbrella. It has an anticipated capacity of around 2,200 students in grades FS2 to Year 13	Q4 2023
Cranleigh Extension	Commercial/Education	Cranleigh Abu Dhabi to expand across all grades to reach 2,500 capacity – via construction on a new plot to accommodate 920 seats for FS1 to Yr3	Q4 2024
Yasmina Brook 2	Commercial/Education	Yasmina Academy to expand current capacity to cater for c. 4,400 students by 2025	Q4 2025



RETAIL
Retail highlights

491,301 sqm
ACROSS 31 ASSETS

4.0 years
WAULT

68%
NET OPERATING INCOME MARGIN

93%
OCCUPANCY

21m
FOOT FALL

Top retail tenants

Tenant	% of Rent
Dareen International	9.3%
Majid Al Futtaim Group	8.5%
Al Futtaim Group	6.2%
Land Mark Group	5.1%
Allied Enterprises	4.4%

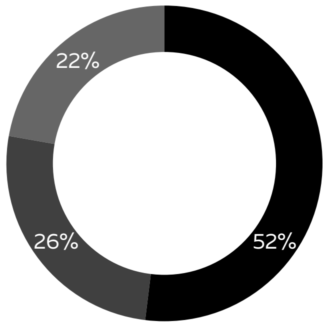
Retail asset breakdown
Aldar's retail portfolio includes 491,301 sqm gross leasable area (GLA) across 31 assets within the Abu Dhabi metropolitan area and Al Ain.

The retail strategy is split between 'community retail', which offers residents key amenities such as supermarkets and restaurants, and 'destination retail', which provides a much broader retail, entertainment and leisure offering.

Community retail predominantly includes on-site convenience retail, based around many of Aldar's residential communities. Destination retail includes Aldar's two largest retail assets, Yas Mall and Al Jimi Mall.

Retail lease terms and duration
WAULT's duration stands at 4 years as of 31 December 2021. Typical lease terms for line shops and anchor tenants range from three-to-five years to seven-to-10 years respectively.

LOCATION SPLIT



Yas Mall
Yas Mall is the flagship asset in the retail and asset management portfolio. Opened in November 2014, Yas Mall is located in the centre of Yas Island, within close proximity to key leisure and entertainment offerings on the island, such as Ferrari World and Warner Bros.

Yas Mall is currently undergoing an AED 500 million renovation intended to repurpose the mall to improve and transform the retail experience and enhance the customer journey. Yas Mall achieved 97% occupancy at the end of December, up 16% from a year earlier, with the introduction of new and unique concepts and offerings as part of the successful mall repositioning and redevelopment. In addition, occupancy at the community retail assets saw an increase of 17% from last year to reach 95%, mainly due to the ramp-up in Mamsha Al Saadiyat retail.

COMMERCIAL
Commercial highlights

318,074 sqm
GLA ACROSS 15 ASSETS

3.4 years
WAULT

84%
GROSS PROFIT MARGINS

71%
LEASES WITH THE GOVERNMENT OF ABU DHABI AND GOVERNMENT-RELATED ENTITIES

93%
OCCUPANCY

Top commercial tenants

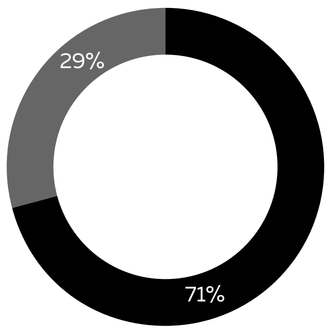
Tenant	% of Rent
Department of Economic Development	16.9%
Department of Municipalities and Transport	8.3%
National Health Insurance Company-Daman-PJSC	7.4%
Mubadala Development Company	6.1%
Digital 14	5.8%

Commercial asset breakdown
Our office portfolio includes 318,074 sqm GLA, predominantly focused on Grade A office spaces within Abu Dhabi Island.

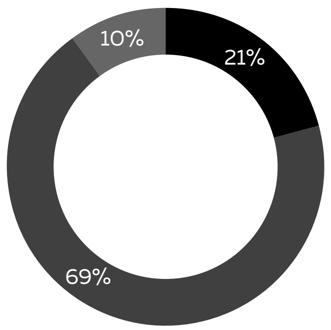
The office portfolio is predominantly leased on a long-term basis to government and government-related entities, which is representative of the Abu Dhabi commercial office tenant market. Aldar's commercial asset portfolio strategy is to maintain high-quality commercial space and build long-term relationships with tenants.

Commercial office lease terms and duration
WAULT stands at 3.4 years as of 31 December 2021. This is supported by the fact that 71% of the commercial space is leased on long term contracts to government and government-related entities. Typical lease structures range from 3 to 5 or 5 to 10 years for small and large entities.

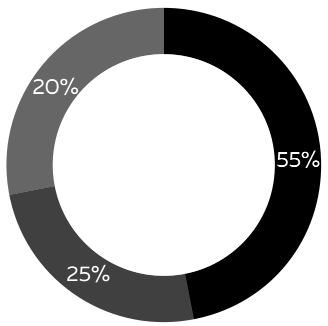
TENANT SPLIT



LOCATION SPLIT



OFFICE TYPE SPLIT



HOSPITALITY & LEISURE
Hospitality & Leisure highlights

2,900
KEYS ACROSS 10 HOTELS

INCLUDING FOUR LEISURE ASSETS THREE GOLF COURSES AND A BEACH CLUB

8.6%
GROSS PROFIT MARGINS

78%
KEYS LOCATED ON YAS ISLAND

55%
OCCUPANCY IN 2021

BOTH W AND YAS PLAZA HOTELS HAVE HOSTED SEVERAL EVENTS: F1 AND UFC

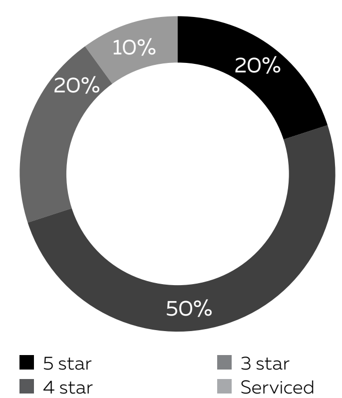
Hospitality asset breakdown
Our hotels' portfolio includes 2,900 keys across 10 hotels and serviced apartments ranging from 3, 4 and 5-stars across Abu Dhabi.

Some 78% of our hotel keys are located on Yas Island. It remains our core strategy to focus on continued activation of the island through major events and promotion, working alongside the relevant partners.

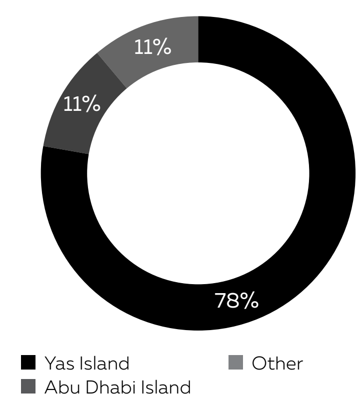
Five hotels are managed by reputable international operators. Five other hotels and serviced apartments on Yas Island are operated through franchise agreements. We have established a hotel management platform with hotel management experts to oversee these franchised run operations.

Hospitality lease terms and duration
Aldar's agreements with its hotel management companies or operators have initial terms ranging from 15 to 20 years. They typically can be extended either at the management company's or operator's option or automatically, subject to notice to terminate.

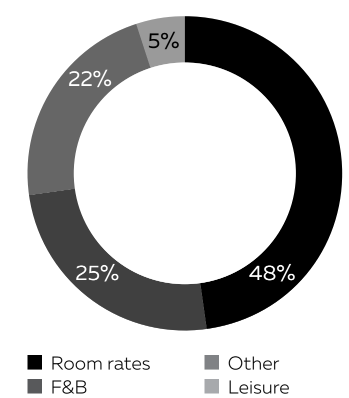
HOTEL TYPE BY KEYS



LOCATION SPLIT BY KEYS



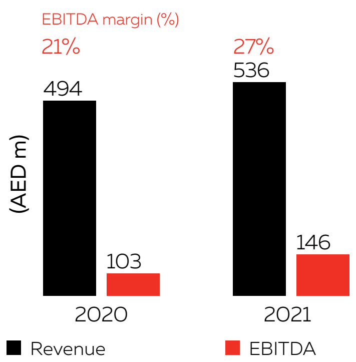
HOSPITALITY REVENUE SPLIT



EDUCATION

Aldar Education LLC is a wholly owned subsidiary of Aldar. It is a leading operator and provider of private education in Abu Dhabi with the largest network of schools, delivering English and American curriculums adapted for the UAE. It operates four ADNOC schools, seven charter schools in addition to eight Aldar Academy schools (including Cranleigh) and a nursery. The division reported a 42% increase in full-year EBITDA to AED 146 million, with fast-growing student enrolments driving 2018-2021 revenue.

Over AED 1 billion committed to investments to diversify its portfolio of schools and increase the number of students to more than 40,000 by the 2024-2025 academic year.



20
SCHOOLS

26k+
STUDENTS ACROSS OUR NETWORK OF SCHOOLS

4
LEADING CURRICULA

3k+
EDUCATORS FROM 100+ NATIONALITIES

50%
OF GRADUATES GO ONTO THE WORLDS TOP 100 UNIVERSITIES

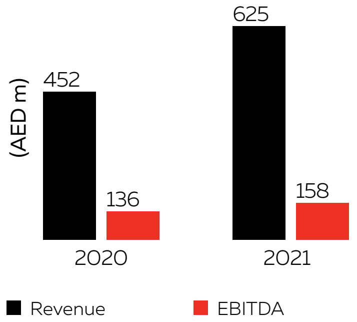
100+
EXTRA CURRICULAR ACTIVITIES

PRINCIPAL INVESTMENTS

Aldar also owns a collection of real estate services businesses under the Principal Investments segment. It includes Provis, the property management business, Khidmah, the facilities management business, and Pivot, a construction services business.

Provis undertakes sales and leasing, property management, consultancy services and valuation advisory amongst others – manages more than 55,000 residential units; 318k sqm of commercial assets and over 490k sqm of retail GLA.

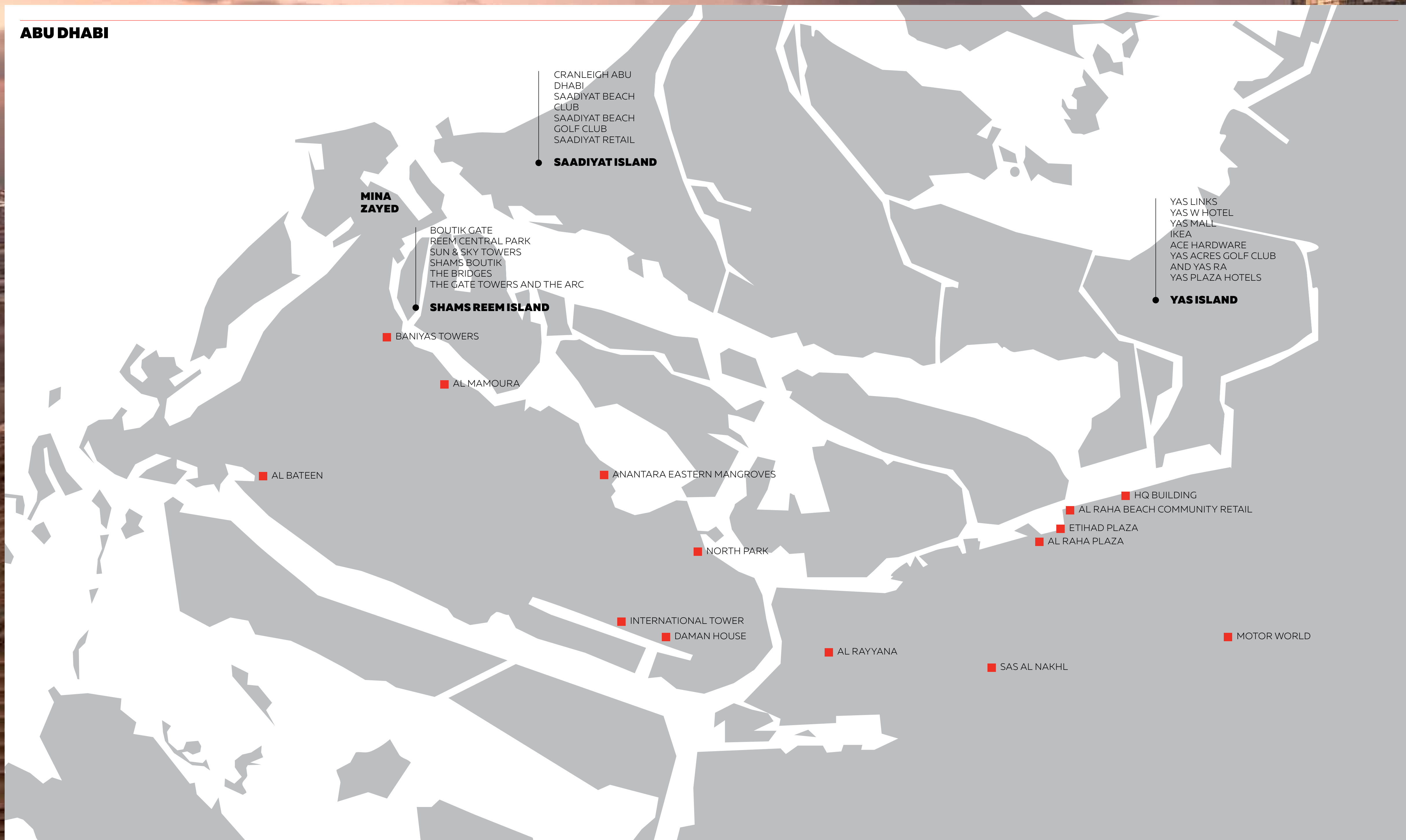
PRINCIPAL INVESTMENTS (EXCL. PIVOT)

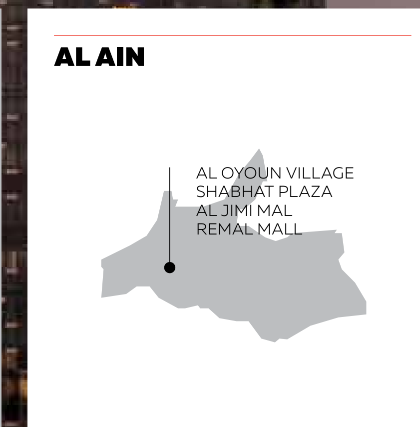


Khidmah is a full-service facility management solutions provider focused on domestic, commercial and retail facility management solutions with over 3,200 team members across the UAE and KSA.

The Principal Investments business enjoyed a 62% like-for-like increase in EBITDA for the year, excluding Pivot, reaching AED 58.0 million. This was largely driven by Aldar's property management company Provis following a significant increase in new contracts.

Aldar has created some of the most iconic development projects and destinations across Abu Dhabi.





KEY FACTS

- 100+ new stores and innovative concepts
- 40% gross leasable area repurposed to create high impact experiential retail, F&B, and office spaces
- 59 tonnes per year – reduction in carbon footprint through energy saving and recycling initiatives

Relevant strategic pillars

- Financial horizon
- Operational excellence
- Customer centricity
- Growth and expansion
- People, innovation, sustainability and digital transformation

FOR A BETTER FUTURE

WE LAUNCHED AN AED 500 MILLION REDEVELOPMENT PROGRAMME FOR YAS MALL, REINFORCING ITS POSITION AS THE CENTREPIECE OF YAS ISLAND

Yas Mall achieved 97% occupancy with the introduction of new and unique concepts and offerings as part of the successful redevelopment programme to improve and transform the retail experience for customers.

The major investment enhanced the entire Yas Mall customer journey and experience at every touchpoint from arrival to departure by redesigning its spaces, integrating innovative retail concepts, and using state-of-the-art technologies.

AED 500 million

Investment into Yas Mall redevelopment programme.

KEY FACTS

Aldar Education currently owns nine schools under Aldar Academies and Cranleigh Abu Dhabi, and manages a further 11 schools.

Student Capacity: 26,000 student enrolments in 2021 with an aim to reach over 40,000 enrolments by Academic Year 24/25.

Relevant strategic pillars

Financial horizon	■
Operational excellence	□
Customer centricity	■
Growth and expansion	■
People, innovation, sustainability and digital transformation	□

FOR A BETTER FUTURE

WE ARE INVESTING AED 1 BILLION INTO ALDAR EDUCATION TO DIVERSIFY OUR PORTFOLIO AND EXPAND ITS OFFERING TO WIDEN THE CHOICE OF QUALITY EDUCATION FOR STUDENTS IN ABU DHABI

Over the next three years, we will be focused on enhancing Aldar Education's offering in three main locations in Abu Dhabi: Khalifa City; Saadiyat Island; and Yas Island.

In Khalifa City, we will acquire Al Shohub Private School, and expand and relocate Al Yasmina Academy. On Yas Island, we will deliver a new school within the Noya community located in Yas North. On Saadiyat Island, we will expand the award-winning and 'outstanding' rated Cranleigh Abu Dhabi, which will increase the school's capacity and facilities to include the latest innovations in immersive learning.

AED 1 billion

Investment into Aldar Education

RISK MANAGEMENT

Aldar has an established Enterprise Risk Management (ERM) function to ensure effective management of all risks that have the potential to hinder the Company from achieving its strategic objectives.

A dedicated ERM team is responsible for helping the Company's business units to identify, assess and put in place control plans for existing and emerging risks. It regularly conducts comprehensive reviews of best practices and benchmarks against other companies in the market with robust ERM activities.

Primarily, a bottom-up approach is used for business unit-specific risks, while enterprise-wide risks rely on a top-down approach.

Each risk is identified and assessed through an impact and likelihood matrix to prioritise its importance. The identified risks with their relevant mitigation plans are escalated to different hierarchical committees according to pre-defined criteria and mandates. The ERM team continuously monitors, liaises and follows up with risk owners for updates and progress on mitigation plans until the risk matches the agreed risk appetite.

Aldar has a Board-approved ERM Charter and Policy & Procedure documents in place, which are periodically reviewed and updated. The meetings of the various mandated committees are convened periodically, which has helped to improve the function across the Company. Aldar's Board and management firmly believe in continuous improvement and will persist to build on this solid foundation to strengthen risk management.

RISK MANAGEMENT PROCEDURE

INITIATE RISK MANAGEMENT EXERCISE
Risk Management Plan

↓

RECEIVE & REVIEW RISKS FROM FUNCTIONS
Departmental Risks
Project Risks
Adjacency Risks

↓

RISK ASSESSMENT AND PRIORITISATION
Likelihood of occurring
Impact on the organisation
Risk Matrix of Impact vs. Likelihood
Risks tolerance appetite (Critical, High, Medium, Low)

↓

ENGAGE WITH RISK OWNERS
Validate the risks with the respective heads
Agree on mitigation plans and time frame

↓

SUBMIT FINAL PRESENTATION TO RMC & MC
Key risks with mitigation plans are presented by risk owners for review and approval

↓

Present critical risks to AC for review and approval

Process
Document
Decision

RMC = Risk Management Committee
MC = Executive Management Committee
AC = Audit Committee

Aldar's Risk Management Framework is highly linked and adapted to its business model, using the widely-accepted COSO enterprise risk management framework as its foundation.

Risks are classified into the following four categories:

- **Strategic:** High-level risks that can have a direct impact on the Company's strategic objectives.
- **Operational:** Risks related to performance, customers, and the effective and efficient use of resources.
- **Financial:** Risks that can have a direct impact on the Company's earnings and cash flow.
- **Reporting & Compliance:** Risks related to the reliability of reporting and compliance with applicable real estate-related laws and regulations.

THREE LEVEL COMMITTEE STRUCTURE

Aldar's ERM Charter specifies three levels of reporting. The business units, through the ERM team, raise the risks and updates to be considered by the Risk Management Committee according to certain defined thresholds. These risks are presented to the Executive Management Committee and thereafter to the Audit Committee in line with risk level hierarchy. The ERM team continuously liaise with the risk owners and periodically report to relevant committees.

The periodic reporting mechanism as per risk level hierarchy is as follows:

LEVEL C	**Critical Risks** Report to Audit Committee
LEVEL B	**High & Critical Risks** Report to Executive Management Committee
LEVEL A	**All Levels of Risks** Report to Risk Management Committee

RISK MANAGEMENT FRAMEWORK

Risk Governance

Board
- Sets the tone and culture towards effective risk management
- Approves ERM framework
- Agrees on the entity's risk appetite

Top-down
Identification, assessment, mitigation and oversight of risk at Company level

Three level committees

Risk Management Committee (RMC)
- Develops Risk Management Framework
- Reviews the presented risks along with relevant assessments and mitigation plans
- Monitors the effectiveness and progress of mitigation plans
- Approves deliverables and recommendations to the MC

Executive Management Committee (MC)
- Reviews high and critical risks
- Evaluates the existing action plans and the proposed mitigation plans
- Assists in identification of principal and emerging risks
- Reviews and endorses internal controls in treatment plans for operational effectiveness
- Makes requisite recommendations to the AC

Audit Committee (AC)
- Reviews critical risks
- Monitors the effective functioning of the RMC
- Provides key highlights to the Board as part of the AC's annual report

↕

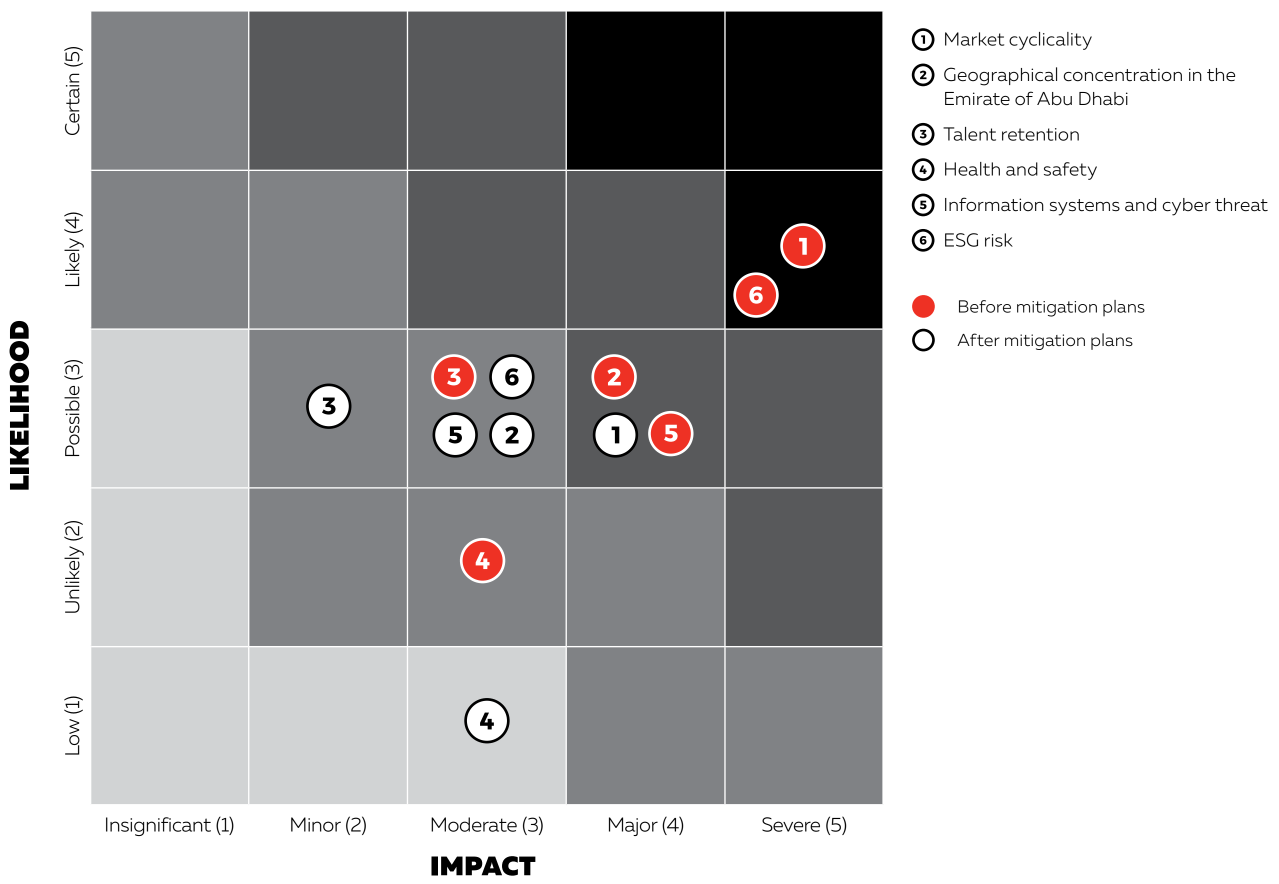
Bottom-up
Identification, assessment and mitigation of risk at a business unit and functional level

Risk ownership

Business units and risk owners
- Identify and assess risks
- Monitor the risks
- Ensure effective and timely mitigation plans

PRINCIPAL RISKS

PRINCIPAL RISKS HEAT MAP



Risk Level	Score	Mitigation Plan Requirement	Recommended Actions
Critical	20 to 25	• Mandatory for all risks	• Treat (Reduce) • Transfer • Terminate
High	10 to 16		
Medium	4 to 9	• Risks rated >8 are assessed on a case-by-case basis • Not mandatory for risks rated <6 as risks can be tolerated	• Tolerate (Accept)
Low	1 to 3	• Not mandatory as risks can be tolerated	

The Risk	Risk Analysis	Treatment Plan
Strategic: High-level risks that can have a direct impact on the Company's strategic objectives.		
1. Market cyclicality NO CHANGE	• Ability for Aldar to effectively respond to local and regional changing market conditions. **Consequences** • Potential negative impact on launching of new developments and performance of asset portfolio. • Potential negative impact on sales revenue, cash flows, asset valuations, debt / capital and credit rating.	The Board mitigates market risk through the review of the Group's strategy on a regular basis and discussions are held to ensure the strategy is still appropriate or if it needs updating. The Company is also actively implementing the risk treatment plan: **Development Projects** • Ensure accurate and appropriate business plans are in place to anticipate customer preferences. • Launch projects in phases to reduce cashflow exposure. • Product diversification. • Enhanced market readiness to capitalise on any opportunity via infrastructure enabled lands. • Expanding fee-based projects portfolio. • Actively pursuing geographical expansion. **Asset Portfolio** • Combined focus on tenant selection and trading performance e.g., proactive leasing, targeted marketing initiatives and asset upgrading. • Full merchandising strategy in retail assets; zoning and category optimisation, sustainable pricing and innovative re-purposing. • Continued focus on corporate deals to provide long term revenue visibility and de-risk residential portfolio revenue streams. • Sustainability initiatives leading to cost saving through energy audit and energy saving initiatives. • Product diversification. • Enhancing customer experience through cross-selling across asset classes and introduction of loyalty programmes.
2. Geographical concentration in the Emirate of Abu Dhabi REDUCED	• Geographical concentration from only operating in Abu Dhabi. **Consequences** • Exposure to Abu Dhabi as a single market will potentially constrain Aldar's ability to grow and achieve its strategic objectives to deliver sustainable returns for shareholders.	The company realises the inherent risk of geographical concentration of operations and is steadily mitigating it by: • Entering joint ventures within the wider UAE and in GCC markets. • Developing regional and international sales and marketing capability to expand investor pool. • Actively pursuing geographical expansion.

PRINCIPAL RISKS continued

The Risk	Risk Analysis	Treatment Plan
Operational: Risks related to performance, customers, and the effective and efficient use of resources.		
3. Talent retention NO CHANGE	• Ability to attract and retain talented pool of employees with the right skills and experience. **Consequences** • Potentially a negative impact on Company's ability to deliver the business plan.	People and Performance strategy and treatment plan encompasses: • Long term incentive programme to assist retention of critical personnel. • Succession planning and career path programmes for high potential personnel. • Organisational wide Employee Satisfaction Survey conducted annually to identify areas for improvements. • Exit interviews to identify critical areas of improvement for People and Performance policy and practices. • Proactively identifying employee's satisfaction parameter by conducting annual survey "Great place to work" to identify potential gaps – accredited Great Place to Work for 2020-2021.
4. Health and safety NO CHANGE	• Serious OSH (Occupational Safety and Health) incident. **Consequences** • Potentially material impact on Company's vision and brand locally and internationally with consequential financial implication due to project delays, civil suit and fines.	The Company has a comprehensive and integrated health and safety strategy and implementation plan: • Aldar Projects has a comprehensive OSH Management System that is implemented on all projects along with specific OSH/EHS project plan. • All PMCs, consultants and principal contractors must register with OSHAD (Abu Dhabi Occupational Safety and Health Centre), comply with Aldar OSH Policy and abide by their standards, conduct Hazard Identification and Risk Assessment to reduce the risk of incident. • Produce monthly OSH statistic to monitor performance and trends across the projects and the portfolio of assets, develop lesson learnt and analyse trends to ensure and promote safest practices. • Proactive integration between QHSE (Quality, Health, Safety & Environment) and project teams for an effective implementation of the OSH monitoring programme, i.e. internal and external OSH audit, committee meeting, OSH meeting and periodic inspections. • Raising staff awareness by conducting trainings and OSH campaigns, updating and communicating the Company's OSH/EHS Management System and regulatory requirements, maintaining legal compliance register, and issuing Occupational Safety and Health alert, Covid-19 prevention and control plan.

The Risk	Risk Analysis	Treatment Plan
Operational: Risks related to performance, customers, and the effective and efficient use of resources.		
5. Information Systems and Cyber Threat NO CHANGE	• System vulnerabilities and control weaknesses are exploited by malicious actors over the internet. **Consequences** • If digital assets are not adequately protected from cyberthreats, it can lead to disruption of business operations, financial losses and loss of reputation.	Information Security & Compliance function continue to assess and strengthen security & compliance readiness of its IT function. The unit undertakes but not limited to below: • Comprehensive information security policies framework to mitigate cyber threats. All policies and IT Risk Management Framework are aligned with CObIT, ISO27001 and NIST. • ISO/IEC 27001 certification which recognises the existence of systems and processes to protect all its corporate and client information assets achieved in 2017 with re-certification in Q4'2020. • Surveillance audit conducted by the Lead Auditors annually. • Robust security architecture and up-to-date security technologies to prevent cyber threats and detect security incidents. Advanced Threat Protection based on artificial intelligence (AI) and machine learning (ML), deployed to detect, and mitigate cyber threats. • Vulnerability management programme in place to identify and mitigate system weakness from hacker's perspective. • Email security controls enhanced further by introduction of security controls based on AI & ML. • User authentication framework strengthened further by implementing multi-factor authentication and tightly mapped to user's device. • Security enhancements undertaken as part of risk assessment to mitigate threats from internal & external threat vectors and to fill any gap, w.r.t. people, process, and technology so that Aldar security posture always remain current & robust. • Access to Data and all information assets strictly based on need-to-know and need-to-have principles. • Information Classification & labelling implemented with all users required to classify their information/data stored in files. • Data leakage prevention technology control deployed to prevent data leakage incidents. • Advanced Threat Protection layer deployed on endpoints and perimeter to detect and mitigate any cyber threats. Specific tools deployed to detect cyber threats and anomalies based on artificial intelligence and machine learning without human intervention. • DNS Security controls in place to proactively identify, block, and mitigate targeted threats that exploit the Domain Name System (DNS). • Security monitoring system, including Data Loss Prevention control, in place to correlate security events and trigger alerts. • 24x7 Security Operation Center to monitor the security alerts. • Organisation-wide mandatory security awareness training programme in place. • Disaster recovery strategy and plan in place, reviewed and tested on regular basis.

PRINCIPAL RISKS continued

The Risk	Risk Analysis	Treatment Plan
Strategic: High-level risks that can have a direct impact on the company's strategic objectives.		
6. ESG Risk	• Ability for Aldar to minimise the impact of its operations on environment while maximising its positive societal influence and conducting business with the highest Governance standards. **Consequences** • Potential negative impact on long term sustainable growth. • Potential loss of trust and engagement of key stakeholders.	Aldar Board and Management mitigate ESG risk by establishing the appropriate governance across the Group, allocating the right level of resources and taking proactive mitigation measures while developing a Group understanding of key ESG risks: **Environmental** • Launching decarbonisation plan aiming to reduce our operational impact. • Launching a portfolio-wide energy management project to reduce its energy consumption by approximately 20% across 80 assets including hotels, schools, commercial, leisure, retail, and residential buildings. • Managing climate-related risks and opportunities by expanding sustainability disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD). • Implemented the first solar hybrid power plant, which contributes to reducing the construction offices energy consumption related emissions by 25%. **Social** • Pledging AED 15 million to Sandooq Al Watan, totalling the investment to AED 150 million overall. • Launching volunteering programme in 2021 where beach and mangrove cleaning and mangrove planting were organised. • Investing in Ma'an's first Social Impact Bond, which aims to enable People of Determination with the skills for employment. • Supporting sustainability awareness development by attending key local events, e.g. Abu Dhabi Sustainable Leadership Awards and Forum 2021. • Aldar also joined the United Nations Global Compact (UNGC), with the aim of further aligning the strategy and initiatives with the United Nations Global Agenda. **Governance** • We developed individual Councils within Aldar Development and Aldar Investment to implement strategy, monitor targets and strengthen governance across each business unit. • Recruiting dedicated Sustainability lead for Aldar Development and Aldar Investment. • Committing to develop specific ESG risk registers and establishing proper governance around ESG issues with accountability at the management and board levels.

BOARD OF DIRECTORS

H.E. MOHAMED KHALIFA AL MUBARAK
CHAIRMAN

H.E. Mohamed Khalifa Al Mubarak is Chairman of Aldar Properties PJSC. Formerly the Chief Executive Officer and Chief Portfolio Management Officer at Aldar, Mr. Al Mubarak has been integral to the development of Aldar's operational businesses, as well as to the organisation's fast-growing sales and leasing, property and asset management, and facilities management units. Before joining Aldar, Mr. Al Mubarak worked with the corporate and investment bank Barclays Capital in London, focusing on investment and finance in the MENA region. He is a member of the Executive Council of the Emirate of Abu Dhabi, and is the Chairman of numerous public and private sector organisations, including the Department of Culture & Tourism of Abu Dhabi, Miral Properties Asset Management LLC, Image Nation & Aldar Academies LLC. He holds a dual specialisation in economics and political science from North Eastern University, USA.

MARIAM SAEED AHMED SAEED GHOBASH
VICE-CHAIRPERSON

Mariam Ghobash is Director of the Global Special Situations Department at the Abu Dhabi Investment Council. Before joining the council, Ms. Ghobash worked as an investment professional in the private equity team at HSBC Middle East.
Ms. Ghobash currently serves as a member of the Board of Directors at Emirates Telecommunications Group Co, Etisalat, ADNOC Distribution PJSC and at the Emirates Development Bank. Previously, she served on the boards of the National Bank of Abu Dhabi, Al Hilal Bank and National Takaful Co, Watania. She holds a BSc in Economics from The Wharton School, University of Pennsylvania, USA. Ms. Ghobash is also a graduate of the General Management Programme at Harvard Business School.

WALEED AHMED ALMOKARRAB AL MUHAIRI
BOARD MEMBER

Waleed Al Muhairi is the Deputy Group CEO of the Mubadala Investment Company and has strategic oversight of the company's broad investment portfolio. He is also the Chief Executive Officer of the alternative investments and infrastructure platform, and leads Mubadala's healthcare, real estate and infrastructure, and capital investment portfolios. Al Muhairi currently serves as Chairman of Cleveland Clinic Abu Dhabi and is a member of the Board of Trustees of Cleveland Clinic in the United States. He is also the Chairman of Waha Capital PJSC and a board member of First Abu Dhabi Bank PJSC, Tamkeen Abu Dhabi Company, Noon.com Company, Investcorp Holding and Hub71 Platform. Mr. Al Muhairi holds a Master's degree in Public Policy from Harvard University, USA, and a BSc in Foreign Service from Georgetown University, USA.

KHALIFA ABDULLA AL ROMAITHI
BOARD MEMBER

Khalifa Al Romaithi is an Executive Director leading the UAE Real Estate sector at Mubadala Investment Company. In his role, Khalifa is responsible for a number of UAE real estate, infrastructure and financial assets, such as First Abu Dhabi Bank, Al Dar, Al Maryah Island and ADGM Square.

Mr. Al Romaithi has 18 years of experience representing Mubadala's interest for a number of its companies, which include the Chairman of the Board of Directors of Emirates Driving School Company PJSC and Director & member of the Investment committee of Gulf Energy Maritime (GEM) PJSC (UAE) and other UAE listed companies.

Khalifa holds a bachelor's degree in Business Administration with a major in Finance from the University of Portland, United States.

MARTIN LEE EDELMAN
BOARD MEMBER

Martin Lee Edelman is an advisor to Grove Real Estate Partners, The Related Companies and Mubadala, the strategic investment arm of the government of Abu Dhabi. He concentrates his practice on large complex international real estate developments as well as corporate mergers and acquisitions transactions.
Mr. Edelman is a board member of Blackstone Mortgage Trust, AMD, Equity Commonwealth Trust, the Jackie Robinson Foundation, the Intrepid Fallen Heroes Fund, the Fisher House Foundation and Tribeca Film Institute and Festival. He holds a BA in Politics from Princeton University and SJD in Law from Columbia University, USA.

ALI SAEED ABDULLA SULAYEM AL FALASI
BOARD MEMBER

Ali Saeed Abdulla Sulayem Al Falasi has been Chief Executive Officer of Hydra Properties since 2009. He previously worked as under-secretary of the operations of the Private Department of Sheikh Zayed Bin Sultan Al Nahyan, supervising all department activities. Mr. Al Falasi is a board member of Risco LLC, Sorouh Real Estate PJSC and The International Commercial Bank, as well as numerous other companies in the industrial, real estate, finance and trading fields. He is a member of the audit committee of the Royal Group. Mr. Al Falasi holds a Master's degree in business administration from the University of Sharjah, a BSc in Production and Operations Management from California State University, USA, and a BA in Accounting from UAE University.

HAMAD SALEM MOHAMED AL AMERI
BOARD MEMBER

Hamad Salem Al Ameri is Vice Chairman and Managing Director of Trojan Holding. He brings significant experience from the construction industry and the fields of business growth and management. Mr. Al Ameri is currently he Vice-Chairperson of the Board of Directors of National Marine Dredging Company PJSC the Managing Director & CEO of Alpha Dhabi Holding PJSC and Member of the Board of Mawarid Holding L.L.C & Arabtec Holding PJSC. Mr. Al Ameri is a graduate of Civil Engineering from the American University in Dubai, and also holds a Master's degree in Business Administration from the Canadian University.

EXECUTIVE MANAGEMENT

TALAL AL DHIYEBI
GROUP CHIEF EXECUTIVE OFFICER, ALDAR PROPERTIES

Talal Al Dhiyebi is the Group Chief Executive Officer at Aldar Properties, having previously held the positions of Chief Development Officer and Executive Director of Asset Management, amongst other senior positions within the group.

He serves on the boards of numerous companies, including Chairman of Aldar Investment, Chairman of Aldar Estates, Chairman of Musanada, Vice-Chairman of Aldar Education, and board member of Miral Asset Management, Abu Dhabi Motorsports Management, Sandooq Al Watan, Abu Dhabi Housing Authority, and Abu Dhabi Chamber of Commerce and Industry.

Talal is a graduate of Electrical Engineering from the University of Melbourne, Australia.

GREG FEWER
CHIEF FINANCIAL & SUSTAINABILITY OFFICER, ALDAR PROPERTIES

Greg Fewer is the Chief Financial and Sustainability Officer at Aldar Properties. He is responsible for a broad remit that covers finance, corporate finance, treasury and sustainability.

Prior to joining Aldar in 2011, Mr Fewer was Deputy Head of Structured Finance & Capital Markets at Mubadala, and an Associate Director at Barclays Investment Bank in London.

Mr Fewer holds a Master of Business Administration from London Business School, UK.

JASSEM SALEH BUSAIBE
CHIEF EXECUTIVE OFFICER, ALDAR INVESTMENT

Jassem Saleh Busaibe is the Chief Executive Officer at Aldar Investment. He has over 15 years of experience in finance and investment, having held a number of high-profile roles at several private and public sector companies in Abu Dhabi. Prior to joining Aldar, he was the Chief Finance Officer at SENAAT and previously served as CEO of Arady Properties.

Mr Busaibe was also formerly Senior Vice President of Private Equities at the Abu Dhabi Investment Company, Invest AD, and spent seven years at the Abu Dhabi Investment Authority (ADIA), where he worked as a Portfolio Manager focusing on European Equities.

Mr Busaibe is a CFA Charter holder and holds an MSc in Finance from London Business School, UK.

BAYAN HASSAN AL HOSANI
PEOPLE, CULTURE & PERFORMANCE EXECUTIVE DIRECTOR, ALDAR PROPERTIES

Bayan Al Hosani is the Executive Director for People, Culture & Performance at Aldar Properties. In her capacity, Al Hosani leads the people experience to ensure a seamless journey for all employees, including clear career development plans. She also supports organisational development, talent acquisition and retention, and performance management. Additionally, Al Hosani spear heads Aldar's Emiratisation strategy, which aligns with government initiatives and the company's vision to be regarded as a great place to work.

Al Hosani joined Aldar in 2005 and has successfully managed strategic merger and acquisition transactions from People, Change and Culture perspectives. She was the first female member of Aldar's Executive Management Committee, and is Vice Chairwoman of Aldar Hotels & Hospitality and a member of the Board of Directors for Aldar Education and Khidmah.

Al Hosani is a Graduate of Business Administration from the Higher Colleges of Technology and is a certified professional from the Chartered Institute of Personnel and Development (CIPD).

EMMA O'BRIEN
GENERAL COUNSEL, ALDAR PROPERTIES

Emma O'Brien is the General Counsel at Aldar, and is responsible for the company's legal and governance affairs.

Emma joined Aldar in 2014, having previously practiced in a number of International law firms, both in UAE/Abu Dhabi and the UK/London. She has advised on a wide range of transactions including mergers and acquisitions, international arbitrations, public private partnerships and major development projects.

Emma is a graduate of the Universities of Birmingham and the West of England in the United Kingdom, and a Solicitor of the Senior Courts of England and Wales.

JONATHAN EMERY
CHIEF EXECUTIVE OFFICER, ALDAR DEVELOPMENT

Jonathan Emery is the Chief Executive Officer at Aldar Development and is responsible for all development activities across the company.

Throughout his 30+ years in the global real estate industry, Jonathan has held senior positions at leading developers including UK Managing Director at Hammerson, Managing Director of Development and Communities at Majid Al Futtaim and most recently at Lendlease, a multinational construction, property and infrastructure company, where he was both CEO of the firm's global residential practice and Managing Director of Property for Europe, and prior to that he was their Managing Director of Development for Australia.

Jonathan is a graduate of Nottingham Trent University in the United Kingdom, and has attended a number of other academic institutions including Henley Management College, Harvard, INSEAD, and has been a visiting professor at Yale University.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED ON DECEMBER 31, 2021

INTRODUCTION

Aldar Properties PJSC (or the Company) is committed to adhering to the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies. The Company annually issues a Corporate Governance Report, which reflects the Company's commitment on the effective efficient application of governance rules, and clearly demonstrates the joint efforts and synergy among the Company's Board of Directors, Executive Management and employees.

The Board of Directors considers that the existence of a strong governance system as one of the cornerstones of the Company's sustainable and long-term growth. The Board is committed to enhance the value of the Company for its shareholders, taking into account the interests of all stakeholders, including employees, suppliers, customers, business partners, as well as the communities in which the company operates.

Shareholders represent the highest levels of governance and the Company's Articles of Association define the framework through which Aldar Properties PJSC shall operate as a public joint stock company. The Company's governance framework takes into consideration the application of the principles and standards set by both the Securities and Commodities Authority and Abu Dhabi Securities Exchange, as well as the Federal Law No. (02) of 2015 on commercial companies, as amended, in order to develop the company's policy, requirements and aspirations.

1. GOVERNANCE APPLICATION IN ALDAR PROPERTIES

The Board of Directors is accountable to the shareholders for ensuring that the Company's objectives are in line with the shareholders' expectations and aspirations. In addition, they are responsible for ensuring the effectiveness of the businesses of the Company's management, with the emphasis that the Company's objectives are consistent with the statutory requirements and the professional codes of conduct defined by both Securities and Commodities Authority and Abu Dhabi Securities Exchange.

The first step in implementing an effective governance system was the preparation and development of the governance framework and ensuring its effective implementation. In the context of constant monitoring efforts to measure the effectiveness of the application of the governance system, the Board of Directors periodically reviews the governance framework and amends its elements (where necessary) to ensure its consistency with the regulatory controls and changing business environment.

The following diagram illustrates the governance framework and the key elements resulting from the application of the Company's governance system:

<table>
<tr><th colspan="3">SECURITIES AND COMMODITIES AUTHORITY AND ABU DHABI SECURITIES EXCHANGE</th></tr>
<tr><td colspan="3">Shareholders</td></tr>
<tr><td rowspan="2">Nomination and Remuneration Committee</td><td rowspan="4">Board of Directors</td><td>Audit, Risk and Compliance Committee</td></tr>
<tr><td rowspan="2">Internal Audit Department</td></tr>
<tr><td rowspan="2">Executive Committee</td></tr>
<tr><td>External Auditor</td></tr>
<tr><td colspan="3">Executive Management</td></tr>
</table>

As indicated above, the application of the governance system involves different levels, including: Board of Directors, Executive Management, and the Internal Control System.

The Board of Directors performs periodic reviews regarding the application of standards and systems of governance in the Company, taking into consideration the legal and regulatory requirements and controls of these systems, and the application of the highest international standards in this field. The following is an overview of the governance elements at the levels of Board of Directors, Executive Management, Internal Control System and Compliance Officer.

1.1 Governance elements related to the Board of Directors

Key elements of the Company's governance at the Board's level include a set of regulations that define the overall framework for the objectives, responsibilities and framework of the Board and its Committees, which elements include the following:

- Charter of the Board of Directors.
- Charter of the Audit, Risk & Compliance Committee.
- Charter of the Nominations & Remuneration Committee.
- Charter of the Executive Committee.
- Code of Business Conduct.
- Delegations of Authority.

1.2 Governance Elements related to the Executive Management

The Executive Management shall implement the Company's strategy and conduct its day-to-day business in accordance with the business plan developed by the Board of Directors. The Executive Management shall have the authority to manage the affairs and business of the Company, taking into consideration the protection of the interests of shareholders, the application of the best international practices and meeting the needs of daily operations practically. In addition to the Delegations of Authority, the key elements of governance at the Executive Management level include a set of regulations that define the overall framework for the objectives, responsibilities and tasks assigned thereto, as follows:

- Charter of the Executive Management Committee.
- Charter of the Tender Committee.
- Charter of the Risks Management Committee.
- Code of Business Conduct.

1.3 Governance elements related to the Internal Control System

The Company's Board of Directors has developed the rules and regulations of the Company's business in such a way that renders all employees fully aware of the importance of the internal control system, contributing to their participation in ensuring the continuity of this system to be highly effective.

The key elements of the internal control system include:

- Development and approval of policies, charters and regulations that regulate the company's activities and works at all department and division levels, in coordination with the company's Centre of Excellence.
- External Auditor and the Internal Audit Department.
- Shareholders of the Company and the General Assembly.
- Company's Social Responsibility.
- Whistleblower Policy.
- Continuous market disclosure.

2. TRANSACTIONS AND TRADINGS OF THE COMPANY'S DIRECTORS AND THEIR FIRST-DEGREE RELATIVES IN THE COMPANY'S SHARES DURING 2021

The Board of Directors (along with all employees and insiders of the Company) firmly believes in the importance and necessity of compliance with the rules and regulations controlling their transactions and tradings in the shares and securities of the Company. In addition to their timely declarations and disclosures based on the adoption of the principles of equal opportunities, they are also prohibited to use any undisclosed internal information for personal interest or to remove a harm that may affect them as a result of any undisclosed material information. This enhances the confidence of investors and shareholders, and encourages them to further consider and study the Company's projects and invest in its shares, assets, current and future projects.

Based on the foregoing, and in the light of the disclosures made by the Board of Directors, the following table shows the shares and securities owned by the Directors and their first-degree relatives (their spouses and children) in the Company's share capital as of December 31, 2021, and the Tradings in the Company's Shares carried out by them during the year 2021:

Name	Position / Relationship	Shares owned as of December 31, 2021 (Share)	Shares owned by first-degree relatives in the capital of the company (Share)	Total Sales Transactions (Share)	Total Purchases Transactions (Share)
H.E. Mohamed Khalifa Al Mubarak	Chairman of the Board of Directors	1,275	–	–	–
Mrs. Mariam Saeed Ahmed Saeed Ghobash	Vice-Chairperson	–	–	–	–
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Member	431,466	–	–	–
Mr. Khalifa Abdulla Khamis Al Romaithi	Member			–	–
Mr. Hamad Salem Mohamed Al Ameri	Member	1,665			–
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Member	211,580		–	–
Mr. Martin Lee Edelman	Member	–	–	–	–

3. BOARD OF DIRECTORS

The role of the Board of Directors is to supervise the Company's business affairs. The Board of Directors is responsible for monitoring the effectiveness of the governance framework, controlling and supervising the management and controls applied in the Company. The Board has delegated some of its authorities to its Committees (Audit, Risk & Compliance Committee, Nomination and Remunerations Committee, Executive Committee), which operate according to the Charters and Regulations.

The Board has also delegated the tasks of the day-to-day management of the Company to the Chief Executive Officer, in accordance with its specific authority in this regard, for a renewable three-year term. These mandates shall be documented in the Delegations of Authority, which in turn is subject to periodic review to ensure balance and suitability between the level of control and the risks management and work requirements within the company with regard to its developments and changes in its activities and operations. A comprehensive and material review was conducted to the Delegations of Authority, which was approved by the Board of Directors at its Meeting No. (05/2018) held on May 14, 2018. In addition, amendments and revisions were conducted to the items on the Delegations of Authority by the Board of Directors and its Executive Committee during the meetings held during 2021 according to the requirements and business interests of the Company.

3.1 Chairman

- H.E. Mohamed Khalifa Al Mubarak undertakes the position of Chairman of the Board of Directors of Aldar Properties PJSC according to the Board of Directors' decision at its Meeting No. (02/2019) held on March 20, 2019, following the process of re-election and formation of the Board of Directors of the Company under the resolution issued by the shareholders in the General Assembly meeting that was held on March 20, 2019., The Chairman of the Board shall be responsible for leading the Board and ensuring that he carries out his responsibilities and duties effectively, and the Chairman of the Board shall be considered a key link between the Board and the Executive Management. He continuously works with the Executive Management of the Company. In particular, the Chairman has the following tasks and responsibilities:
- Ensure that the Board works effectively, fulfils its responsibilities and discusses all key and proper issues on time.
- Develop and approve the agendas of all meetings of the Board of Directors, taking into account any issues which the Directors propose to be included in the agenda.
- Encourage all Directors to fully and effectively participate in order to ensure that the Board acts in a manner that guarantees the achievement of the Company's interests, and to ensure that the members of the Board of Directors perform their duties to achieve the interests of the Company.
- Take appropriate actions to ensure effective communication with shareholders and communicate their views to the Board of Directors.
- Hold periodic meetings with non-executive Board Members without the attendance of the Company's Executives.
- Facilitate the effective contribution of the Board's Members (specially the non-executive Directors), and create constructive relationships between the executive and non-executive members, and to create a culture encouraging the constructive criticism.
- Ensure that the directors receive all required information which is clear, accurate and not misleading, so that they can perform their duties.
- Ensure that the Board is subject to an annual assessment.
- Ensure that the performance of the management team and the directors is assessed at least once a year.
- Ensure that the directors participate in an introduction program upon their appointment.
- Ensure that the directors participate in training programs.
- Ensure that the directors take enough time for consultation and decision making.
- Represent the company before third parties according to the provisions of the Commercial Companies Law and the Company's bylaws.
- Take into consideration any matters raised by the directors or the external auditor, consult the directors and the CEO upon preparation of the Board agenda, and ensure to keep meeting minutes.
- Ensure that the Board and its committees are working appropriately according to the applicable laws and regulations.
- Ensure that the directors obtain an approval from the Board for trading in the Company's shares according to the applicable regulations, laws and policies.
- Ensure that the Board elects a vice-chairperson.
- Ensure that each director receives a conflict-of-interest acknowledgement at each meeting to avoid conflict of interests.
- Ensure that the directors disclose information and acts that be disclosed according to the applicable laws of the financial markets
- Notify the General Assembly during the meeting of the business and contracts in which any director has a direct or indirect interest.
- Support and encourage the corporate governance standards and the code of business conduct at both the Board and company levels.
- Ensure effective communication channels between the shareholders and the stakeholders.

3.2 Board Competencies

The Board prepared a list of the matters that are under its control (along with the duties and obligations stated in the company's Memorandum and Articles of Association, the Federal Law-Decree No. (32) of 2021 concerning the Commercial Companies, as amended, and the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies, which are of strategic nature, highly critical and beyond the authority delegated to the Executive Management of the Company.

These matters include:

- Taking the necessary procedures to ensure compliance with the provisions of the applicable laws, regulations and decisions and the requirements of the regulators.
- Adopting and supervising the implementation of the strategic directions and main objects of the Company, including: (1) developing and regularly reviewing the overall strategy of the Company and main business plans, (2) developing and regularly reviewing the risk management policy, (3) identifying the ideal capital structure, strategy and financial objects of the Company, (4) approving the annual budgets. (5) supervising the Company's main capital expenditures, ownership and disposal of assets, (6) developing KPIs and monitoring the implementation and overall performance of the Company, (7) periodically reviewing and approving the organisational and functional structures of the Company.
- Taking the necessary procedures to ensure efficient internal auditing of the workflow in the Company, including setting a clear policy approved by the Board for implementing the internal audit, and setting detailed written policy and procedures for the internal audit, which determines the duties and responsibilities in accordance with the policy approved by the Board and the general requirements and objectives specified in the applicable laws.
- Establishing an internal audit department to follow-up the compliance with the applicable laws, regulations and decisions and the requirements of the regulators, and the internal policy, regulations and procedures set by the Board.
- Setting written procedures to manage and address conflict of interests for directors, senior executive management members and shareholders, and setting the procedures to be taken in case of abuse of the Company's assets and facilities and misconduct resulting from the dealings with the related parties.
- Ensuring the soundness of the administrative, financial and accounting systems, including the policy related to the preparation of financial reports.
- Ensuring the use of appropriate regulatory systems for risk management by identifying and transparently discussing the risk faced by the Company.

3. BOARD OF DIRECTORS continued

3.2 Board Competencies continued

- Setting a clear delegation of authority in the company, which specifies the authorised persons and their authorities.
- Setting a policy regulating the relationship with stakeholders ensuring the Company's fulfilment of their obligations towards them, preserving their rights, providing them with the necessary information and establishing good relationship with them.
- Setting a code of business conduct for the Company's directors, employees and auditors and persons to whom some of the Company's tasks.
- Setting procedures for implementing the rules of corporate governance, and annually review them and assess the compliance therewith.
- Establishing appropriate development programs for all directors in order to develop and update their knowledge and skills and to ensure their effective participation in the Board, and to ensure the implementation of any training or qualifying programs established by the Authority or the Market.
- Familiarising a newly appointed Board members with all departments and divisions of the Company, and provide them with all information necessary to ensure correct understanding of the Company's business and requirements, full awareness of their responsibilities, all that enables them to do their work to the fullest, according to the Company's requirements and applicable regulations.
- Setting procedures to prevent the insiders in the Company from using the confidential information to make tangible or intangible gains.
- Setting a mechanism to receive shareholders' complaints and proposals including their proposals to add certain subjects in the agenda of the general assembly, in a way that ensures the consideration thereof and taking appropriate decision thereon.
- Adopting criteria for granting incentives, bonus and benefits of the directors and senior executive management members, which helps to achieve the Company's interest, goals and strategic objectives.
- Setting a policy for disclosure and transparency, and monitor the implementation thereof according to the requirements of the regulators.
- Setting a clear policy for distribution of Company profits in a manner that serves the interests of both the shareholders and the Company, and to obtain the necessary approvals thereof in accordance with the legal requirements.
- Ensuring the availability of required resources for achieving the Company's goals.
- Ensuring the protection of shareholder's interests and the Company's assets.
- Ensuring establishment of compliance function to monitor the compliance with the applicable laws, regulations and decisions, as well as the requirements of the regulators, the internal policy and regulations and procedures established by the Board.
- Determining the Company-wide risk appetite including specific targets, or the thresholds, or the indicators related to risk appetite.
- Supervising Company human resources policies.
- Ensuring the accuracy and validity of disclosed data and information according to the applicable policies and regulations in relation to disclosure and transparency.
- Determining and recommending potential new Directors to be nominated and authorised by the shareholders.
- Recommending the remuneration policy of the Board for approval by the shareholders.
- Evaluating the overall performance of the Board and its committees and members and their effectiveness, and to take corrective actions as necessary.
- Ensuring that the Board communicates with the stakeholders through the investor relationship department.
- Forming specialised committees under the Board of Directors in accordance with the decisions that set the duration of these committees, their powers, tasks and responsibilities, as well as the method that the Board of Directors follows in monitoring these committees.
- Evaluating the performance and work of the Board's committees and members.

3.3 Formation of the Board of Directors

The Board of Directors of Aldar Properties currently includes seven Members, namely:

SN	Members	Position
1	H.E. Mohamed Khalifa Al Mubarak	Chairman
2	Mrs. Mariam Saeed Ahmed Ghobash	Vice-Chairperson
3	Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Member
4	Mr. Khalifa Abdulla Khamis Al Romaithi	Member
5	Mr. Hamad Salem Mohamed Al Ameri	Member
6	Mr. Ali Saeed Abdullah Sulayem Al Falasi	Member
7	Mr. Martin Lee Edelman	Member

Notes:
- The current Board of Directors assumed its duties and responsibilities in accordance with the decision issued by the General Assembly meeting of the Company held on March 20, 2019.
- H.E. Mohamed Khalifa Al Mubarak was elected as Chairman by virtue of the Board of Directors' decision at its meeting No. (02/2019) held on March 20, 2019, by secret voting.
- Mrs. Mariam Saeed Ahmed Ghobash was elected as Vice-Chairperson by virtue of the Board of Directors' decision in July 1st, 2020 which has been ratified by the Board at its meeting No. (04/2020) held on August 12, 2020, following the resignation of Mr. Waleed Ahmed Salem Almokarrab Al Muhairi from his position as Vice-Chairperson (he shall continue to hold his position as a member of the Company's Board and related Committees) effective from 01 July 2020.
- Mr. Mansour Mohamed Al Mulla has held position of member of board of directors until February 28, 2021 when he has resigned. Mr. Khalifa Abdulla Khamis Al Romaithi has been as his successor under the resolution adopted by the Board on March 1, 2021 which was approved and ratified by the shareholders' general assembly held on March 24, 2021.

In this regard, it should be noted that the membership of the Board of Directors consisted mostly of the independent members since the establishment of the Company according to the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies, and the Charter of the Board of Directors approved by the Board of Directors.

All Members of the Board are non-executive and independent. The Board has adopted a policy on the independency of Members, under which the independence of each Member is assessed annually, which falls within scope of the responsibilities of the Nominations & Remuneration Committee, according to the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies. Accordingly, the conflict of interests and the emergence of relationships that may arise on independent members, which in turn may lead to a breach of independence, shall be reported and the relevant procedures shall be taken into account if the Board finds any defect or a decline in the capacity of their independence.

The following table shows the classification of the Board's Member (executive / non-executive / independent / non-independent) and the year of appointment for each Member:

Members	Position	Status		Year of Appointment
		Independent	Executive	
H.E. Mohamed Khalifa Al Mubarak	Chairman	Yes	No	2017
Mrs. Mariam Saeed Ahmed Ghobash	Vice-Chairperson	Yes	No	2019
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Member	Yes	No	2016
Mr. Khalifa Abdulla Khamis Al Romaithi	Member	Yes	No	2021
Mr. Hamad Salem Mohamed Al Ameri	Member	Yes	No	2015
Mr. Ali Saeed Abdullah Sulayem Al Falasi	Member	Yes	No	2013
Mr. Martin Lee Edelman	Member	Yes	No	2011

Notes:
- H.E. Mohamed Khalifa Al Mubarak was elected as a Chairman by the Board of Directors at its meeting No. (02/2019) held on March 20, 2019.
- Mrs. Mariam Saeed Ahmed Ghobash was elected as Vice-Chairperson by virtue of the Board of Directors' decision on July 1st, 2020 which has been ratified by the Board at its meeting No. (04/2020) held on August 12, 2020, following the resignation of Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi from his position as Deputy Chairman (he shall continue to hold his position as member of the Company's Board and related Committees) effective from 01 July 2020.

3. BOARD OF DIRECTORS continued

3.4 Membership of the Directors in other Companies and Corporations

The following table shows the membership of the Board's Members in other public bodies and companies, and their current positions in the supervisory, governmental, economic and commercial bodies, as on December 31, 2021:

Member	Company / Body	Position/Job
H.E. Mohamed Khalifa Al Mubarak (Chairman)	Executive Council of Abu Dhabi Emirate	Member of the Executive Council
	Department of Culture & Tourism - Abu Dhabi	Chairman of the Board of Directors
	Miral Properties Management	Chairman of the Board of Directors
	Tourism Development & Investment Company	Chairman of the Board of Directors
	Image Nation Company	Chairman of the Board of Directors
	Al Qattara Investment Company	Member of the Board of Directors
	Media Zone Authority	Member of the Board of Directors
	Al Jazeera Real Estate Investment and Development Co.	Member of the Board of Directors
Mrs. Mariam Saeed Ahmed Ghobash (Vice-Chairperson)	ADNOC Distribution PJSC	Member of the Board of Directors
	Emirates Telecommunications Corporation PSC "Etisalat"	Member of the Board of Directors
	Emirates Development Bank	Member of the Board of Directors
	Zayed University	Member of the Board of Directors
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi (Member)	Mubadala Investment Company PJSC	Deputy Group CEO
	Waha Capital Company PJSC	Chairman of the Board of Directors
	Cleveland Clinic Hospital - Abu Dhabi	Chairman of the Board of Directors
	Cleveland Clinic Hospital – USA	Member of the Board of Trustees
	Global Institute for Disease Elimination: GLIDE	Chairman of the Board of Directors
	Mubadala Healthcare	Chairman of the Board of Directors
	Hub71 Platform	Member of the Board of Directors
	Investcorp Holding	Member of the Board of Directors
	Tamkeen Abu Dhabi Company	Member of the Board of Directors
	Ellipses Pharma Limited	Member of the Board of Directors
	Noon.com Company	Member of the Board of Directors
	First Abu Dhabi Bank	Member of the Board of Directors
Mr. Hamad Salem Mohamed Al Ameri (Member)	Trojan General Contracting L.L.C	Vice-Chairperson and Managing Director
	Alpha Dhabi Holding PJSC	Managing Director & CEO
	Mawarid Holding L.L.C	Member of the Board of Directors
	National Marine Dredging Company PJSC	Vice-Chairperson of the Board of Directors
	Arabtec Holding PJSC	Member of the Board of Directors
Mr. Khalifa Abdulla Khamis Al Romaithi (Member)	Mubadala Investment PJSC	Executive Director – UAE Real Estate
	DEPA Group PLC	Member of the Board of Directors
	Next Decade Company	Member of the Board of Directors
	Abu Dhabi National Takaful Co. PJSC ('Takaful')	Member of the Board of Directors
	Emirates Driving School Company	Chairman of the Board of Directors
	Gulf Energy Maritime	Member of the Board of Directors
Mr. Ali Saeed Abdulla Sulayem Al Falasi (Member)	Resco Company LLC	Member of the Board of Directors
	Hydra Properties L.L.C	Chief Executive Officer
	Emirates Stallions Group (ESG)	Vice-Chairperson of the Board of Directors
	Royal Group	Member of the Audit Committee
Mr. Martin Lee Edelman (Member)	Mubadala Investment Company PJSC	Counsel

Note:
- This information is based on the disclosures made by the Board's Members as on December 31, 2021.

According to the Charter of the Board of Directors, all Members have wide experience in business and management, particularly in the Real Estate Sector. The following table shows the educational qualifications and experiences of the Board's Members:

			Experience Field						
Members	Educational Qualifications	Experience period in the Field of Business and Management (in years)	Real Estate and Constructions	Oil, Energy and Facilities	Banks, Finance and Insurance	Telecommunications	Government and nonprofit, public and other organisations	Healthcare and Pharmaceutical Industries	Media
H.E. Mohamed Khalifa Al Mubarak	• Dual specialisation in Economics and Political Science from North Eastern University, USA.	15+	✔		✔		✔		✔
Mrs. Mariam Saeed Ahmed Ghobash	• Bachelor's degree in Economics from Wharton, from Pennsylvania State University in the United States of America.	14+	✔		✔	✔	✔		
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	• Master of Public Policy with a specialisation in Business Administration and Government from Harvard University, USA. • Bachelor of Science in International Affairs from Georgetown University, USA.	19+	✔	✔	✔	✔	✔	✔	
Mr. Hamad Salem Mohamed Al Ameri	• MBA from the Canadian University. • Bachelor of Civil Engineering from the American University in Dubai (AUD).	17+	✔	✔	✔		✔		
Mr. Khalifa Abdulla Khamis Al Romaithi	• Bachelor in Business Administration with a major in Finance from the University of Portland – USA	19+	✔	✔	✔		✔		
Mr. Ali Saeed Abdullah Sulayem Al Falasi	• MBA from the University of Sharjah. • Bachelor of Science – Production and Operations Management from the California State University. • Bachelor of - Accounting from UAE University	26+	✔		✔		✔		
Mr. Martin Lee Edelman	• PhD in Legal Science from Columbia University, USA. • Bachelor in Political Science from the Princeton University.	48+	✔				✔		

3.5 Women Representation in the Board of Directors during 2021

In its current formation, the Board of Directors includes one woman (one member), which is equivalent to 14.28% of the composition of the Board of Directors represented in the joining of Mrs. Mariam Saeed Ahmed Ghobash to the Company's Board of Directors, through the process and procedures for re-election and formation of the Company's Board of Directors in accordance with the decision issued by the company's shareholders at the General Assembly held on March 20, 2019.

3.6 Orientation Program

The new Directors are subject to an orientation program, during which their rights, duties and responsibilities are defined as Directors. The new Directors joined this orientation program, which aims to obtain comprehensive information from the Management and to conduct field visits to the Company's sites. In addition, the Company has provided all tools and means of communication that would provide the Directors with comprehensive information regarding the Company and its activities, so that the Directors can properly perform their responsibilities, as well as provide them with the latest developments communicated by the Executive Management during the Board's meetings. The Directors also receive periodic information from specialists inside and outside the Company regarding major business, sector developments and core issues associated with their functions as Directors.

3.7 Eligibility to obtain an Independent Consultations

According to the Charter of the Board of Directors, each Director shall be entitled to seek an independent external consultation based on non-conflict of interests after consultation with the Board or its Committees. The cost of such external consultations shall be borne by the Company as determined by the Board or its Committees.

3. BOARD OF DIRECTORS continued

3.8 Remunerations of the Directors and Allowances of Attendance at the Meetings of the Board and its Committees

Article (28) of the Articles of Association of Aldar Properties provides that:

The remunerations of the Directors shall be a percentage of the net profit of the Company, provided that it shall not exceed 10% of such profits for the fiscal year. The Company may pay additional expenses, fees or remunerations or monthly salary determined by the Board of Directors to any of its members if such Member works in any Committee, makes special efforts or performs additional works to serve the Company above his normal duties as a director.

Fines imposed on the Company due to violations by the Board of Directors of the Law or the Company's Articles of Association during the ended fiscal year shall be deducted from the remunerations of the Board. The General Assembly may not deduct such fines if it knew that such fines were not resulting from a default or omission by the Board of Directors."

Article (48) of the Articles of Association defines the distribution method of net profits. The net annual profits of the Company are distributed after deduction of all general expenses and other costs as follows:

- Ten percent (10%) shall be deducted and allocated to the legal reserve. This deduction shall be stopped when the total reserve amounts to 50% of the Company's paid-up capital. If the reserve decreased, the deduction shall be resumed. The legal reserve may not be distributed to the shareholders. If the reserve exceeded 50% of the Company's paid-up capital, such excess may be used to distribute profits to the shareholders in the years when the Company does not achieve net profits enough for distribution.
- The General Assembly shall determine the percentage of the net profit to be distributed to the shareholders after deduction of the legal reserve, provided that if the net profits in a year are not enough for distribution, such profits may not be claimed from profits of subsequent years.
- The Directors shall receive a remuneration to be determined by the General Assembly annually, provided that such remunerations shall not exceed 10% of the net profit of the financial year ended after deducting both depreciation and legal reserve.
- The remainder of the net profit or any part thereof shall be distributed to the shareholders, carried out to the next year or allocated for the establishment of an optional reserve as determined by the Board.
- The Company may distribute annual, semi-annual or quarterly profits to the shareholders in accordance with the policy and/or decisions of profit distributions proposed by the Board of Directors and approved by the General Assembly.

- **Total Remunerations of the Members of the Board of Directors for the year 2020**
  Based on the decision issued by the General Assembly of the company at its meeting held on March 24, 2021, the total remuneration received by the members of the Company's Board of Directors for the fiscal year ending on December 31, 2020 amounted to AED 20,700,000.00 (Twenty Million Seven Hundred Thousand Dirhams). This amount includes the fees for attending the meetings of the committees emanating from the Board of Directors during the year 2020.

Total proposed remunerations of the Directors for 2021

It has not been determined yet and the report shall be updated as soon as such remuneration is determined and approved by the shareholders in the General Assembly to be held in April 2022.

Allowances of Attendance at the Meetings of the Board and its Committees for 2021

No allowances or remunerations have been released to the members of boards against attendance of the Board's Meeting during 2021. With relation to the allowances for attending the Board Committees' meetings, the following table indicates the allowances received by the Members of Board against their attendance of the Board Committees' Meetings during 2021 totalling AED 975,000.00 (AED Nine Hundred and Seventy-Five Thousand):

	Allowances of Attendance at the Meetings of the Board Committees for 2021		
Name	Committee Name	Number of Meetings	Allowance Value
H.E. Mohamed Khalifa Al Mubarak	–	–	0.00
Mrs. Mariam Saeed Ahmed Ghobash	Executive Committee	9	100,000.00
	Nominations & Remuneration Committee	2	50,000.00
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Executive Committee	9	200,000.00
Mr. Hamad Salem Mohamed Al Ameri	Executive Committee	8	100,000.00
	Audit, Risk Management & Compliance Committee	6	100,000.00
Mr. Khalifa Abdulla Al Romaithi	Audit, Risk Management & Compliance Committee	4	100,000.00
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Audit, Risk Management & Compliance Committee	7	200,000.00
	Nominations & Remuneration Committee	1	25,000.00
Mr. Martin Lee Edelman	Nominations & Remuneration Committee	2	100,000.00
Total			**975,000.00**

- **Allowances, salaries or additional fees that a member of the Board has received other than the committees' attendance allowances and their reasons during the year 2021**
  The Directors did not receive any additional allowances or salaries during the year 2021.

3.9 Meetings of the Board of Directors

The Board held five (5) meetings during 2021 to discuss strategic and operational matters related to the Company and to take the necessary decisions thereon. The following table shows the dates of holding these meetings:

Meeting	Date Held
01/2021	14 January 2021
02/2021	12 May 2021
03/2021	11 August 2021
04/2021	03 November 2021
05/2021	15 December 2021

Note:

- In addition to the Board's meetings, the Executive Committee held nine (9) meetings during 2021 to discuss the strategic and operational matters and to submit recommendation thereon to the Board (See clause 6.3 for more information on the Executive Committee). In addition, some decisions were passed by the Board by circulation (see clause 3.10 which explains that).

Attendance of the above-mentioned meetings was as follows:

Director	Meeting 01/2021	Meeting 02/2021	Meeting 03/2021	Meeting 04/2021	Meeting 05/2021	No. of Personal Attendances
H.E. Mohamed Khalifa Al Mubarak	✔	✔	✔	✔	✔	5
Mrs. Mariam Saeed Ahmed Ghobash	✔	✔	✔	✔	✔	5
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	✔	✔	✔	✔	✔	5
Mr. Khalifa Abdulla Khamis Al Romaithi	–	✔	✔	✔	✔	4
Mr. Hamad Salem Mohamed Al Ameri	✔	✔	✔	✔	✔	5
Mr. Ali Saeed Abdulla Al Falasi	✔	✔	✔	✔	✔	5
Mr. Martin Lee Edelman	✔	✔	✔	✔	–	4

Notes:

- Mr. Mansour Mohamed Al Mulla has attended the Board of Directors' meeting No. (01/2021) held on 14 February 2021 wherein he was a director at such time, and then he resigned as a director with effective from 28 February 2021.
- Mr. Khalifa Abdulla Al Romaithi did not attend the Board of Directors' meeting No. (01/2021) held on 14 February 2021 wherein he was not a director at such time.
- The attendance of the Directors at these meetings is represented according to this table by their personal attendance, using the modern means/ visual communication (Microsoft Teams App.).

3. BOARD OF DIRECTORS continued

3.10 Resolutions passed by circulation

During 2021, the Board of Directors passed six (6) resolutions by circulation, taking into consideration the relevant controls stipulated in Article (24) of the Company's Articles of Association and the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies. where:

- The majority of the Board of Directors agreed that the cases for which the resolutions were passed are considered emergency.
- The Directors have been given the resolutions in writing, with all necessary documents, for review and approval.
- The resolutions passed by the Board were approved in writing by majority, and were presented at the next meeting of the Board to be included in the minutes of such meeting.
- The passed resolutions by circulation shall not be considered as a meeting of the Board of Directors. Therefore, the minimum number of the Board's meetings specified in the Company's Articles of Associations has been complied with (see clause 3.9 which explains that).

3.11 Business Transactions with related Parties

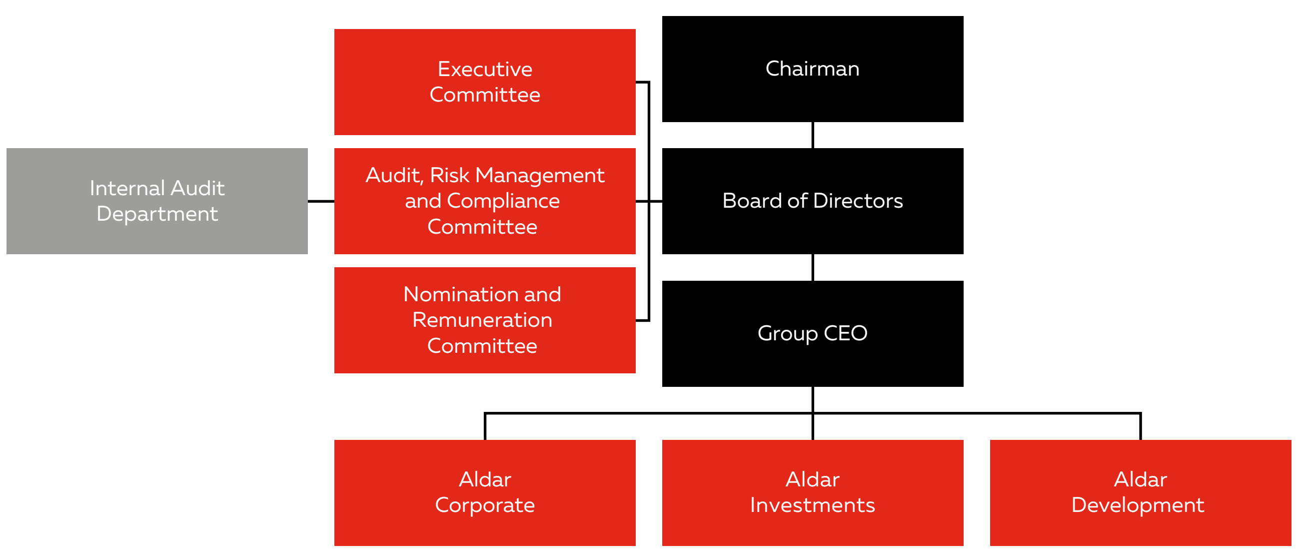
The following table shows the transactions done with related Parties during 2021:

Related Party	Nature (Type) of the Transaction	Transaction Value (in AED Thousand)
Government of Abu Dhabi	Revenue	1,757,829
Government of Abu Dhabi	Other income	10,913
Finance income from project finance	Finance income	8,725
Major shareholder I and its affiliates	Revenue	30,807
Major shareholder I and its affiliates	Other income	9,203
Finance income from joint ventures	Finance income	7,553
Banks controlled by the Government	Finance costs	51,140
Banks controlled by the Government	Finance income	5,206

4. ORGANISATIONAL STRUCTURE AND EXECUTIVE MANAGEMENT

4.1 Organisational Structure of the Company

Since its inception, Aldar Properties has been developing and implementing an efficient and effective organisational structure at all department and division levels in order to ensure a high-level of coordination and management interaction, and to ensure a high-level of disclosure, transparency and interaction with markets, which is reviewed continuously by the relevant Committees. The following diagram represents the Company's Organisational Structure:



4.2 Executive Management Team

The Executive Management Team (which includes the Chief Executive Officer and Executive Officers of its departments and divisions) work according to their authorities specified by the Board of Directors, and within the approved strategic plan. They are responsible for managing the day-to-day operations of the Company and key business issues, in line with the strategic plan framework of the Company. The Chief Executive Officer periodically meets with the Executive Management Team directly. It should be noted that in the absence of the Chief Executive Officer for any reason, the Executive Management Committee shall continue all operations and activities of the Company, as this committee holds its meetings weekly.

The following table shows the Members of the Executive Management Team, their appointment dates, salaries and Remunerations they received during 2021:

Position	Date of Appointment	Total Salaries and Allowances during 2021 (AED)	Annual Bonus during 2021 (AED)	Vesting of previous years RSUs during 2021 (in AED) (B)		Any Other Remunerations in cash for 2021 or will be payable in the future
				Employee Contribution	Company Match	
Group Chief Executive Officer	April 15, 2006 (A)	2,721,364.00	5,842,340.00	2,650,327.00	2,650,327.00	See Note (C)
Group Chief Financial & Sustainability Officer	November 1, 2011	2,225,292.00	1,789,096.00	1,372,112.00	1,372,112.00	See Note (C)
Chief Executive Officer - Aldar Investments	April 17, 2016	2,270,952.00	1,306,896.00	1,178,885.00	1,178,885.00	See Note (C)
Chief Executive Officer – Aldar Development	November 01, 2020	2,490,600.00	1,632,708.00	0.00	0.00	See Note (C)

Notes:
(A) The Chief Executive Officer occupied his position as from November 12, 2017 according to the Board of Directors' decision at its meeting No. (06/2017) held on November 12, 2017, as he was the Chief Development Officer of the Company until that date.
(B) The amounts in AED are combined figures based on the 30% individual contribution plus 30% company contribution as per the Long-term incentive plan vesting criteria.
(C) The eligible Executive Management Team members are part of a Long-term incentive plan, were applicable RSUs will vest over a period of five years as follows and as per the adherence to LTI policy requirements and conditions of vesting:
For the year 2021, the members have been awarded a total amount of AED 9m which will translate into an RSU in the next 90 days as per the following: Group Chief Executive Officer: AED 2.5m employee contribution plus AED 2.5m company match; Group Chief Financial & Sustainability Officer: AED 0.75m employee contribution plus AED 0.75m company match; Chief Executive Officer - Aldar Investments: AED 0.55m employee contribution plus AED 0.55m company match; Chief Executive Officer - Aldar Development: AED 0.7m employee contribution plus AED 0.7m company match.

4.3 Responsibilities and Authorities of the Executive Management

The Chief Executive Officer has the authority to act within the framework of the operational plan and the budget of operating income and expenses discussed and approved by the Board, according to the authorities granted thereto under the Delegations of Authority. The Chief Executive Officer may delegate some of his duties to the Executive Management Team, according to the current policies of the Board, Delegations of Authority and legal requirements which determine the powers of such delegation. The validity of responsibilities and duties vested in the Chief Executive Officer is three (3) renewable years.

4. ORGANISATIONAL STRUCTURE AND EXECUTIVE MANAGEMENT continued

4.3 Responsibilities and Authorities of the Executive Management continued

Following are the duties and responsibilities assigned by the Board of Directors to the Chief Executive Officer and the Executive Management Members:

A. Leadership, Business Strategy and Management

- Providing integrated management of the Company, including the provision of adequate and comprehensive information about the Company to customers, suppliers, shareholders, financial institutions, employees and media.
- Development of the Company's projects and operations, taking into account the responsibilities of the Company towards its shareholders, customers and employees.
- Putting recommendations to the Board of Directors on the development of performance strategies, operations and day-to-day management.
- Management of the Company in line with the strategies, business plans and policies approved by the Board of Directors.
- Management of operations and daily affairs, taking into consideration the matters on which the Board of Directors reserves the right to decide.
- Ensuring coordination and integration between the Company's divisions and departments, and establishment of institutional culture, Code of Business Conduct, and integrity in the Company, including the matters related to its bids, contracts and other practices.
- Periodic review of the organisational structure of the Company, and making the necessary amendments in this regard.
- Directing the Members of the Executive Management in their daily management tasks, and supervise their performance.
- Consulting the Board of Directors in matters of strategic or sensitive nature, or which are essential matters, to draw the Board's attention to it and take the necessary decisions.

B. Risk Management and Internal Control

- Ensuring compliance by the employees with the Code of Business Conduct.
- Risk management.
- Effective application and management of all essential aspects of risk management, Internal Control and compliance, to support policies adopted by the Board of Directors.
- Compliance with the legislative and legal requirements of the Securities and Commodities Authority, Abu Dhabi Securities Exchange, and Federal Law-Decree No. (32) of 2021 on commercial companies, as amended.

C. Financial Supervision and Assets Management

- Studying the efficiency and cost effectiveness of all operations of the Company.
- Ensuring the integrity of data, records and financial system.
- Protecting funds and assets managed by the Company, and ensuring the efficient utilisation thereof.
- Ensuring the credibility, accuracy and reliability of financial and administrative information related to the Company's activity.
- Development of annual financial statement for approval by the Board of Directors.
- Ensuring that the financial reports of the Company reflect a true and fair financial position of the Company and the results of its businesses and operations.
- Verification of all investments and major expenditure of the Company's capital, and development of appropriate proposals and recommendations thereon and submission thereof to the Audit, Risk & Compliance Committee, the Executive Committee and/or the Board of Directors for approval.

In addition, the Board of Directors instructed to form a number of management committees, which include a number of Members of the Executive Management Team. The Board has delegated to them a set of authorities and powers that will support and enhance the Executive Management functions, which positively reflects on the daily activities and operations of the Company. Each of these committees shall be subject to a special charter specifying their members and the way of their appointment, their powers, responsibilities, function, the mechanism of action, reporting and periodic performance assessment, etc. Such charters are periodically reviewed by the Board of Directors to ensure the efficiency and effectiveness of these committees. The Board of Directors conducted a comprehensive review of all the charters of these committees at its meeting No. (07/2018) held on November 14, 2018. These committees are as follows:

- **Executive Management Committee:** chaired by the Chief Executive Officer, and includes in its membership a number of the Members of Executive Management Team. The meetings of the Committee are held on a weekly basis and when necessary. This committee is specialised in ensuring that the Company's practices, business and operational activities comply with the charters and policies adopted by the Board of Directors, and that they are exercised and carried out in a manner that ensures the interest of the related parties, including customers, shareholders, investors, suppliers, employees, etc. In addition, it reviews and follows-up the performance of various divisions, ensures the achievement of key performance indicators and issues the necessary recommendations to the Board and/or its Committees, where necessary, according to the Delegations of Authority, with regard to the framework of governance, Delegations of Authority, policies and procedures of the Company, work plan, the Company's vision, values, objectives, strategy, initiatives and key performance indicators, business environment plans, as well as the Company's needs of human resources and benefits, allowances and incentives granted thereto, in addition to the investment control process adopted by the Company and issues, recommendations and opportunities related thereto, acquisitions and available investment opportunities, matters related to the subsidiaries and joint projects, and other competencies delegated to the Committee from time to time as per the business requirements.

- **Tenders Committee:** It is divided into two committees as follows:
  - **Tenders Committee (A):** chaired by the Chief Executive Officer, and includes in its membership a number of the Members of the Executive Management Team. The meetings of the Committee are held on a weekly basis and when necessary.
  - **Tender Committee (B)** is chaired by the Executive Director of Human Resources, Culture and Performance, and it includes in its membership a number of the executive management team, heads of departments and divisions of the company, and the committee holds its meetings on a weekly basis and when necessary.

These committees specialise in following up and considering the activities and practices related to contracts and procurement management and lists of service providers and bidders, making the necessary recommendations regarding the awarding of tenders and commissioning works related to the management of development projects, management of assets and contracts, according to the limits, controls and standards established in the Delegations of Authority, charters and other competencies delegated thereto from time to time as per the business requirements.

- **Investment Committee:** chaired by the Chief Executive Officer, and includes in its membership a number of the Members of the Executive Management Team. The meetings of the Committee are held on a weekly basis and when necessary. This committee specialises in the review, approval and/or recommendation (according to the Delegations of Authority) on issues related to the investment control, opportunities and strategic investments of the Company, liquidity issues, and other competencies delegated to the Committee from time to time as per the business requirements.
- **Risk Management Committee:** chaired by the Chief Executive Officer, and it includes in its membership a number of the Members of the company's Executive Management Team. The meetings of the Committee are held quarterly and when necessary (see clause 9.0 of this Report for more information on the task and competencies of this Committee).

Members of these committees acknowledge responsibility for reviewing their work mechanisms and ensuring their effectiveness.

5. EXTERNAL AUDITOR

Deloitte & Touche was appointed as an external auditor of Aldar Properties for the fiscal year ending on December 31, 2021 under a resolution issued by the Ordinary General Assembly of the Company at its meeting held on March 24, 2021. Deloitte & Touche is considered as one of the leading external audit firms with extensive experience in the field of audit. It is accredited by the Ministry of Economy and operates independently from the Board of Directors and the Executive Management of the Company. Deloitte & Touche has offices in Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah and Fujairah.

The following table shows the services provided by the External Auditor during 2021 and the fees charged for these services:

Name of Audit Firm	Deloitte & Touche
Name of Partner Auditor	George Najem
Number of years spent as an external auditor of the Company	Three Years
Number of years spent by the Partner Auditor in auditing the Company's Accounts	Three Years
Total audit fees for the financial statements for the year ended on December 31, 2021 (AED)	720,000.00

Other services provided by the External Auditor during 2021 and fees charged therefore

Service	Amount (AED)
Accounting & Financial Advisory	277,920
Other Professional Services	143,320
Total	**421,240**

In addition, during 2021, Aldar Properties received financial and accounting consultation services conducted by an external auditor other than the appointed external auditor, as follows:

Company		Amount (AED)
1	Ernst & Young	991,320
2	Ardent	99,360
3	CBRE	517,500
4	JLL	730,000
5	Meralis	69,286
6	KPMG	2,472,553
7	PWC	1,913,508
8	P3	1,884,500
Total		**8,813,028**

The Company's auditor did not submit any reservations regarding the interim and/or annual financial statements of the Company during 2021.

6. BOARD OF DIRECTORS COMMITTEES

The Board of Directors has formed three (3) Committees to contribute in the implementation of its functions, and has delegated powers and responsibilities to them to ensure the implementation of its decisions. The following are the Board of Directors' Committees:

- Audit, Risk & Compliance Committee.
- Nominations & Remuneration Committee.
- Executive Committee.

Each committee has a charter defining its objectives, responsibilities, structure, framework and reporting mechanism. The charters of these Committees are periodically reviewed, updated and amended to ensure the efficiency and effectiveness of these Committees. The Board has restructured all Committees to ensure the compatibility and alignment of their functions and responsibilities with the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies. In addition, the Board re-formed these Committees by a resolution passed by circulation on March 17, 2021 which was approved by the Board of Directors at its meeting No. (02/2021) held on May 10, 2021, following resignation of "Mr. Mansour Mohamed Al Mulla" from membership of the Board of Directors and its committees with effective from February 28, 2021 and appointment of "Mr. Khalifa Abdulla Khamis Al Romaithi" as his successor.

6.1 Audit, Risk & Compliance Committee

Mr. Ali Saeed Abdulla Sulayem Al Falasi, Chairman of the Audit, Risk & Compliance Committee, acknowledges his responsibility for the committee's operational effectiveness and efficiency in accordance with its mandate.

The Audit, Risk & Compliance Committee assists the Board of Directors in discharging its responsibilities with respect to risk management, Internal Control Systems, accounting policies, financial reporting and internal and external audits. The Audit, Risk & Compliance Committee ensures that the main objectives of the Company are achieved effectively and efficiently, within a tight framework of internal controls, risk management and governance.

The Audit, Risk & Compliance Committee consists of three non-executive independent members. The charter of the Audit, Risk & Compliance Committee requires that all members of the Committee shall be familiar with financial aspects, and at least one of its members shall have experience in accounting and finance. On the other hand, the Chairman of the Committee shall hold periodic meetings with the Executive Management and the Director of Internal Audit Department to ensure that the members of the Committee are informed of the main issues. The Committee shall also meet with the External Auditor, without the presence of the Members of the Executive Management, as the Committee deems appropriate.

The following are the members of the Audit, Risk & Compliance Committee:

Audit, Risk & Compliance Committee Members	Position
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Chairman of the Committee
Mr. Hamad Salem Mohamed Al Ameri	Member
Mr. Khalifa Abdulla Khamis Al Romaithi	Member

Notes:
- The Audit, Risk & Compliance Committee was reconstituted pursuant to the resolution adopted by circulation by the Board of Directors on March 17, 2021 which was approved by the Board of Directors at its meeting No. (02/2021) held on May 10, 2021.
- Mr. Mansour Mohamed Al Mulla was a member of the Audit, Risk & Compliance Committee until February 28, 2021, when he resigned from membership of the Board of Directors and its committees with effective of the said date.
- Mr. Ali Saeed Abdulla Sulayem Al Falasi has been appointed as Chairman of the Audit, Risk & Compliance Committee based on the resolution adopted by circulation by the Board of Directors on March 17, 2021 which was approved by the Board of Directors at its meeting No. (02/2021) held on May 10, 2021.

6. BOARD OF DIRECTORS COMMITTEES continued

6.1 Audit, Risk & Compliance Committee continued

The Charter of the Audit, Risk & Compliance Committee defines the responsibilities of the Audit, Risk & Compliance Committee, as follows:

A) Financial Reports

- Considering any significant and unusual items that are or should be included in the annual, semi-annual and quarterly financial reports and statements, paying due attention thereto, discussing them with the Executive Management and the External Auditor, and making recommendations thereon to the Board of Directors for approval.
- Ensuring a mechanism of continuous disclosure to the Securities and Commodities Authority and Abu Dhabi Securities Exchange.
- Ensuring the integrity of the Company's financial statements and reports (annual, semi-annual and quarterly), reviewing them as part of their normal work during the year and focusing in particular on:
  - Any changes in accounting policies and practices.
  - Highlighting aspects which are subject to the management's discretion.
  - Significant amendments resulting from the audit.
  - Presumption of business continuity.
  - Compliance with accounting standards established by the Securities and Commodities Authority and Abu Dhabi Securities Exchange.
  - Compliance with rules of listing, disclosure and other legal requirements related to financial reporting.

B) Company's Governance

- Supervising and controlling the internal application of the governance framework and ensuring full compliance with the relevant legal and legislative systems.
- Regular periodic review of the Company's management compliance with the governance framework approved and adopted by the Company's Board of Directors.
- Review of the Corporate Governance Report sent annually to the Securities and Commodities Authority and Abu Dhabi Securities Exchange, and making recommendations to the Board of Directors in this regard.

C) Internal Control System and Risks Management

- Appointment of any external party to perform internal audit functions according to the business requirements, determining their fees, considering their resignation and termination applications.
- Periodic review of the Company's Internal Control Systems, to assess their efficiency and effectiveness.
- Discussing the Internal Control System with the Executive Management, evaluating its effectiveness and efficiency in performing its mission and tasks in a manner that contributes to the development of Internal Control Systems of the Company.
- Discussing and reviewing the policies and procedures of the Company with its Executive Management, to ensure performing its mission effectively, in a manner that contributes to the development of such policies and procedures.
- Monitoring and following up the implementation of risk management framework and Internal Control Systems according to its policy and working strategies, assessment and evaluation of efficiency and effectiveness of such policies and strategies by auditing the records and databases, network security and control systems of the operational and strategic units of such departments.
- Reviewing the results of the key audits on Internal Control issues (including fraud cases within the Company).

D) External Auditor

- Development and application of the external auditor appointment policy, submission of the report and recommendations to the Board of Directors identifying issues on which it considers necessary to take actions and making recommendations on the steps to be taken.
- Coordinating with the Company's Board of Directors, the Executive Management and the Chief Financial & Sustainability Officer in order to perform its duties. The Committee shall meet with the External Auditor at least once every reporting period.
- Discussing the nature, scope and effectiveness of audits, taking into account their compliance with the approved auditing standards.
- Monitoring and ensuring the independence and objectivity of the External Auditor, and discussing the nature and scope of audits and its effectiveness according to the approved auditing standards.
- Discussing with the External Auditor on the appropriateness of the accounting policies applied in the financial statements.
- Reviewing the performance of the External Auditor, and making recommendations to the Board of Directors in this regard.
- Reviewing the External Auditor's objective and work plan and any essential questions raised by the Auditor to the Board of Directors or the Executive Management on the accounting records, financial accounts or control systems, and ensuring that they have been reviewed and discussed, that the necessary actions were taken thereon, and that responses were timely provided thereon.
- Discussing any problems that the External Auditor may face during his audit, including restrictions that may limit the scope of work or obtaining information needed to complete the work.
- Ensuring coordination between internal and external auditors, availability of resources necessary to manage internal control, and review and control of the efficiency of such management.

E) Internal Audit Department

- Reviewing the activities, resources and organisational structure of the Internal, Charter of the Audit Department, reviewing and approving annual audit plan.
- Considering the process of selecting and appointing the Director of Internal Audit Department and the internal audit providers, their resignation or termination.
- Reviewing the reports submitted to the Committee by the Director of the Internal Audit Department and the responses received by the Company's management thereon, ensuring that the findings and recommendations submitted by the Internal Auditor and suggestions and responses issued by the Executive Management have been received and discussed and the necessary actions were taken thereon, and discussing with the Director of the Internal Audit Department on any difficulties encountered in carrying out audit functions such as restrictions on the scope of his work or difficulty in obtaining the information necessary to exercise its responsibilities.
- Evaluating the functioning of Internal Audit Department, particularly with regard to planning, follow-up and reporting, and evaluating the performance of the Director of the Internal Audit Department and providing him with timely advice and guidance.
- Ensuring that the Internal Audit Department has adequate employees and the appropriate authority and position within the Company.
- Meeting with the Director of Internal Audit Department at least once a year to ensure that there are no outstanding issues.
- Reporting to the Board of Directors on all matters considered by the Committee.

F) Compliance

- Reviewing the employees' compliance with the Code of Business Conduct.
- Managing the appointment, resignation or dismissal of the Compliance Officer.
- Reviewing the appropriateness of practices and procedures for compliance with applicable laws, regulations and systems.
- Reviewing and assessing:
  - Effectiveness of the compliance system with inclusion and disclosure requirements and other legal and legislative requirements related to the Company's activities (including internal rules, regulations and laws).
  - Developments and updates in legislative and legal systems, which may substantially affect the Company.
  - Efforts made by the Company's Management to ensure compliance with the Code of Business Conduct.
- Obtaining regular updates from the Executive Management (and the General Counsel or the Compliance Officer when required) on compliance matters, as well as investigating and considering issues that affect the integrity of the Company's Executive Management Team, including cases of conflict of interests or violation of the Code of Business Conduct, according to the policies and regulations of the Company.

G) Other Responsibilities and Competencies

- Creating channels of free and open communication between: Audit, Risk & Compliance Committee, External Auditors, Internal Auditors and Company's Management.
- Consideration of any other matters or subjects as directed by the Board of Directors in this regard.

H) Employees' reports and disclosures

- Development of policies, procedures and controls that enable the employees to report any potential irregularities in the financial reporting, internal control or other matters in secret, identifying the steps to conduct independent and fair investigations on such irregularities, and conducting periodic reviews of such policies and procedures.
- Assessing the procedures of investigations to ensure the independence and impartiality of investigations.
- Reviewing the investigation procedures taken by the Company's Management in dealing with the reported irregularities, and correcting any deviations therein.

The Audit, Risk & Compliance Committee, at its meeting No. (04/2013), has reviewed the Company's policy of reporting irregularities, followed up the development and implementation of the relevant regulations to ensure their effectiveness, and submitted a recommendation to the Board of Directors in this regard, which in turn approved it at its meeting No. (06/2013) held on November 6, 2013. This policy is currently reviewed to ensure the application of best standards and practices in this regard.

6. BOARD OF DIRECTORS COMMITTEES continued

6.1 Audit, Risk & Compliance Committee continued

The Audit, Risk & Compliance Committee held seven (7) meetings during 2021 as follows:

Meeting No.	Date
01/2021	11 February 2021
02/2021	14 February 2021
03/2021	25 February 2021
04/2021	10 May 2021
05/2021	10 August 2021
06/2021	06 October 2021
07/2021	02 November 2021

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2021	Meeting 02/2021	Meeting 03/2021	Meeting 04/2021	Meeting 05/2021	Meeting 06/2021	Meeting 07/2021	No. of Attendances
Mr. Ali Saeed Abdullah Sulayem Al Falasi	Chairman of the Committee	✔	✔	✔	✔	✔	✔	✔	7
Mr. Hamad Salem Mohamed Al Ameri	Member	✔	✔	✔	–	✔	✔	✔	6
Mr. Khalifa Abdulla Khamis Al Romaithi	Member	–	–	–	✔	✔	✔	✔	4

Notes:
- Mr. Mansour Mohamed Al Mulla has attended meetings of the Audit, Risk & Compliance Committee No. (01/2021), (02/2021) & (03/2021) held on 11 February 2021, 14 February 2021 and 25 February 2021 respectively, wherein he was a member of such committee at that time, and then he resigned from membership of the Board of Directors and its committees with effective from 28 February 2021.
- Mr. Khalifa Abdulla Khamis Al Romaithi did not attend meetings of the Audit, Risk & Compliance Committee No. (01/2021), (02/2021) & (03/2021) held on 11 February 2021, 14 February 2021 and 25 February 2021 respectively, wherein he was not a member of the Board of Directors or any of its committees at such time.
- All apologies submitted by the committee members for their inability to attend some meetings are considered and taken into account at start of each meeting in accordance with the Company Memorandum and Articles of Association, and in line with the laws and regulations in force in this regard.
- The attendance of the Members at these meetings is represented by their personal attendance, using the modern means/ visual communication (Microsoft Teams App.).

6.2 Nominations & Remuneration Committee

Mr. Martin Lee Edelman, Chairman of the Nomination and Remuneration Committee, acknowledges his responsibility for the committee's system in the company, his review of its work mechanism, and verification of its effectiveness.

The Nominations & Remuneration Committee reports to the Board on human resources management, culture, performance and compensation policies that reflect best practices, and makes recommendations on the succession plans of the Board, taking into account the challenges and opportunities facing the Company and the skills and experiences needed in the future.

The Nominations & Remuneration Committee consists of three (3) independent non-executive members. The Chairman of the Committee holds periodic meetings with the Executive Management and the Director of Human Resources Department, to ensure that the members of the Committee are familiar with the substantive matters falling within the competencies of the Committee.

The Nominations & Remuneration Committee includes the following members:

Members of Nominations & Remuneration Committee	Position
Mr. Martin Lee Edelman	Chairman of the Committee
Mrs. Mariam Saeed Ahmed Ghobash	Member
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Member

Notes:
- The Nomination and Remunerations Committee was reconstituted pursuant to the resolution adopted by circulation by the Board of Directors on March 17, 2021 which was approved by the Board of Directors at its meeting No. (02/2021) held on May 10, 2021.
- Mr. Mansour Mohamed Al Mulla was a member of the Nominations & Remuneration Committee until February 28, 2021, when he resigned from membership of the Board of Directors and its committees with effective of the said date.
- Mr. Ali Saeed Abdulla Sulayem Al Falasi has been appointed as member of the Nominations & Remuneration Committee based on the resolution adopted by circulation by the Board of Directors on March 17, 2021 which was approved by the Board of Directors at its meeting No. (02/2021) held on May 10, 2021.

The Charter of the Nominations & Remuneration Committee defines the responsibilities of the Committee as follows:
- Ensuring the independence of the independent members. If the Committee found that a member lost the requirements for independence, it shall present the matter to the Board to take the necessary actions in this regard in accordance with applicable laws and regulations.
- Development of the policy for the granting of remunerations, benefits, incentives and salaries of the Directors and employees, and reviewing it annually. The Committee shall ensure that the remunerations and benefits granted to the Senior Executive Management are reasonable and proportionate to the performance of the Company.
- Identifying the Company's needs of competencies at the level of Senior Executive Management and employees, and the basis of their selection.
- Development, monitor, follow-up and periodically review the human resource and training policy.
- Development and approval of the policy and mechanism of nomination for the Board of Directors, organisation and follow-up of the procedures for nomination for the Board of Directors according to the applicable laws and regulations.
- Reviewing the required skills for the membership of the Board of Directors, and preparation of a description of the capabilities and qualifications required for membership of the Board.
- Reviewing the structure of the Board of Directors and making recommendations regarding changes that may be made to the Board of Directors for approval.
- Any other competencies and functions determined by the Board of Directors from time to time.

Based on the decision of the Board of Directors at its meeting No. (02/2021) held on May 10, 2021, the Board decided that the Nominations & Remuneration Committee shall hold at least one meeting annually to perform its responsibilities and to fulfil its legislative requirements in accordance with the applicable laws and regulations of the Securities and Commodities Authority. Therefore, the Nominations & Remuneration Committee held Two (2) meetings during 2021, as follows:

Meeting No.	Date Held
01/2021	08 February 2021
02/2021	21 March 2021

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2021	Meeting 02/2021	No. of Attendances
Mr. Martin Lee Edelman	Chairman of the Committee	✔	✔	2
Mr. Mariam Saeed Ahmed Ghobash	Member	✔	✔	2
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Member	–	✔	1

Notes:
- Mr. Mansour Mohamed Al Mulla has attended meeting of the Nominations & Remuneration Committee No. (01/2021) held on 08 February 2021, wherein he was a member of such committee at that time, and then he resigned from membership of the Board of Directors and its committees with effective from 28 February 2021.
- Mr. Ali Saeed Abdulla Al Falasi did not attend meeting of the Nominations & Remuneration Committee No. (01/2021) held on 08 February 2021, wherein he was not a member of the Board of Directors or any of its committees at such time.
- The attendance of the Members at these meetings is represented by their personal attendance, using the modern means/ visual communication (Microsoft Teams App.).

6. BOARD OF DIRECTORS COMMITTEES continued

6.3 Executive Committee

Mr. Waleed Ahmed Salem Almokrrab Al Muhairi, Chairman of the Executive Committee, acknowledges his responsibility for the committee's system in the company, his review of its work mechanism, and verification of its effectiveness.

The Executive Committee plays an advisory role in the Board of Directors. It provides assurance and control of the Company's strategy and sets priorities for projects and performance.

The Executive Committee consists of three (3) independent non-executive members. The Chairman of the Committee holds periodic meetings with the Executive Management to ensure that the members of the Committee are familiar with the substantive matters.

The Executive Committee includes the following members:

Members of the Executive Committee	Position
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Chairman of the Committee
Mr. Hamad Salem Mohamed Al Ameri	Member
Mrs. Mariam Saeed Ahmed Ghobash	Member

Notes:
- The Executive Committee was restructured pursuant to the decision issued by the Board of Directors at its meeting No. (02/2019) held on March 20, 2019.
- Mr. Waleed Ahmed Salem Almokarrab Al Muhairi was appointed as Chairman of the Executive Committee under the decision of the Board of Directors at its meeting No. (01/2019) held on April 08, 2019.

The Charter of the Executive Committee defines its responsibilities as follows:

- **In the field of investment strategy and policy adoption:**
  – Supervision of the investment strategy and policies at the Company level.
  – Approval of decisions related to investments and development projects of the Company according to the limits and restrictions prescribed in the Delegations of Authority.
  – Review and approval of the policies and strategies of the development projects and asset management.
  – Approval of the strategy of the Tender and Procurement Department and awarding tenders related to the substantial tenders according to the limits and restrictions prescribed by the Delegations of Authority.
- **In the field of supervision and review:**
  – Review and approval of key performance indicators of the development projects, and following up the level of performance therein.
  – Monitoring the performance of investments and tenders.
  – Review of requirements related to the need to increase the capital, and making appropriate recommendations in this regard.
  – Review of the effects of investments.
  – Review of the main objectives and key financial ratios established by the competent management committees.

The Executive Committee held nine (9) meetings during 2021 as follows:

Meeting	Date
01/2021	04 January 2021
02/2021	10 February 2021
03/2021	01 March 2021
04/2021	26 April 2021
05/2021	08 May 2021
06/2021	20 June 2021
07/2021	18 August 2021
08/2021	24 November 2021
09/2021	08 December 2021

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2021	Meeting 02/2021	Meeting 03/2021	Meeting 04/2021	Meeting 05/2021	Meeting 06/2021	Meeting 07/2021	Meeting 08/2021	Meeting 09/2021	No. of attendances
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Chairman of the Committee	✔	✔	✔	✔	✔	✔	✔	✔	✔	9
Mr. Hamad Salem Mohamed Al Ameri	Member	✔	✔	✔	–	✔	✔	✔	✔	✔	8
Mrs. Mariam Saeed Ahmed Ghobash	Member	✔	✔	✔	✔	✔	✔	✔	✔	✔	9

Note:
- All apologies submitted by the committee members for their inability to attend some meetings are considered and taken into account at start of each meeting in accordance with the Company Memorandum and Articles of Association, and in line with the laws and regulations in force in this regard.
- The attendance of the Members at these meetings is represented by their personal attendance, using the modern means/ visual communication (Microsoft Teams App.).

7. INSIDER AFFAIRS COMMITTEE, AND THE POLICY OF TRADES OF INSIDERS AND MEMBERS OF BOARD OF DIRECTORS IN THE COMPANY'S SHARE

7.1 Trading Policy of Insiders

The Board of Directors has developed a policy of insiders in the Company's shares in accordance with the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies and By-law No. (5/2009) of the Abu Dhabi Securities Exchange. This policy enables the Board of Directors and the employees to fulfil their legal obligations when they have material information that may affect the Company's shares price in the financial market. It includes a breakdown of the controls regulating to the trades of the insiders, and sets limits on the securities issued by Aldar Properties.

This policy prohibits trading if there is a reasonable possibility of exploiting undisclosed or unpublished information related to the business of the Company and if it has an effect on the trading price. This policy applies to the Board of Directors, Executive Management and all employees who have access to material information and data. It is worth mentioning that the Company is fully committed to conduct a periodic review of the list of its insiders and to update it through the Abu Dhabi Securities Exchange website (the latest update was in November 2020) in line with the Company's strategic and operational projects and plans.

Under this policy, trading by insiders in the Company's shares is prohibited during the trading prohibition periods imposed by Securities and Commodities Authority and Abu Dhabi Securities Exchange. The Members of the Board of Directors, Executive Management and employees of the Company and the subsidiaries shall inform the Market Department before submitting their applications to Abu Dhabi Securities Exchange for insider trading, regardless of the value and type of the transaction (sale or purchase).

Aldar Properties reserves the right to prohibit or restrict any trading if it considers that there is a possibility of exploitation of unpublished (undisclosed) information in respect of the Company's business, which may affect the trading price of the shares. In addition, an additional prohibition period may be imposed, during which no trading by insiders is allowed, whether they are Members of the Board of Directors, Executive Management or employees of the Company or its subsidiaries, such as the prohibition period that took place in conjunction with the period spent in the Acquisition by Aldar Properties of a majority stake in Sixth of October Development and Investment Company (SODIC), the prohibition period that took place in conjunction with the period spent in negotiations and discussions of the acquisition of a number of assets of Development and Tourism Investment Company and their prohibition periods that took place in conjunction with the other essential deals and transactions experienced by the company.

The Members of the Board of Directors are aware of their commitments regarding the requirements for disclosure of their trading in the Company's shares, and are committed to all requirements prescribed by Securities and Commodities Authority and Abu Dhabi Securities Exchange.

7.2 Committee of Insider Affairs and Trading in the Company's Share and Securities and its Duties

In implementation of the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies, the Management of the Company formed a committee specialised in the affairs of insiders and their trading in the Company's shares and securities. In addition, the Management of the Company identified the duties and competencies of such committee as follows:

7.2.1 Insider Affairs and Trading Committee

The Insider Affairs and Trading follow Up Committee includes the following members:
- Chief Financial & Sustainability Officer.
- General Counsel.
- Head of Internal Audit Department.

Committee Members acknowledge their responsibility for the follow up and supervision system on the insider's transactions in the company, their review of its work mechanism, and verification of its effectiveness.

7.2.2 Duties and Competencies of the Committee

Insider Affairs and Trading Committee has the following duties and competencies:
- Development of a special and integrated register that includes the insiders' names and details, including persons who may be considered as temporary insiders and those who have access to the Company's internal information prior to publication. The record also includes the prior and subsequent disclosures of the insiders.
- Management, follow-up and supervision of the insiders' transactions and ownerships, and maintaining their record.
- Quarterly review of the records and lists of the insiders for continuous update, and consultation with the Executive Management on any updates required to such records and lists according to the requirements of the business of the Company.
- Submission of periodic reports and statements to the Securities and Commodities Authority and Abu Dhabi Securities Exchange.
- Ensuring continuous update of the list of insiders on the Abu Dhabi Securities Exchange website, and making any updates to such list as soon as it occurs.
- Continuous communication with the insiders, and raising awareness of their trading in the Company's shares and securities, including informing and reminding them of the trading prohibition periods, according to the regulations and rules prescribed by both the Securities and Commodities Authority and Abu Dhabi Securities Exchange, to ensure compliance therewith and avoid any violations.
- Periodic review of the insider trading policy, and raising recommendations on any amendments thereto to the Board for approval on time.
- Any other competencies or tasks delegated to the Committee from time to time by the Management of the Company.

During the year 2021, the Committee reviewed the Charter governing its work and regulating its competencies and responsibilities. In addition, the Committee reviewed the insider trading policy to ensure that it complies with the applicable laws and regulations. The committee plays an important and effective role in managing the insiders affairs and raising awareness among them, by educating them with the controls and procedures that govern them and the internal and organisational policies and charters to which they are subject, and informing them of the trading prohibition periods imposed by the relevant authorities and the need not to directly or indirectly exploit any internal or material information for personal interest by trading in the Company's securities. Furthermore, the Committee continuously works and coordinates with Abu Dhabi Securities Exchange to ensure the continuous update of the Company's insiders list through the services of the Abu Dhabi Securities Exchange, ensuring continuous compliance with the applicable laws and regulations.

7.3 Transactions and trading of the Members of Board of Directors and their First-Degree Relatives in the Company's Shares during 2021

Please refer to clause (2) of this Report.

8. INTERNAL CONTROL SYSTEM

8.1 Board of Directors' Responsibility for the Internal Control System

As explained in clause (3) of this Report, the Board of Directors is responsible for supervision of the Company's Internal Control System and reviewing its adequacy, effectiveness and efficiency. In addition, the Board formed the Audit, Risk & Compliance Committee and the Internal Audit Department to contribute to the performance of governance responsibilities that fall under its responsibility, with regard to the Risk management and the Internal Control Systems. In addition, the Board of Directors authorised and delegated the Audit, Risk & Compliance Committee to be the administrative responsible for the Internal Audit Department under an official authorisation issued by the Board of Directors in this regard. The results of such authorisation shall be presented to the Board according to the regulations and legislation prescribed by the Securities and Commodities Authority, which contributes to increase the effectiveness of this Department, and thus reflected positively on the Board of Directors in exercising its authorities and responsibilities.

8.2 Head of Internal Audit Department

The Internal Audit Department is headed by Mr. Haider Najim pursuant to a decision issued by the Board of Directors at its meeting No. (05/2013) held on August 06, 2013. Mr. Haider Najim conducts internal audits and reviews independently and regularly. In addition, he advises the Executive Management to ensure the adequacy, effectiveness, and efficiency of the Company's internal control and governance processes. Mr. Haider Najim has over 24 years of experience in auditing, operations, compliance and auditing of irregularities. It is worthy noted that Mr. Haider Najim holds a bachelor's degree in commerce from McGill University, Montreal, Canada. In addition, he is a Certified Public Accountant (CPA) licensed by the State of Delaware in USA, and obtained the certificate of "Certified Internal Auditor (CIA)".

8.3 Compliance Officer

The Compliance Officer has been appointed by virtue of a decision issued by the Board of Directors. He is responsible for ensuring compliance by the Company and its employees with the issued laws, regulations and decisions, as well as other internal policies and measures. This step was under the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies.

The Director of Internal Audit Department, Mr. Haidar Najim, undertakes the functions of the Compliance Officer of the company by virtue of a decision issued by the Board of Directors at its meeting No. (04/2020) held on August 12, 2020. (Please refer to paragraph 8.2 hereof to see an overview of Mr. Haider Najim).

8. INTERNAL CONTROL SYSTEM continued

8.4 Company's Dealing with Material Issues or Problems Disclosed in the Annual Accounts and Reports

The Board of Directors has established standards and principles of internal control in the Company, which aim at providing objective, independent and reliable advice, as well as providing an ideal environment for internal control that meets the requirements of the Board of Directors and contributes to enhancing the role of the Board of Directors, the Audit, Risk & Compliance Committee and the Executive Committee, in order to contribute to the proper performance of their duties, functions and responsibilities. It should also be noted that the responsibilities of the Internal Audit Department are governed by the Charter approved by the Audit, Risk & Compliance Committee and the Board of Directors, in accordance with the decision of the Chairman of the Securities and Commodities Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of Public Joint Stock Companies. This charter is the policy through which the Internal Audit Department operates, and contributes to achieving the objectives of the Company and keeping up with its aspirations.

The Internal Audit Department reports to the Audit, Risk Management & Compliance Committee and, as mentioned above, works under its supervision, which enables it to operate independently and objectively, and allows it to distinctively interact with the Chief Executive Officer and the Executive Management Team, making it easier to identify the performance improvement initiatives and business development, as well as providing guarantees that the Company's objectives are effectively achieved. To ensure a high degree of independency in the Internal Audit Department's implementation of its activities and performance of its duties, the Head of Internal Audit Department communicates directly with the Members of the Board of Directors. Functionally, he is accountable to the Audit Committee. Administratively, he is accountable to the Chief Executive Officer.

When the Company faces certain material issues, urgent matters or issues disclosed in the annual financial statements or any other means of disclosure; the role of the Internal Audit Department in this regard is as follows:

- Inclusion of such issues and matters into the audit planning phases.
- Providing advice and advisory services (as necessary) to contribute to the identification and resolution of such issues and matters.
- Ensuring systematic follow-up of steps and actions taken to address such issues and matters.
- Submission of periodic reports to the Board of Directors and the Audit, Risk & Compliance Committee on the development of such issues and matters.

8.5 Reports issued by the Internal Audit Department of the Company's Board of Directors

The Internal Audit Department carries out its activities and tasks entrusted to it - under the direct supervision of the Audit, Risk & Compliance Committee - in an effective and constructive manner, which contributes to creating an ideal work environment characterised by agreement, effectiveness, compliance, discipline, efficiency in performance and productivity, and encourages attracting qualified professional staff with expertise and efficiency. And the Internal Audit Department prepares its reports in accordance with the internal audit standards and in accordance with the applicable laws and regulations, where this department exercises its duties with integrity and impartiality without any interference or influences that may affect the quality and efficiency of its reports. The Internal Audit Department reports to the Audit, Risk & Compliance Committee regularly (and when necessary) to present, discuss and submit a recommendation in this regard to the Board of Directors to take the appropriate decisions in respect thereof. It is worth noting in this regard that the Internal Audit Department prepared and presented 17 reports to the Audit, Risk & Compliance Committee and the Board of Directors during the year 2021, including the auditable business units with the company, and the necessary decisions have been issued in respect thereof.

9. RISKS MANAGEMENT

Aldar considers that effective risk management is a good management practice. The Company is committed to providing a risk management system to protect shareholders' investments, the rights of the stakeholders, the assets of the Company, and the prevention of violations of the applicable laws and regulations. The Board of Directors is responsible for approval of the risk management policy, determining the risk tolerance and reviewing the effectiveness of risk management. The Risk Management Committee applies, in direct coordination with the Executive Management and the Audit, Risk & Compliance Committee, the framework of risk management in the Company, and ensures the continuity of the effective performance thereof. The Committee provides advice to the Board of Directors regarding the efficiency and effectiveness of risk management activities and efforts. In addition, the Audit, Risk & Compliance Committee enhances the role of the Board of Directors in fulfilling its obligations and duties related to risk management, in accordance with a decision issued by the Board of Directors at its meeting No. (04/2013) held on July 1, 2013, under which the Risk Management Committee shall be functionally subordinate of the Audit, Risk & Compliance Committee, as expressly stated in the Charter of the Risk Management Committee, approved and adopted at the above-mentioned meeting.

The Risk Management Committee has established special risk management standards, developed a risk record, and adapted them to conform with the highest standards in this field. Risk management system ensures consistency of methods of assessing, controlling and communicating risks, and ensures that management efforts are consistent with the strategic objectives and business of the Company.

The Risk Management Policy of Aldar Properties is one of the most important components of the risk management system. A Risk Management Committee was established in 2013 to serve as an administrative committee, whose functions are as follows:

- Identification and assessment of risks that may face the Company's business.
- Considering the practices of mitigation of current risks.
- Development of the Company's risk management framework, which includes:
  - Risk identification and assessment.
  - Risk register.
  - Determining risk tolerance.
  - Prioritisation of Risks.
  - Risk Mitigation and Management.
  - Supervision, follow-up and reporting.

This Committee is presided by the Chief Executive Officer, and includes members of the Executive Management. The Committee held three (3) meetings during 2021. The Risk Management Committee also:

- Reviewed and discussed the Charter of the Risk Management Committee.
- Strengthened the Risk Management Framework.
- Developed and updated the Company's risk register, and identified the Company's strategic directions in this regard.

In addition, the company appointed Mrs. Caroline Depirou to undertake the task of the risk management officer. She holds a master's degree in management and has nearly 21 years of experience in both the public and private sectors in France and the GCC countries. Her expertise is focused on risk management programs and projects, compliance and corporate governance. Besides focusing on business continuity and crisis management, Caroline supported several companies to establish their own risk management function while she was working for PricewaterhouseCoopers in Paris. She headed risk and business continuity management at Qatari Diar and Tamkeen, a subsidiary of the Executive Affairs Authority in Abu Dhabi, before joining Aldar Properties in 2019.

10. COMMUNICATION WITH SHAREHOLDERS

The Company applies a market disclosure policy, based on corporate governance standards and related requirements and procedures aimed at providing all shareholders and investors in the market with accurate information in a timely manner. The policy adopted by the Management of the Company shows the actions that the Board directed to implement and is keen to adhere to, to ensure continuous compliance and disclosure according to the requirements of the Securities and Commodities Authority and Abu Dhabi Securities Exchange.

In addition, as the Company is keen to apply the highest degree of disclosure, transparency and credibility in the information disclosed, only the following position holders are authorised to disclose any public statements on behalf of the Company, or any other statements attributable thereto:

- Chairman and Members of the Board of Directors.
- Chief Executive Officer.
- Executive Management Team.
- Company Secretary.

From time to time, the Company holds meetings with analysts and investors to provide them with the necessary information. In such cases, no information shall be disclosed unless it was disclosed to the market previously or at the same time. Aldar Properties does not make any comments about market expectations or rumours, unless they are related to an official question issued by regulatory bodies such as the Securities and Commodities Authority and Abu Dhabi Securities Exchange.

The General Assembly is the primary opportunity for shareholders to meet face-to-face with the Board of Directors and Executive Directors. The shareholders receive notices of the meetings, specifying the time and place of the meeting, in addition to the subjects on the agenda of this meeting. The notice is accompanied by a form of power of attorney and instructions on how to fill it in an envelope sent by the Company to the shareholders by registered mail, in order to encourage as many shareholders as possible to participate in the meeting.

During the meetings, the attendees are given the opportunity to ask questions, and the chairman of the meeting shall discuss as many issues and subjects as possible during the available time. The members are encouraged to be present after the meeting to discuss with shareholders. In addition, the External Auditor shall attend the General Assembly meeting to answer any questions raised.

11. CODE OF BUSINESS CONDUCT

The success of the Company depends on its reputation in implementing projects, integrity in its dealings and professional ability. It adheres to the highest standards of professional and legal conduct, taking into consideration all applicable laws and regulations in conducting its business.

Professional and ethical conduct is a duty and commitment for the Board of Directors and the employees, and an integrated part of their working method. The required conduct is summarised in the Company's Code of Business Conduct applied by the company and approved by the Board of Directors. It should be noted that the Board of Directors, at its meeting No. (06/2013) held on November 6, 2013, has reviewed and approved this Charter. This policy is currently reviewed to ensure the application of best standards and practices in this regard.

12. EMPLOYEES DISCLOSURE MECHANISM

In accordance with the Code of Business Conduct, the Company has developed a disclosure policy for employees, in enhancing its commitment to ensure that the employees are able to disclose their fears and concerns about any inappropriate conduct without being subjected to persecution, harassment or discrimination, as well as to ensure confidentiality of investigations. The Audit, Risk & Compliance Committee at its meeting No. (04/2013) held on November 6, 2013, has reviewed the Whistleblower Policy, as stated in paragraph (H) of clause (6.1) above.

This disclosure mechanism allows the employees to express their concerns in a responsible and confidential manner, without disclosing their personal data (as they wish), without fear of being subjected to discrimination. In addition, the Company takes appropriate measures to independently investigate any matters relating to this mechanism.

13. CONFLICT OF INTERESTS

The Company requires the Directors and Senior Executives to report any conflict of interests that may be involved in their acts and to refrain from participating in discussion of or voting on such matters whenever necessary, in addition to the general guidelines contained in the Company's Articles of Association, Code of Business Conduct and the Charter of the Board of Directors, in accordance with the decisions, laws and regulations issued by the Securities and Commodities Authority and other regulatory and legislative bodies. A series of procedures for compliance with laws with regard to conflict-of-interest management have been developed. The Company urges the Directors to raise any issue that may lead to a conflict of interest before the Chairman and the Directors.

14. VIOLATIONS COMMITTED BY THE COMPANY DURING 2021

The Company did not commit any material violations with respect to the regulations during the year ended on December 31, 2021.

15. COMPANY'S SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Aldar's Sustainability Journey

Our purpose is to shape a better future. That's why sustainability is not only embedded throughout Aldar Development and Aldar Investment but extends beyond our operations. We recognise the importance of integrating sustainability in our corporate culture and business strategy. We aim to encourage responsible business practice, increase positive impact on our communities, and drive change across our value chain, wider society and the economy.

Our focus is to generate long-term stakeholder and shareholder value. We will continue to strengthen our ESG performance, demonstrate leadership and implement best practice throughout our organisation. Our dedicated Group CSR & Sustainability team oversees our sustainability framework, strategy and policies and prioritises high-level sustainability initiatives such as the development of the Carbon Net Zero Action Plan.

Our sustainability strategy is aligned with the United Nations Sustainable Development Goals and the Abu Dhabi Economic Vision 2030.

Key highlights of 2021 include:

- We joined the United Nations Global Compact (UNGC), with the aim of further aligning our sustainability strategy and initiatives with the United Nations Global Agenda.
- Women represent 36.6% of our total workforce and held 25% of senior and middle management positions. We were selected by 'Great Place to Work' as one of the top 10 employers in the UAE for the working environment it has created for women. The survey assessed female employee experiences of trust, innovation, company values, and leadership.
- 35.3% Emiratis. We have pledged to create employment opportunities for 1,000 UAE nationals over the next five years in line with the ambitious Emiratisation goals set out in the UAE's 'Projects of the 50' initiative.
- We scored 58 points on the Dow Jones Sustainability Index, representing a 53% year on year improvement from the 38 points scored in 2020, and now among the top 13% of the 237 global real estate companies invited to respond to the DJSI questionnaire, up from being in the top 31% last year.
- We are ranked 9th in the global ranking of 107 diversified real estate companies analysed and received a score of 16.6 on Sustainalytics' ESG risk assessment scale, indicating a low level of ESG risk. Results are measured on a scale of 0 to 100, with a rating between 10 and 20 classified as "Low Risk".
- We responded to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) for the first time through a comprehensive assessment and review of the risks and opportunities that climate change brings to our business.
- The ICV programme is a key tenet of Aldar's sustainable procurement strategy and the company reinvested over AED 2 Billion locally through contracts awarded to UAE-based partners during the first nine months of 2021. We are among the 5th highest ICV score of over 5,000 local entities and hold the highest ICV score for a developer.
- We launched a portfolio-wide energy management project and have recently completed Investment Grade Energy Audits for 80 properties including hotels, education, commercial, retail and residential buildings, and we expect to reduce our energy emissions by 20% with a total investment of AED 64 Million.
- Aldar Properties ('Aldar') has become the first company in the GCC region to adopt the European Public Real Estate Association's (EPRA) best practice for disclosure, enhancing investor transparency in alignment with international real estate industry standards. EPRA's Best Practice Recommendations (BPR) encourage companies to provide detailed property-specific metrics, which are widely followed by global specialist real estate-focused institutional investors.
- We have launched a unified sustainability data management system across the Aldar Group to help streamline sustainability reporting.
- We introduced a solar hybrid power plant in one of our development projects to reduce dependency on fossil fuels, reduce carbon emissions, ensure energy efficiency, and save costs.
- We invested AED 2,500,000 in clean energy certificates to support efforts to decarbonise Abu Dhabi's energy grid.
- We signed an Agreement with HSBC to Become the First Mena Real Estate Company to Secure Sustainability-Linked Loan. The innovative five-year term sustainability-linked loan includes a mechanism to adjust Aldar's interest margin annually in line with achievement of targets on energy and water intensity, waste recycling and worker welfare. These targets, which are aligned with Aldar's sustainability strategy, were identified to be material to both Aldar and the wider real estate sector.

15. COMPANY'S SUSTAINABILITY AND SOCIAL RESPONSIBILITY continued

Our Corporate Social Responsibility

We are always looking for ways to promote inclusion, sustainable lifestyles and overall quality of life within our communities. In this way, we play a vital role in supporting Government initiatives, including Abu Dhabi's 2030 Vision, the UAE's Vision 2021 and 2030, Ghadan 21, the national Climate Change Plan and the UAE Green Agenda.

The Company's social responsibility policy is implemented by focusing on the following aspects:

- Governance – through the Code of Business Conduct and accountability.
- Employees – by creating an ideal working environment.
- Environment – by the management of the impact of the Company's operations on the environment.
- Suppliers – by working with a group of experienced suppliers and service providers to enhance the Company's social responsibility.
- Customers – by providing them with expertise and added value.
- Community – by supporting and investing in the local communities through which the Company operates.

Through its social responsibility, the Company aims at creating sustainable value for shareholders, employees, suppliers, customers, business partners and the communities in which it operates. We have invested an average amount of AED 25 Million in our CSR programmes.

A Summary of Aldar CSR Activities of the year 2021 is as follows:

Empowering UAE Talent

- Sandooq Al Watan: Aldar Properties contributed AED 15 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 United Arab Emirates (UAE). The contribution reflects the priority that Aldar attributes to its corporate and social responsibility as a leader in the community.
- Aldar's latest contribution to Sandooq Al Watan brings the total contribution to the fund to AED 150 million.
- One of the world's largest social initiatives, Sandooq Al Watan aims to champion social entrepreneurship and cohesion, in line with the national vision for sustainable development. Through our partnership, we have funded local research projects that focus on solving environmental and social challenges, support local entrepreneurs, and upskill and develop young local talent through customised programmes.
- Some of the main initiatives of the Fund sponsored by Aldar:
  - Supporting the UAE Coder and Mawhibatna Programmes
  - Funding the Centurium Prize and other research programmes to support innovation and local research talent
  - Supporting local entrepreneurs

Supporting People of Determination

- Aldar Properties (Aldar) has signed a Memorandum of Understanding (MoU) with Zayed Higher Organization (ZHO) to enhance opportunities and accessibility for people of determination within Aldar and across the company's retail, hospitality, residential and commercial assets. The agreement comes as part of Aldar's CSR strategy to drive positive impact and improve inclusivity and accessibility in local communities.
- Aldar maintains strategic partnership with UAE Special Olympics. The agreement includes the provision of office space and support services.
- Aldar investment in Ma'an's first social impact bond that supports People of Determination 'ATMAH', enabled the recruitment of more than 20 individuals from the programme into local organisations.

Supporting the Nation's Youth

- We are committed to offer one of our flagship buildings to the Federal Youth Authority – which acts as a co-working space with state-of-the-art facilities – where the youth can work in.

Promoting Health & Wellbeing

- Aldar sponsors the UAE Team Emirates, the UAE's competitive road cycling team. The three-year sponsorship agreement is in line with Aldar's social responsibility efforts by advocating for healthy and sustainable living across its communities.
- Aldar introduces wellbeing programmes to its employees and communities.

16. GENERAL INFORMATION

16.1 Company's Share Performance during 2021

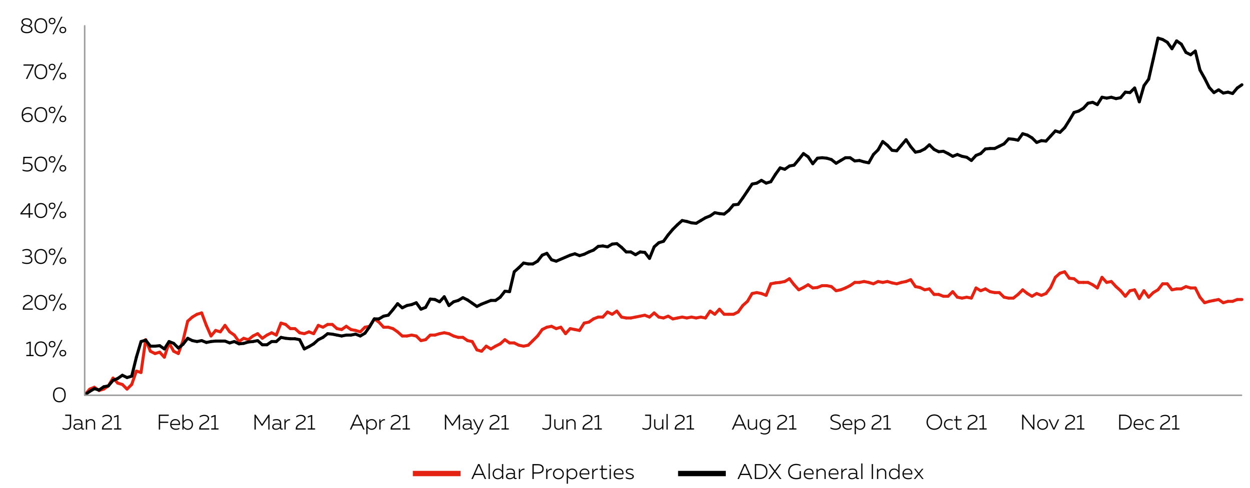
Trading in the Company's shares witnessed strong activity during the year ended on December 31, 2021. The following table provides an overview of the Company's share price at the end of each month of the year ended on December 31, 2021:

Date	Opening (AED)	Highest Price (AED)	Lowest Price (AED)	Closing (AED)	Quantity (Share)	Value (AED)	No. of Transactions	Change AED	Change %
January 2021	3.18	3.82	3.15	3.48	674,973,329	2,257,439,310.65	12,571	0.33	10.48
February 2021	3.55	3.88	3.53	3.66	1,306,752,638	4,807,178,308.44	14,926	0.18	5.17
March 2021	3.66	3.80	3.62	3.76	1,027,429,290	3,801,200,985.24	9,037	0.10	2.73
April 2021	3.65	3.72	3.49	3.51	1,277,644,167	4,636,520,364.77	6,417	0.25	6.65
May 2021	3.54	3.73	3.49	3.65	1,253,354,769	4,493,705,788.93	8,378	0.14	3.99
June 2021	3.66	3.90	3.63	3.82	1,359,063,664	5,168,623,938.97	9,821	0.17	4.66
July 2021	3.82	3.98	3.73	3.97	1,196,692,878	4,603,007,920.61	8,219	0.15	3.93
August 2021	3.98	4.26	3.98	4.15	1,486,475,783	6,130,535,005.65	10,922	0.18	4.53
September 2021	4.16	4.24	3.96	4.08	1,729,822,010	7,170,587,072.11	12,372	0.07	1.69
October 2021	4.09	4.13	3.98	4.06	1,568,467,146	6,360,526,413.84	11,045	0.02	0.49
November 2021	4.06	4.38	3.98	4.02	1,555,095,680	6,472,250,129.60	17,121	0.040	0.99
December 2021	4.03	4.21	3.92	3.99	1,187,587,686	4,816,833,764.46	12,689	0.030	0.75

Source: Abu Dhabi Securities Exchange

16.2 Comparative Performance of Aldar Properties' share with the General Market Index and Sector Index during 2020

The following diagram shows the comparative performance of the Company's share with the general market index and the real estate sector index during the year ended on 31, December 2021:



Source: Bloomberg

16. GENERAL INFORMATION continued

16.3 Statement of Distribution of Shareholders' Ownership as on December 31, 2021 (Individuals – Companies – Governments), categorised as follows: (Local – Gulf – Arabic – Foreign)

The following table shows the distribution of shareholder's ownership in Aldar Properties (Individuals – Companies – Governments) categorised as follows: (Local – Gulf – Arabic – Foreign) as on December 31, 2021:

Investor / Shareholder	Customer Type	No. of Shareholders	No. of Shares (Share)	Ownership Percentage in the Capital as per the Category	Total Shares
Local	Government	448	2,225,401,033	28%	6,462,364,672 82%
	Companies	111	3,122,490,292	40%	
	Individuals	42,373	1,114,473,347	14%	
Gulf	Government	1	2,124,067	0.03%	128,721,445 1.6%
	Companies	67	112,230,008	1.43%	
	Individuals	158	14,367,370	0.18%	
Arabic	Government	0	0	0.00%	57,055,488 0.7%
	Companies	16	6,147,289	0.08%	
	Individuals	958	50,908,199	0.65%	
Foreign	Government	0	0	0.00%	1,214,555,051 15.4%
	Companies	629	1,181,969,425	15.03%	
	Individuals	785	35,361,434	0.45%	
Total		**45,437**	**7,862,629,603**	**100%**	**7,862,629,603 Shares (100%)**

Source: Abu Dhabi Securities Exchange

16.4 Overview of Shareholders whose Ownership Percentage exceeds 5% of the Company's Capital as on December 31, 2021

The following table shows the shareholders whose ownership percentage exceeds 5% of the Company's capital as on December 31, 2021:

Shareholder	No. of Shares	Ownership Percentage
Al Mamoura Diversified Global Holding	1,975,408,347	25.12%
Sublime Commercial Investment One Person Company LLC	960,000,000	12.21%
Sogno Two One Person Company LLC	649,086,148	8.26%
Sogno Three One Person Company LLC	625,293,766	7.95%

Source: Abu Dhabi Securities Exchange

16.5 Statement of Distribution of Shareholders according to their Ownership Percentage as on December 31, 2021

The following table shows the distribution of shareholders according to their ownership percentage as on December 31, 2021:

Shares Ownership (Share)	No. of Shareholders	No. of Owned Shares	Owned Shares Percentage of the Capital
Less than 50,000	42,678	116,974,423	1.49%
From 50,000 to less than 500,000	1,969	347,198,785	4.42%
From 500,000 to less than 5,000,000	663	1,012,036.111	12.87%
More than 5,000,000	127	6,386,420,284	81.22%
Total	**45,437**	**7,862,629,603**	**100%**

Source: Abu Dhabi Securities Exchange

16.6 Controls of Investors Relationships with the Listed Companies

According to the decision of the Chairman of the Securities and Commodities Authority No. (7/RM) of 2016 on standards of institutional discipline and governance of Public Joint Stock Companies, and the circular issued by the Authority on the controls of investor relationships with listed companies, and on the basis of Aldar Properties' keenness on the optimal application of the applicable rules and regulations in this regard, the Company, during 2020 and 2021, has stimulated and developed the Investor Relations Department and strengthened its role through the fulfilment of the primary and secondary requirements of the Investor Relations Department, in a manner that contributes to raising the consistency and quality in response to the external inquiries of analysts, investors and shareholders. It as also strengthens the Company's investment relations and market linkages, and enhances the knowledge and awareness of the stakeholders and their understanding of the data on the performance of the Company through the application and enforcement of the best ways to communicate with the Company, improvement of the quality of submitted reports, , ensuring a high level of disclosure, transparency and interaction with markets through efficient structure at the Senior management level.

From this view point, the Company has developed and updated its Investor Relations Department website to promote efficiency and effectiveness in accordance with the Securities and Commodities Authority's applicable requirements and controls of investor relations management.,. The shareholders, investors, stakeholders and the public can visit this website through the following link:

http://www.aldar.com/en/article/investor-relations/investor-relations-overview.html

In addition, to ensure efficient and effective realisation of the role and objectives of the Investor Relations Department, the Company appointed officials specialised in investor relationships management, who have the required scientific qualifications and experiences in the fields of business, accounting and public relations, and full knowledge of the Company's activities and opportunities, and are familiar with the relevant legal and legislative requirements of the relevant authorities. In addition, they have the skills and ability to interact with the customers and provide them with the technical and financial information of the Company easily and smoothly, in both Arabic and English, through various channels of communication. In 2021, the officials of this Department conducted a series of meetings with current shareholders and potential investors, at the local and international levels, to enhance awareness and knowledge of the Company's projects and financial position, in a manner that enhances the confidence in the Company's performance, projects and portfolio of assets, as well as the Company's future expansion and growth prospects.

The following table shows the details and contact information of the Investor Relations Department officials:

Investor Relations Department officials	Ms. Samar Khan
	Ms. Basma Al Muhairi
Contact Information	
Telephone	00971 2 8105555
Fax	00971 2 8105550
P.O. Box	51133 – Abu Dhabi
Email	SKhan@aldar.com
Address	Aldar Square – Yas Island – Abu Dhabi

16.7 Special Decisions taken in the General Assembly Meetings of Shareholders during 2021, and Actions taken in respect thereof

In accordance with the applicable laws and regulations, the special decision is: the decision issued by a majority vote of shareholders who own at least three quarters of the shares represented in the General Assembly meeting of the joint stock company.

The agenda of Aldar Properties' General Assembly meeting held on March 24, 2021, included two clauses requiring a special decision by the shareholders, which have been unanimously approved by the shareholders present at this meeting. These clauses are as follows:

- Approval of provisions of voluntary community contributions by the Company during 2021, and authorising the Board of Directors to determine the entities to whom such amounts will be allocated, provided that such voluntary contributions shall not exceed 2% of the average net profit of the Company achieved during the fiscal years (2019 and 2020), and provided that such voluntary contributions are made for the purposes of community service and subject to the provisions of Federal Law No. (02) of 2015 on commercial companies in this regard.

16. GENERAL INFORMATION continued

16.7 Special Decisions taken in the General Assembly Meetings of Shareholders during 2021, and Actions taken in respect thereof continued

Based on the approval issued by consensus of the shares represented at the General Assembly meeting of the Company, the Board of Directors approved and allocated amounts of money and voluntary contributions to serve the community, within the powers and standards granted to it, and in accordance with the legal requirements in this regard.

- Approval of amending the following articles (15), (17), (31), (33), (35), (36), (38), (39), (40), (42) and (46) of the Articles of Association of Aldar to be consistent with the amendments made to the Federal Law No. (02) of 2015 on commercial companies, provided that, the approval of the competent authority is obtained.

Based on the approval at the General Assembly meeting of the Company, the company has conducted the measures required for meeting the legal procedures and requirements necessary to execute such resolution, amending the Company's Articles of Association and publishing it in the official gazette. The Company also has approached the relevant departments in the Securities and Commodities Authority and Abu Dhabi Securities Exchange until the actual application and execution of the said resolution.

16.8 Company Secretary of the Meetings of the Board of Directors and the Date of Appointment thereof

Aldar Properties, its Board of Directors and Executive Management believe in the role played by the Company Secretary of the Board of Directors' meetings in organising the work of the Board of Directors and its Committees. Further, his role includes coordination of matters and issues relating to the meetings of the Board and its Committees, from scheduling meetings, organising the agenda, organisation and coordination of the Members before and during the meetings, preparing their minutes, arranging for the signature and adoption thereof. Furthermore, and the Company Secretary's role in coordination of communication among the different Departments of the Company in relation to resolutions issued by the Board and its Committees, to ensure the optimal implementation of such resolutions. In addition, he contributed to the continuous communication with the Members of the Board and provision of various information and requirements related thereto, in a manner that ensures that they perform an effective role in their duties as Members of the Board of Directors, according to the applicable laws, regulations and resolutions.

The most prominent tasks undertaken by the Company Secretary are as follows:

- Documenting Board meetings and preparing their minutes.
- Maintaining the reports submitted to the Board of Directors and the reports prepared by the Board.
- Providing the members of the Board of Directors with the agenda of the meeting of the Board of Directors, papers, documents and relevant-information, and any additional information related to the topics covered in the agenda items requested by any Board member.
- Ensuring the compliance of the members to the procedures approved by the Board of Directors.
- Notifying the members of the Board of Directors of the dates of the Board meetings sufficiently before the date set for the meeting.
- Submitting the draft minutes to the Board members to express their opinions thereon before signing it.
- Ensuring that the members of the Board of Directors receive a complete and without delay a copy of the minutes of the Board of Directors' meetings, and the information and documents related to the company.
- Communicating the decisions of the Board of Directors and its committees to the Executive Management of the company and submitting reports on their implementation and application.
- Supporting the Board of Directors' evaluation process.
- Coordination between members of the Board of Directors and the Executive Management Team in the company.
- Organising the disclosure record for the Board of Directors and the Executive Management in accordance with the rules and provisions of the Public Shareholding Company Governance Manual and the active legislation, in addition to providing assistance and advice to them.

Mr. Mohamed Hatem Abdul-Rahman was appointed as a Company Secretary to the company under the resolution issued by the Board of Directors in its meeting No. (04/2020) which was held on August 12, 2020. Mr. Mohamed Hatem Abdul-Rahman has a practical experience in the field of legal affairs and corporation compliance for a period of 14 years. He obtained a bachelor degree from Faculty of Sharia and Law from UAE University. Moreover, he obtained certification from "Governance".

16.9 Material Events Experienced by the Company during 2021

The year 2021 witnessed a significant demand for sales of housing units in all projects developed by Aldar Properties Company, and this was due to the lack of high-quality housing projects that offered in the market during that period, along with the investors and buyers trust in the company's ability, efficiency and quality of its products despite the difficult circumstances of COVID-19. Among the most significant events that Aldar Properties experienced during the year 2021 are the following:

- **Abu Dhabi Executive Council approves capital projects framework between Abu Dhabi Government and Aldar Properties**
  On 20 January 2021, Abu Dhabi Executive Council has approved a framework between Abu Dhabi Government and Aldar Properties for the development of capital projects in the emirate. The decision follows the recommendation of the Abu Dhabi Executive Committee to establish a public-private partnership framework for the development of capital projects in the emirate and the subsequent Memorandum of Understanding signed between Abu Dhabi Development Holding (Holding) and Aldar.

- **Aldar Announces New Group Operating Model as it Embarks on the Next Phase of Growth**
  On 31 January 2021, Aldar Properties has adopted a new group operating model to drive the next phase of growth, which will focus on enhancing the customer experience, digital transformation, operational efficiency, and sustainability. The new model promotes agility and accountability throughout the organisation, with two core businesses – Aldar Investment and Aldar Development – led by their own Chief Executive Officers, Jassem Saleh Busaibe as CEO of Aldar Investment and Jonathan Emery as CEO of Aldar Development, both reporting to the Group CEO.

- **Aldar Launches the "Aldar Scale Up Programme" for Proptech Startups**
  On 2 February 2021, Aldar Properties ('Aldar') announced the launch of its corporate innovation programme, Aldar Scale Up, in partnership with startAD, the Abu Dhabi-based global accelerator at NYU Abu Dhabi and powered by its partner Tamkeen. The virtual market access will provide a gateway to tangible growth opportunities, build strong networks, and validate global PropTech start-ups providing the latest cutting-edge real estate technology to enter and grow in the UAE market through pilot projects with Aldar and other leading industry players in the region.

- **Aldar Estates accelerates growth and widens reach through acquisition of Asteco Property Management**
  On 11 February 2021, Aldar Estates, a recently established estate management company that consolidated Aldar Properties' retail operations alongside existing residential and commercial real estate operations managed by "Provis Estate Management", has acquired the award-winning full-service real estate services company Asteco Property Management LLC and all its branches across Abu Dhabi and Dubai. Through the acquisition, Aldar Estates will scale up its existing integrated estate management solutions to include building consultancy, valuation and advisory as well as franchising services.

- **Al 85% Of Aldar's Workforce obtain the Vaccination Against Covid-19 So Far**
  On 9 February 2021, Aldar Properties has announced that 85% of its workforce has chosen to vaccinate against Covid-19 so far, with over 19,000 people having received a Covid-19 vaccine dose in less than a month. This includes Aldar's executive management, employees working at Headquarters and Aldar Estates and those across the Group's entire portfolio of malls, hotels and schools.

- **Resignation of a Member of the Board of Directors**
  On 01 March 2021, Aldar Properties PJSC announced that Mr. Mansour Mohamed Al Mulla has resigned from membership of the company's Board of Directors and its committees with effective from 28 February 2021, and that Mr. Khalifa Abdulla Khamis Al Romaithi has been appointed as his successor. This appointment has been presented to the shareholders in the General Assembly held on 24 March 2021 and it was approved.

- **Aldar Properties consortium submits tender offer for majority stake in EGX-listed Real Estate Company SODIC**
  On 14 March 2021, Aldar Properties PJSC has submitted a non-mandatory tender offer for the potential all-cash acquisition of the majority stake in the Egyptian development company "Sixth of October Development and Investment" (known as SODIC) which is a public joint stock company listed in the Egyptian Stock Exchange under code (OCDI.CA). This bid will be implemented by a consortium led by Aldar which owns its majority. The bid includes at least acquisition of 51% of SODIC existing capital, knowing that, completion of this deal shall be subject to completion of all due diligence procedures, obtaining the applicable regulatory approvals and meeting other terms. In case of reaching a satisfied result for the due diligence procedures, the consortium led by Aldar intends to present a binding bid in accordance with the applicable laws and regulations.

- **AED 500 Million Redevelopment Plan Unveiled to Redefine Retail Experience at Yas Mall**
  On 29 March 2021, Aldar Investment announced a AED 500 Million redevelopment plan for Yas Mall to reinforce the asset's position as the centrepiece of Yas Island, Abu Dhabi's fast growing residential and leisure destination. The substantial investment will enhance the customer journey by reimagining the mall's spaces and introducing new innovative retail concepts. The redevelopment will further enable Aldar Investment to deliver a unique and diversified offering to tenants and customers by repurposing 40% of its gross leasable area to high impact experiential retail, F&B, and co-working office spaces. Work on key areas of the mall is already underway during this March and will be completed in phases over 12-18 months.

- **Aldar Launches Second Cycle of Its Highly Successful Entrepreneurship Programme "Manassah"**
  On 04 April 2021, Aldar Properties has announced launch of the second round of its Manassah programme – a six-month entrepreneurship incubator aimed at encouraging and supporting the entrepreneurs, nurturing entrepreneurial talent and advancing homegrown retail concepts in the GCC.

16. GENERAL INFORMATION continued

16.9 Material Events Experienced by the Company during 2021 continued

- **Aldar Launches "Noya Viva" On Yas Island**
  On 04 April 2021, Aldar Properties has announced launch of "Noya Viva" project to be the second stage of "Noya" residential project on Yas Island which has achieved huge success at time of its launch. All residential units in the community are open to buyers from all nationalities on a freehold basis.

- **Aldar's Yas Island Development "Noya Viva" Sells Out in less than 48 Hours**
  On 12 April 2021, Aldar Properties has announced that all units in Noya Viva project have been sold out within 48 hours. This project is the second phase of its highly successful Noya development on Yas Island, which achieved great success and remarkable turnout when it was launched during the Q4 of 2020. This follows on from the four-hour sell-out of all units, demonstrating the continued demand for high-quality, well-located homes in Abu Dhabi.

- **Aldar Boosts Emiratisation Efforts through MoU with Ministry of Human Resources and Emiratisation (MOHRE)**
  On 13 April 2021, Aldar Properties signed an agreement with the MOHRE to train and offer opportunities to 10 young UAE nationals during 2021 – a commitment that is in line with the company's priorities around the development of Emirati talent and supporting the Emiratisation objectives. It is worthy notes, Aldar will be recruiting over 50 UAE nationals throughout the current year.

- **Aldar Partners with Global Venture Capital Firm Fifth Wall to Invest in European Proptech Fund**
  On 03 May 2021: Aldar Properties has announced concluding a strategic partnership with Fifth Wall, the world's largest venture capital firm focused on real estate technology. The investment into Fifth Wall's European Real Estate Technology Fund makes Aldar the first limited partner from the MENA region to invest in the fund.

- **Aldar Properties has selected three PropTech start-ups to implement pilot projects**
  On 05 May 2021, Aldar Properties has selected three PropTech start-ups as part of the inaugural Aldar Scale Up accelerator programme, which aims to provide a gateway for international businesses with the latest cutting-edge real estate technology to enter and set up in the UAE. Selected start-ups will benefit from tangible growth opportunities through pilot projects with Aldar and other leading industry players in the region. The Scale Up accelerator programme was created in partnership with startAD, the Abu Dhabi-based accelerator, powered by Tamkeen and anchored at NYU Abu Dhabi.

- **Aldar Launches "Noya Luma" On Yas Island Following Rapid Sale of First Two Phases**
  On 25 May 2021, following the success of the first two phases of its Noya development, Aldar Properties has announced the launch of 189 standalone villas at Noya Luma on Yas Island. Noya Luma sits adjacent to the rest of the Noya community on the north side of the island and is open to buyers from all nationalities on a freehold basis.

- **Aldar's Noya Luma' Development on Yas Island Sells Out in Four Hours**
  On 30 May 2021, Aldar Properties has announced that Noya Luma, the third phase of its highly successful Noya development on Yas Island, sold out within four hours. This follows the rapid sell-out of the first and second phases of the community, demonstrating the persistent demand for high-quality homes on Yas Island. In total, Noya, Noya Viva and Noya Luma have generated more than AED 2.5 Billion in the past six months.

- **Aldar Launches Saadiyat Reserve "The Dunes"**
  On 30 June 2021, Aldar Properties announced the launch of the last phase of Saadiyat Reserve, which is "The Dunes", the company's latest residential community in the heart of Saadiyat Island. Located a short distance from key attractions and amenities on the island, including Louvre Abu Dhabi, Manarat Al Saadiyat, Soul Beach, and NYU Abu Dhabi, Saadiyat Reserve The Dunes is made up of 83 high quality villas with access to community retail, a school, a mosque, fitness areas, sports courts, and swimming pools that will be developed within the Saadiyat Reserve masterplan.

- **Aldar became the First Mena Real Estate Company to Secure Sustainability-Linked Loan**
  On 04 July 2021, Aldar Properties has signed a credit facility with HSBC that links the interest margin payable under the facility to achievement of sustainability targets. The agreement sees Aldar become the first real estate company in the Middle East and North Africa (MENA) region to enter into this type of financing.

- **Aldar Sells Out Saadiyat Reserve The Dunes**
  On 07 July 2021, Aldar Properties announced today the sell-out of all 83 villas at Saadiyat Reserve The Dunes, the company's latest development on Saadiyat Island. The Cilla project received remarkable demand from customers looking to benefit from stunning modern designs and a prime location in the heart of Saadiyat Island.

- **Aldar Launches Exclusive Land Plots at Al Gurm Waterfront Community**
  On 11 July 2021, Aldar Properties has announced the launch of the second phase of its Al Gurm development, a luxurious and secluded waterfront community on the South-West side of Abu Dhabi's main island. The beach facing land plots at Al Gurm, which sit amongst the natural mangroves and open water, are exclusively available to purchase by UAE nationals.

- **Aldar Sells Out Exclusive Waterfront Land Plots at Al Gurm**
  On 02 August 2021, Aldar Properties has announced the sell-out of land plots at the second phase of Al Gurm, the luxurious and secluded beachfront community on the South-West side of Abu Dhabi's main island. This solid sales performance is the latest indication of the demand for a diverse range of real estate investment opportunities in Abu Dhabi.

- **Aldar Achieves Highest ESG Ranking of Listed Real Estate Companies in the UAE**
  On 03 August 2021, Aldar Properties PJSC today published its third sustainability report showcasing the resilience of its business and sustainable growth strategy in 2020. The report highlights the significant progress and steps forward that Aldar has made with regards to its sustainability goals.

  Aldar has markedly increased its ESG results, despite the COVID-19 pandemic, scoring higher than all listed real estate companies in the UAE, after implementing a refreshed sustainability strategy last year. Furthermore, Aldar was ranked third among all listed companies on Abu Dhabi Securities Exchange and improved its ESG score well above the industry average for both Dow Jones Sustainability Index and MSCI.

- **Aldar to Launch Magnolias at Yas Acres**
  On 22 August 2021, Aldar Properties has announced the launch of Yas Acres the Magnolias. The third phase of the well-established development at the Yas Acres gated community consists of 312 new spacious villas and townhouses that are available for purchase by all nationalities from next 4 September.

- **Aldar Properties consortium submits mandatory tender offer for up to 90% stake in EGX-listed Real Estate Company SODIC**
  On 14 September 2021, A consortium comprising Aldar Properties and ADQ has submitted for approval by the Egyptian Financial Regulatory Authority an all-cash mandatory tender offer for up to 90% and a minimum of 51% of the outstanding share capital of The Sixth of October for Development and Investment S.A.E. ("SODIC" or "the Company") (EGX: OCDI.CA).

- **Aldar Completes the Sale of all Homes at Newly Launched 'Magnolias' Yas Acres**
  On 07 October 2021, Aldar Properties ('Aldar') has announced that Magnolias, the third phase of its flagship Yas Acres development on Yas Island, has been sold out. This follows the strong demand seen in the first three phases of Yas Acres and the rapid sell-out of the three phases of Aldar's adjacent Noya development.

- **Aldar to Create 1,000 Jobs For UAE Nationals By 2026 in Line With 'Projects Of The 50' Nafis Programme**
  On 24 October 2021, Aldar Properties announced that it will create employment opportunities for one thousand UAE nationals over the next five years in line with the ambitious Emiratisation goals set out in the UAE's 'Projects of the 50' initiative. The announcement reaffirms the company's commitment to increase Emiratisation levels in the private sector and develop the next generation of highly skilled local talent in partnership with the UAE government to support its NAFIS programme. A total of 200 roles will be created each year for five years across Aldar's various subsidiaries and partner companies, with positions available for fresh graduates as well as experienced professionals. To broaden the impact of the commitment, the 1,000 jobs created will include direct roles across Aldar's entire business, as well as indirect roles with partners and suppliers in line with Aldar's In Country Value (ICV) programme requirements.

- **The Egyptian Financial Supervisory Authority approves submittal of mandatory tender offer by Aldar-ADQ consortium submits for up to 90% stake in EGX-listed Real Estate Company SODIC**
  On 24 November 2021, The Egyptian Financial Supervisory Authority has approved the request of Aldar-ADQ consortium to submit mandatory tender offer an all-cash mandatory tender offer for up to 90% and a minimum of 51% of the outstanding share capital of SODIC (EGX: OCDI.CA). by approval of The Egyptian Financial Supervisory Authority issued on 22 November, the mandatory tender offer period shall be valid for 10 working days as per the applicable administrative time in Egypt with effective from Wednesday, 24 November, during which SODIC shareholders must reply to the offer.

- **Aldar secures Egyptian Real Estate platform alongside strategic partner ADQ as majority shareholders in SODIC**
  On 07 December 2021, a consortium comprising Aldar Properties and ADQ will acquire approximately 85.52% of the outstanding share capital of SODIC (EGX: OCDI.CA) following a successful mandatory tender offer (MTO). The Abu Dhabi based consortium, which is controlled 70% by real estate developer and manager Aldar and 30% by ADQ, one of the region's largest holding companies with a broad portfolio of major enterprises spanning key sectors of Abu Dhabi's diversified economy, will focus on identifying growth opportunities and guiding the company's long-term strategy. The consortium's objective is to advance SODIC's position as a leading national developer by scale and reputation, growing its portfolio of mixed-use residential communities in Greater Cairo, the North Coast and other major markets.

16. GENERAL INFORMATION continued

16.9 Material Events Experienced by the Company during 2021 continued

Aldar Properties invites the PropTech start-ups to participate in second edition of Aldar Scale Up

On 08 December 2021, Aldar Properties has announced launch of the second edition of Aldar Scale Up Programme to accelerate the business and supporting the start-ups without acquisition of equity. The programme provides a gateway for international businesses with the latest cutting-edge real estate technology to enter and set up in the UAE through pilot projects with "Aldar" and "Majid Al Futtaim" its strategic partner in Dubai. The Scale Up accelerator programme was created in partnership with startAD, the Abu Dhabi-based accelerator, powered by Tamkeen and anchored at NYU Abu Dhabi. The invitations were addressed to the start-ups to submit their applications for participation by 05 February 2022.

In addition to many other material events that were disclosed to the Securities and Commodities Authority, Abu Dhabi Securities Exchange and through various media at the time during 2021.

16.10 Emiratisation Percentage in the Company for the years 2019, 2020 and 2021

Aldar Properties has adopted a policy that contributes to attract national, experienced and qualified personnel who play a fundamental and effective role in supporting the Company's progress, projects and business, in a way that enhances the Company's capabilities and resources, and contributes to support the development process witnessed by the Emirate of Abu Dhabi under the approach of our wise leadership. In this regard, it is worth mentioning that the Company succeeded in raising the Emiratisation percentage during the 2021. The following table shows the company's Emiratisation ratios for the years 2019, 2020 and 2021:

Year	2019	2020	**2021**
Emiratisation Ratio	27.0%	29.1%	**37.1%**

16.11 Statement of the transactions conducted by the company during 2021 which is equivalent to 5% or more from the company's capital

Aldar didn't conclude any deals that amounted to 5% or more from the company's capital during 2021.

16.12 Projects and Innovative initiatives performed by the Company during 2021

Aldar Properties firmly believes in the importance of adopting innovative projects and initiatives that meet the needs and requirements of communities, customers, shareholders, investors and employees. The Company is keen to provide a transparent and competitive investment environment to enhance the efficiency of the sectors in which the Company operates, and to enhance and encourage the attractiveness of professional expertise and capital to work and invest in these sectors. During 2021 (in line with what was initiated in 2017), Aldar Properties played an important and substantial role in adopting many initiatives and continuous coordination with customers and partners in Abu Dhabi (individuals, companies and governmental and non-governmental entities) as follows:

Scale Up, Aldar's equity-free accelerator programme that runs virtually over a six month period, provides a gateway for tech startups from around the world to access the UAE market with tangible opportunities to grow their businesses through real estate pilot projects with Aldar and its partners. In recognition of the accelerated shift towards Web 3.0, the second edition of Scale Up will become one of the UAE's first programmes to attract international startups with technologies that have the potential to shape the open metaverse. The programme is specifically focused on start-ups with the capabilities and desire to reimagine the future of the real estate industry in more efficient, secure, and experiential ways through blockchain and NFT applications, artificial intelligence-powered data analytics, and customer experience gamechangers like virtual reality.

The Ibtikar Initiative is an internal incubation programme aimed at developing and testing ideas and solutions home grown by Aldar employees. Each employee is given the opportunity to come up with an idea, bring together a team, and pitch the idea to the Company executives in a similar way to how an entrepreneur seeking funding would pitch to a venture capital firm. Winners of the programme receive funding to develop and test a prototype within a controlled environment which can later, if proven successful, be scaled into a full venture. More than 10 successful projects have been launched since the initiation of this program in 2019 with many more being tested annually.

Aldar has entered into strategic partnerships with multiple proptech fund managers predominately overlooking Europe and North America. Through these investments, Aldar will be able to tap into a large network of proptech startups on a global basis to gain access to the latest technologies and trends that are driving the evolution of the real estate sector. This global access will provide Aldar with vital insights to inform its business decisions and identify solutions and potential enhancements to the various businesses that are part of the Group.

- **Corporate CX**
  Corporate CX function has been created to ensure a seamless Customer experience across assets by proactively managing and monitoring customer experience. This includes as core strategic functions such as:
  – Cascade down CX vision and initiatives to each asset
  – Monitor and govern Aldar customer strategy across assets and develop action plan to enhance experience
  – Create framework for continuous engagement with our customers across assets

  The ultimate goal is to ensure all the assets are leveraged to get the customers' satisfaction expected through providing excellent customer service that directs our resources, initiatives, and strategy towards fulfilling the customer's needs and expectations.

  Within this mandate, Corporate CX department **is focusing on 4 pillars of Aldar Customer Centric Strategy by providing strategic guidance and governance framework:**
  – Engagement & Understanding our customers: to drive deeper insights to our customers preferences and mirror our customer experience through continuous mystery shopping
  – Journey enhancement: to continuously monitor and refine our customer journey to ensure alignment and improvement
  – Insights & Feedback: to deliver real time Voice of the Customer platform to enable rapid response and enhancement to our experience
  – Retainment & Loyalty: to grow and continuously improve Darna loyalty program to increase loyalty and meet our customers' demand.

  Corporate CX has played a key role in driving cultural mindset changes towards more customer centricity, with one initiative, among key others, **being the implementation of Aldar Customers Centricity Committee (CXC), composed of C-suite members.** The CXC role is to review Insights, take strategic decision to enhance CX, escalate urgent issues related to customers feedback and go through new initiatives that come out as a result of discussion.

  By ongoing monitoring customers feedback and escalate issues, conducting regular audits, Corporate CX has contributed with the CX assets champions to enhance significantly CX KPIs vs last year.

Signatures		
Chairman of Nominations & Remuneration Committee	Chairman of Audit, Risk Management & Compliance Committee	Director of Internal Audit Department
Mr. Martin Lee Edelman	Mr. Ali Saeed Abdulla Al Falasi	Mr. Haider Najim

Approval of the Board of Directors

Approved by the Board of Directors at its Meeting No. (02/2022) held on March 08, 2022

H.E. Mohamed Khalifa Al Mubarak
Chairman of the Board

BOARD OF DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report together with the audited consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Group is engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.

FINANCIAL RESULTS

The financial results of the Group have been presented on page 13 of these consolidated financial statements.

DIRECTORS

H.E. Mohamed Khalifa Al Mubarak	Chairman
Ms. Mariam Saeed Ahmed Ghobash	Vice Chairman
H.E. Waleed Ahmed Al Mokarrab Al Muhairi	Director
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Director
Mr. Martin Lee Edelman	Director
Eng. Hamad Salem Mohamed Al Ameri	Director
Mr. Khalifa Abdulla Al Romaithi	Director

RELEASE

The Directors release from liability management and the external auditor in connection with their duties for the year ended 31 December 2021.

for the Board of Directors

Mohamed Al Mubarak
Chairman
8 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ALDAR PROPERTIES PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matters to the Audit Committee but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS continued

Key Audit Matters continued

The key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Valuation of investment properties	
The Group's investment property portfolio amounted to AED 18,026 million as at 31 December 2021 (2020: AED 16,463 million) and the net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 146 million (2020: net fair value loss amounted to AED 400 million). The Group measures its investment properties at fair value and engages an external valuer to determine the fair value of all its properties. The determination of the fair value of the majority of these investment properties is performed using the income approach of valuation, while a residual valuation methodology has been used for investment properties under development. The Group's determination of fair value for the investment properties requires management to make significant estimates and assumptions related to future rental rates, capitalisation rates and discount rates. The valuation of the portfolio involves significant estimation uncertainty and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements. COVID-19 continues to impact many aspects of daily life and the global economy. New strains of the COVID-19 virus have been discovered in 2021, which are characterised by higher transmission rates. Travel, movement and operational restrictions have been implemented by many countries including the United Arab Emirates ("UAE"), with some real estate markets having experienced lower levels of transaction activity and liquidity. Nevertheless, the external valuers have indicated that, as at the valuation date, property markets are mostly functioning again with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of the values. We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on level 3 valuation methodologies which requires management to make significant estimates and judgements in determining the fair value of investment property. Refer to notes 4 and 7 for disclosures relating to this matter.	We evaluated the design and implementation of controls in this area. We assessed the valuer's competence and capabilities and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes. We agreed the total valuation in the reports of third party valuers to the amount reported in the consolidated statement of financial position. We tested the data provided to the valuers by the Group, on a sample basis. We reviewed a sample of investment properties valued by external valuers, and also involved our internal real estate valuation expert to review a sample of those properties, and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 *Fair Value Measurement*. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reviewed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the arithmetical accuracy of the determination of net fair value gain. We assessed the disclosures made in relation to this matter to determine if they were in accordance with the requirements of IFRSs.

Key audit matter	How the matter was addressed in our audit
Impairment assessment of hotel properties classified under property, plant and equipment	
Hotel properties classified under property, plant and equipment had a carrying amount of AED 1,855 million as at 31 December 2021 (2020: AED 1,949 million) which represents 4% (2020: 5%) of total assets. The Group undertakes a review of indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amount, which takes into account the fair value of the property under consideration, exceeds or is equal to its carrying amount. COVID-19 continues to impact many aspects of daily life and the global economy. New strains of the COVID-19 virus have been discovered in 2021, which are characterised by higher transmission rates. Travel, movement and operational restrictions have been implemented by many countries including the UAE, with some real estate markets having experienced lower levels of transaction activity and liquidity. For hotel properties specifically, COVID-19 impacted the operations in the form of government lockdowns, decreased occupancy and lower Revenue per Available Room, which resulted in an indicator of impairment for hotel properties being present. Nevertheless, as per the third party valuers as at the valuation date, property markets are mostly functioning again with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of the values. In the event that the recoverable amount of a hotel property is lower than its carrying amount, the Group recognises an impairment loss in its consolidated statement of profit or loss. We have identified the impairment assessment of hotel properties classified under property, plant and equipment as a key audit matter as the determination of fair value less costs to sell is based on level 3 valuation methodologies and requires management to make significant estimates in determining the recoverable amount of hotel properties classified under property, plant and equipment. Refer to notes 4 and 5 for disclosures relating to this matter.	We evaluated the design and implementation of controls in this area. We assessed the valuer's competence and capabilities and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes. We tested the data provided to the valuers by the Group, on a sample basis to satisfy ourselves of the accuracy of the information supplied to the valuers by management. We reviewed a sample of hotel properties valued by the external valuers, and involved our internal real estate valuation expert to review a sample of those hotel properties, and assessed whether recoverable amount of the hotel properties was performed in accordance with the requirements of IFRS 13 *Fair Value Measurement*. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reviewed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the arithmetical accuracy of the determination of impairment loss, if any. We assessed the disclosures made, in relation to this matter, to determine if they were in accordance with the requirements of IFRSs.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS continued

Key Audit Matters continued

Key audit matter	How the matter was addressed in our audit
Revenue recognition for property development and sales	
Revenue recognition on property development and sales require significant judgements to be applied and estimates to be made. The Group assesses for each of its contracts with customers for property development and sales, whether to recognise revenue over time or at a point in time based on the consideration of whether the Group has created a real estate asset with no alternative use and whether the Group has an enforceable right for payment related to performance completed at any time during the life of the contract as disclosed in Note 3.11 and Note 4 to the consolidated financial statements. Where revenue is recognised over time, the Group estimates total development and infrastructure costs required to meet performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of the reporting period. Revenue recognition on property development and sales was assessed as a key audit matter due to the significance of the assessment of satisfaction of performance obligations and judgements made in assessing the timing of revenue recognition. Refer to note 4 for details about judgements applied and estimates made in determining the amount of revenue to be recognised.	We obtained an understanding of the process implemented by the Group for revenue recognition and measurement in respect of property development and sales. We tested the design, implementation and operating effectiveness of controls established by the Group over revenue recognition for property development and sales. We inspected a sample of contracts with customers for property development and sales and assessed management's identification of performance obligations and their determination of whether revenue should be recognised over time or at a point in time in accordance with the requirements of IFRS 15 *Revenue from Contracts with Customers* by making reference to the terms and conditions specified in the contracts. We determined to what extent the resultant performance obligations had been satisfied through the inspection of supporting documentation. We examined approved project cost budgets for significant on-going real estate developments and reviewed the projects' completion percentages as a percentage of total costs incurred. For a sample of significant projects, we recalculated the amount of revenue to be recognised. We assessed the disclosures made in the consolidated financial statements in this area against the requirements of IFRSs.

Key audit matter	How the matter was addressed in our audit
Business combination	
On 16 December 2021, a consortium (the "Consortium") comprising the Company and Abu Dhabi Development Holding Company PJSC ("ADQ") completed the acquisition of approximately 85.52% of the outstanding share capital of The Sixth of October for Development and Investment Company S.A.E ("SODIC"), an Egyptian Joint Stock Company. The Company has 70% interest in the Consortium whereas the remaining is held by ADQ. Accordingly, the Company acquired approximately 59.86% interest in SODIC for a total consideration amounting to AED 997 million. SODIC shares were transferred to the Consortium on 16 December 2021 after completing all legal and regulatory formalities therefore this date was the date on which the Company obtained control over SODIC. SODIC is involved in the development, management and leasing of residential, commercial and retail properties. The acquisition is part of the Group's strategic plan to overall expansion strategy into the Egyptian real estate market. The Company assessed that it controls the Consortium and SODIC as disclosed in Note 45 to the consolidated financial statements. This transaction has been accounted for in accordance with IFRS 3 *Business Combinations*. Management have applied the acquisition method in accounting for the abovementioned acquisition which requires the following: • identifying the acquirer; • determining the acquisition date; • recognising and measuring the identifiable assets acquired, the liabilities assumed and non-controlling interest in the acquiree; and • Recognising and measuring goodwill or a gain from a bargain purchase. An independent external valuation specialist was engaged by the Group to perform the provisional purchase price allocation exercise which includes determination of provisional fair valuation of assets acquired and liabilities assumed, and identification and valuation of the intangible assets. We have identified the acquisition of SODIC as a key audit matter due to the size of the transaction and the inherent complexities associated with business combinations, particularly the judgements applied and estimates made in the: • allocation of the provisional purchase price to the identifiable assets acquired and liabilities assumed; • the identification and measurement of intangible assets and the determination of useful lives assigned to the identified intangible assets; and • adjustments made to align accounting policies of SODIC with those of the Group. Refer to Note 45 to the consolidated financial statements for more details relating to this matter.	As part of our audit procedures in respect of the business combination, we have: • Assessed the design and implementation of controls over the accounting of the transaction; • Assessed whether management's assumptions in relation to the accounting for the transactions are in accordance with the requirements of IFRS 3; • Agreed the provisional fair values of the assets and liabilities determined by management to the amounts presented in the consolidated financial statements; • Assessed the related disclosures in Note 45 of the financial statements to determine if they were in compliance with IFRSs; and • As part of our audit procedures in respect of the provisional purchase price allocation, we have: – assessed the completeness and accuracy of the assets acquired and liabilities assumed in the provisional purchase price allocation; – evaluated, with involvement of our internal experts, the methodologies and significant inputs used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets; – assessed, with involvement of our internal experts, the provisional fair values of a sample of the assets acquired and liabilities assumed; – analysed the provisional fair value adjustments recognised by management and evaluated whether the adjustments made were in accordance with the requirements of IFRS 3; – assessed, with involvement of our internal experts, provisional goodwill recognised by management and evaluated whether it was accounted for in accordance with the requirements of IFRS 3; and – assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

TO THE SHAREHOLDERS OF ALDAR PROPERTIES PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS continued

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Board of Directors' Report, which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- The Company has maintained proper books of account;
- The financial information included in the Board of Directors' Report is consistent with the books of account and records of the Group;
- Notes 3, 8 and 45 reflect the disclosures relating to shares purchased or invested by the Group during the financial year ended 31 December 2021;
- Note 36 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- Note 41 reflects the disclosures relating to social contributions made during the year; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2021.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2021:

- Articles of Association; and
- relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations.

Deloitte & Touche (M.E.)

Georges F. Najem
Registration No. 809
8 March 2022
Abu Dhabi
United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	2021 AED '000	2020 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**3,557,052**	2,961,523
Intangible assets and goodwill	6	**293,195**	28,085
Investment properties	7	**18,025,935**	16,462,916
Investment in associates and joint ventures	8	**108,359**	123,889
Investment in financial assets	9	**41,659**	53,905
Derivative financial assets	23	**20,299**	–
Trade receivables and other assets	11	**526,839**	238,321
Total non-current assets		**22,573,338**	19,868,639
Current assets			
Plots of land held for sale	12	**5,137,885**	4,788,652
Development work in progress	13	**4,503,543**	2,719,770
Inventories	14	**1,029,411**	892,288
Investment in financial assets	9	**77,475**	–
Contract assets	10	**306,471**	1,017,866
Trade receivables and other assets	11	**7,057,481**	5,447,615
Cash and bank balances	15	**8,857,133**	5,497,818
Total current assets		**26,969,399**	20,364,009
Total assets		**49,542,737**	40,232,648

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

AT 31 DECEMBER 2021

	Notes	2021 AED '000	2020 AED '000
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**7,862,630**	7,862,630
Statutory reserve	17	**3,931,315**	3,931,315
Cash flow hedging reserve	17, 23	**(422)**	(31,054)
Investment revaluation reserve	17	**9,800**	18,142
Assets revaluation reserve	17	**73,623**	–
Retained earnings		**15,044,624**	13,849,760
Equity attributable to equity holders of the Company		**26,921,570**	25,630,793
Non-controlling interests	44	**715,213**	70,892
Total equity		**27,636,783**	25,701,685
Non-current liabilities			
Non-convertible sukuk	18	**3,641,186**	3,634,684
Bank borrowings	19	**4,408,755**	3,764,392
Retentions payable	20	**533,835**	270,252
Lease liabilities	21	**295,517**	304,611
Employee benefits	22	**223,345**	182,665
Derivative financial liabilities	23	**6,648**	13,675
Trade and other payables	25	**1,472,397**	–
Total non-current liabilities		**10,581,683**	8,170,279
Current liabilities			
Non-convertible sukuk	18	**36,665**	36,423
Bank borrowings	19	**290,284**	569,662
Retentions payable	20	**812,919**	609,309
Lease liabilities	21	**37,743**	35,087
Derivative financial liabilities	23	**–**	1,655
Advances from customers	24	**762,357**	375,169
Contract liabilities	10	**1,835,151**	250,497
Trade and other payables	25	**7,549,152**	4,482,882
Total current liabilities		**11,324,271**	6,360,684
Total liabilities		**21,905,954**	14,530,963
Total equity and liabilities		**49,542,737**	40,232,648

Mohamed Al Mubarak
Chairman

Talal Al Dhiyebi
Group Chief Executive Officer

Greg Fewer
Group Chief Financial & Sustainability Officer

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 AED '000	2020 AED '000
Revenue and rental income	26	**8,575,950**	8,392,478
Direct costs	27	**(4,975,906)**	(5,409,446)
Gross profit		**3,600,044**	2,983,032
Selling and marketing expenses	28	**(182,592)**	(125,449)
General and administrative expenses			
Staff costs	29	**(451,529)**	(253,853)
Depreciation and amortisation	5, 6	**(250,189)**	(267,701)
Provisions, impairments and write-downs, net	30	**(247,051)**	(295,802)
Others		**(231,941)**	(140,114)
(Loss)/gain on disposal of property, plant and equipment	5	**(2,037)**	54
Gain on disposal of businesses	5	**–**	58,432
Gain/(loss) on revaluation investment properties, net	7	**146,383**	(399,850)
Gain on transfer from development work in progress to investment properties due to change in use	7	**–**	3,343
Gain on disposal of investment properties	7	**14,637**	4,396
Share of results of associates and joint ventures	8	**(8,214)**	(9,875)
Gain on disposal of subsidiaries	46	**–**	429,535
Gain on bargain purchase	45.2	**99,469**	–
Finance income	31	**48,444**	67,240
Finance costs	32	**(265,558)**	(310,697)
Other income	33	**63,583**	189,537
Profit for the year		**2,333,449**	1,932,228
Profit for the year attributable to:			
Equity holders of the Company		**2,315,601**	1,932,238
Non-controlling interests	44	**17,848**	(10)
		2,333,449	1,932,228
Basic and diluted earnings per share	34	**0.295**	0.246

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 AED '000	2020 AED '000
Profit for the year	**2,333,449**	1,932,228
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on revaluation of financial assets at FVTOCI (note 9.1)	**11,003**	(1,297)
Fair value gain on revaluation of property, plant and equipment upon transfer to investment property (note 17)	**73,623**	–
Items that are or may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) arising on hedging instruments during the year classified under cash flow hedges (note 23)	**27,326**	(4,570)
Cumulative loss arising on hedging instruments reclassified to profit or loss on maturity (note 23 & 32)	**3,306**	6,998
Other comprehensive income for the year	**115,258**	1,131
Total comprehensive income for the year	**2,448,707**	1,933,359
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**2,430,859**	1,933,369
Non-controlling interests	**17,848**	(10)
	2,448,707	1,933,359

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital AED '000	Statutory reserve AED '000	Cash flow hedging reserve AED '000	Investment revaluation reserve AED '000	Assets revaluation reserves AED '000	Retained earnings AED '000	Equity attributable to Owners of the Company AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance at 1 January 2020	7,862,630	3,931,315	(33,482)	19,439	–	13,057,604	24,837,506	113,744	24,951,250
Profit for the year	–	–	–	–	–	1,932,238	1,932,238	(10)	1,932,228
Other comprehensive income for the year	–	–	2,428	(1,297)	–	–	1,131	–	1,131
Total comprehensive income for the year	–	–	2,428	(1,297)	–	1,932,238	1,933,369	(10)	1,933,359
Dividends paid for the financial year 2019	–	–	–	–	–	(1,140,082)	(1,140,082)	–	(1,140,082)
Derecognition of non-controlling interests on loss of control of a subsidiary (note 44)	–	–	–	–	–	–	–	(42,842)	(42,842)
Balance at 31 December 2020	7,862,630	3,931,315	(31,054)	18,142	–	13,849,760	25,630,793	70,892	25,701,685
Profit for the year	–	–	–	–	–	2,315,601	2,315,601	17,848	2,333,449
Other comprehensive income for the year	–	–	30,632	11,003	73,623	–	115,258	–	115,258
Total comprehensive income for the year	–	–	30,632	11,003	73,623	2,315,601	2,430,859	17,848	2,448,707
Dividends paid for the financial year 2020 (note 35)	–	–	–	–	–	(1,140,082)	(1,140,082)	–	(1,140,082)
Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI	–	–	–	(19,345)	–	19,345	–	–	–
Acquisition of a subsidiary (note 45.1)	–	–	–	–	–	–	–	626,473	626,473
Balance at 31 December 2021	**7,862,630**	**3,931,315**	**(422)**	**9,800**	**73,623**	**15,044,624**	**26,921,570**	**715,213**	**27,636,783**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 AED '000	2020 AED '000
Operating activities			
Profit before tax		**2,333,449**	1,932,228
Adjustments for:			
Depreciation and amortisation	5, 6	**254,262**	274,791
Finance income	31	**(48,444)**	(67,240)
Dividend income	9	**(600)**	(1,400)
Finance costs		**265,558**	304,357
(Gain)/loss on revaluation investment properties, net	7	**(146,383)**	399,850
Share of results of associates and joint ventures	8	**8,214**	9,875
Release/(provision) for onerous contracts	30	**1,664**	(8,258)
Provisions/impairment (trade receivables and development work in progress)		**124,345**	132,259
Reversal of accruals, net		**(129,721)**	(40,779)
Impairment of property, plant and equipment, net	5	**29,060**	1,396
Loss/(gain) on disposal of property, plant and equipment		**2,037**	(54)
Gain on disposal of investment properties	7	**(14,637)**	(4,396)
Gain on disposal of subsidiaries	46	**–**	(429,535)
Gain on disposal of businesses	5.1	**–**	(58,432)
Gain on business combination	45.2	**(99,469)**	–
Loss on revaluation of financial assets at FVTPL		**1,271**	–
Provision for impairment of investment in associates and joint ventures	30	**–**	70,991
Provision for employee benefits	22	**67,998**	55,081
Operating cash flows before movements in working capital		**2,648,604**	2,570,734
Movement in working capital:			
Decrease/(increase) in trade and other assets		**45,667**	(405,587)
Decrease/(increase) in development work in progress, inventories and plots of land held for sale		**43,651**	(187,937)
Decrease in contract assets		**711,395**	1,019,160
Increase in retentions payable		**374,364**	14,657
Increase/(decrease) in advances from customers		**259,655**	(112,489)
Increase/(decrease) in contract liabilities		**53,898**	(260,228)
Increase/(decrease) in trade and other payables		**1,701,074**	(1,198,576)
Cash generated from operations		**5,838,308**	1,439,734
Employee benefits paid	22	**(38,050)**	(39,694)
Net cash generated from operating activities		**5,800,258**	1,400,040

The accompanying notes form an integral part of these consolidated financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 AED '000	2020 AED '000
Cash flows from investing activities			
Purchases of property, plant and equipment	5	**(96,883)**	(95,859)
Purchases of intangible assets	6	**(19,107)**	(14,095)
Additions to investment properties	7	**(255,798)**	(69,010)
Proceeds from disposal of investment properties		**159,369**	76,512
Proceeds from disposal of property, plant and equipment		**4,417**	–
Proceeds from disposal of businesses	5	**–**	100,325
Acquisition of a subsidiaries, net of cash acquired	45	**(689,152)**	(10,535)
Cash and cash equivalents derecognised on disposal of subsidiaries	46	**–**	(63,776)
Proceeds from disposal of financial assets at FVTOCI	9	**44,906**	–
Proceeds from disposal of investment in associates and joint ventures	8	**16,445**	–
Investment in financial assets at FVTPL		**(22,928)**	–
Movement in term deposits with original maturity of greater than three months		**701,414**	(409,869)
Movement in restricted bank balances		**(1,263,359)**	894,667
Finance income received		**60,581**	91,889
Dividends received	8, 9	**639**	4,900
Net cash (used in)/generated from investing activities		**(1,359,456)**	505,149
Cash flows from financing activities			
Payment of principal portion of lease liabilities		**(26,803)**	(31,979)
Cash paid due to the settlement of the derivative financial instruments used to hedge interest rate risk		**(1,655)**	–
Proceeds from bank borrowings		**1,572,278**	500,000
Repayments of bank borrowings		**(1,782,937)**	(650,000)
Finance costs paid		**(263,417)**	(285,155)
Dividends paid		**(1,140,898)**	(1,141,682)
Net cash used in financing activities		**(1,643,432)**	(1,608,816)
Net increase in cash and cash equivalents		**2,797,370**	296,373
Cash and cash equivalents at beginning of the year		**2,586,485**	2,290,112
Cash and cash equivalents at end of the year	15	**5,383,855**	2,586,485

Refer to note 42 for details of non-cash transactions excluded from the consolidated statement of cash flows.

FOR THE YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

The establishment of Aldar Properties PJSC (the "Company" or "Parent") was approved by Decision No. (16) of 2004 of the Abu Dhabi Department of Planning and Economy dated 12 October 2004. The Company's incorporation was declared by Ministerial Resolution No. (59) of 2005 issued by the UAE Minister of Economy dated 23 February 2005.

The Company is domiciled in the United Arab Emirates (UAE) and its registered office address is P.O. Box 51133, Abu Dhabi.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas, cooling station operations, restaurants, beach clubs and golf courses. The principal activities of the major subsidiaries are given in note 3.3 below.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

2.1 New and amended IFRSs that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS standards and interpretations issued by the International Accounting Standard Board (IASB) that are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements except as disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application. The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions – amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") continued

2.2 New and amended IFRS Standards in issue but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective. Management does not expect that the adoption of the Standards will have a material impact on the consolidated financial statements of the Group in future periods except if mentioned in respect of the amendments below.

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date not yet decided
Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRS Standards 2018–2020 cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards,* IFRS 9 *Financial Instruments,* IFRS 16 *Leases,* and IAS 41 *Agriculture*	1 January 2022
Amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* related to disclosure of accounting policies	The amendments to IAS 1 are effective from 1 January 2023 and the amendment to IFRS Practice Statement 2 does not contain an effective date or transition requirements
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* related to definition of accounting estimates	1 January 2023
IFRS 16 *Leases* amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021
Amendments to IAS 12 related to deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable provisions of the U.A.E. Federal Law No. (2) of 2015 (as amended). Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties, revaluation of the financial assets at fair value through other comprehensive income, revaluation of the financial assets at fair value through profit or loss, measurement of derivative financial instruments and measurement of share-based payments at fair values at the end of each reporting period, as explained in the accounting polices given below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability that are derived from valuation techniques.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentation currency of the Group and all values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

3.2 Going concern

The directors have, at the time of approving the consolidated financial statements, made a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in consolidated financial statements from the date when the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.3 Basis of consolidation continued

Non-controlling interests in subsidiaries are identified separately form the Group's equity therein. Those interest of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as equity transaction. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, the gain or losses on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or joint venture.

Details of the Company's significant subsidiaries are given below:

Name of subsidiary	Ownership interest 2021	2020	Country of incorporation	Principal activity
Operating subsidiaries				
Aldar Education – Sole Proprietorship LLC	**100%**	100%	UAE	Investment in, and management of entities providing educational services
Aldar Academies – Sole Proprietorship LLC	**100%**	100%	UAE	Investment in, and management of entities providing educational services
Aldar Hotels and Hospitality LLC	**100%**	100%	UAE	Investment in, and management of, entities providing hotels and hospitality services
Aldar Marinas LLC	**100%**	100%	UAE	Managing and operating marinas, sports clubs and marine machinery
Provis Real Estate Management – Sole Proprietorship LLC	**100%**	100%	UAE	Management and leasing of real estate
Provis Real Estate Brokers LLC	**100%**	100%	UAE	Real estate brokerage
Yas Links LLC	**100%**	100%	UAE	Ownership and management of golf courses and golf clubs
Pivot Engineering & General Contracting Co. (WLL)	**65.2%**	65.2%	UAE	Engineering and general construction works
Aldar Investment Properties LLC	**100%**	100%	UAE	Investment, management and associated services for real estate assets and the operation of hotels
Aldar Investment Holding Restricted Limited	**100%**	100%	UAE	Special purpose vehicle, proprietary asset management company
Khidmah – Sole Proprietorship LLC	**100%**	100%	UAE	Management and leasing of real estate
TDIC Education – Sole Proprietorship LLC	**100%**	100%	UAE	Educational activities
Saadiyat Accommodation Village LLC	**100%**	100%	UAE	Accommodation village
Aldar Sukuk (No. 1) Ltd.	**100%**	100%	Cayman Islands	Funding company

Name of subsidiary	Ownership interest 2021	2020	Country of incorporation	Principal activity
Operating subsidiaries				
Aldar Sukuk (No. 2) Ltd.	**100%**	100%	Cayman Islands	Funding company
Aldar Sukuk (No. 3) Ltd.	**100%**	100%	Cayman Islands	Funding company
Cloud Spaces – Sole Proprietorship LLC	**100%**	100%	UAE	Real estate lease and management services
Aldar Lifestyle – Sole Proprietorship LLC	**100%**	100%	UAE	Hospitality services
Eastern Mangroves Marina – Sole Proprietorship LLC	**100%**	100%	UAE	Managing and operating marinas
Marsa Al Bateen – Sole Proprietorship LLC	**100%**	100%	UAE	Managing and operating marinas
Advanced Real Estate Services – Sole Proprietorship LLC	**100%**	100%	UAE	Real estate services
Aldar Investments Limited	**100%**	100%	UAE	Holding Company
Pacific Owners Association Management Services LLC	**100%**	100%	UAE	Management of real estate
New subsidiaries incorporated/acquired during the year				
Aldar Ventures International Holding RSC Limited	**100%**	–	UAE	Restricted scope company
Aldar Projects LLC	**100%**	–	UAE	Project management services
Six October for Development and Investment Co. S.A.E. (SODIC)	**59.9%**	–	Egypt	Real estate development
Tasareeh Engineer Services – Sole Proprietorship LLC	**100%**	–	UAE	Development consultancy
Aldar Investment Management Limited	**100%**	–	UAE	Assets management
Asteco Property Management LLC	**100%**	–	UAE	Property management services
Aldar Logistics – Sole Proprietorship LLC	**100%**	–	UAE	Real estate lease and management services
The Gateway Engineering Services – Sole Proprietorship LLC	**100%**	–	UAE	Development consultancy
Dormant subsidiaries				
Al Seih Real Estate Management LLC	**91.4%**	91.4%	UAE	Management and leasing of real estate; real estate projects investment
Seih Sdeirah Real Estate LLC	**91.4%**	91.4%	UAE	Property rental and management; real estate projects investment
Saadiyat Grove – Sole Proprietorship LLC	**100%**	100%	UAE	Real estate

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.4 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19, respectively;
- liabilities or equity instruments related to shared-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquired are measured in accordance with IFRS 2 at the acquisition date and;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests (including joint operations) in the acquired entity is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period ends as soon as the Group receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

3.5 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate and joint venture are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 N*on-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated financial statements at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the associate or the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Profit or loss reflects the Group's share of the results of operations of associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the investees are eliminated to the extent of the interest in the investees.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of profit or loss outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the associate or joint venture.

Losses of an associate or joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group and having same accounting policies. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.6 Investment in associates and joint ventures continued

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture upon loss of significant influence over the associate or joint control over the joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, The Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or join venture that are not related to the Group.

3.7 Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered conducting the transaction with other parties to the joint operation and profits and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.8 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.9 Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Cost to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.10 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as investment. Involvement of external valuers is determined annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

3.11 Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:
- Sale of properties (property development and sales) and provision of services
- Service charges and expenses recoverable from tenants
- Hospitality revenue
- Income from leisure businesses
- Revenue from construction contracts
- Revenue from cooling assets (until 31 December 2020)
- Income from education services
- Management fee

Revenue from contracts with customers for sale of properties and provision of services

The Group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
- The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Under the terms of the contracts in the UAE, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Therefore, revenue from construction of residential properties in the UAE is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. In respect of the Group's contracts for development of residential properties in Egypt, the Group has assessed that the criteria for recording revenue over time is not met and transfer of control happens only at the time of handover of completed units to the customers and accordingly the revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group receives advance payments and instalments from some customers in a specific jurisdiction, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in those contracts, considering the length of time between the customer's payments and the transfer of control to the customer, and the interest rate prevailing in the market. The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the Group uses the rate that would have been used in the event of a separate financing contract between the Group and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing at the time of the contract. The Group uses the exception of the practical application for short-term payments received from customers. This means the amount collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service and payment is less than a year.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.11 Revenue recognition continued

Management fee income

The Group manages construction of properties under long term contracts with customers. Management fee income is recognised over time using input method to recognise revenue on the basis of entity's efforts to the satisfaction of a performance obligation. Management considers that input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15. Where the outcome cannot be estimated reliably, revenue is measured based on the consideration from customers to which the Group expects to be entitled in a contract with a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date and excludes amounts collected on behalf of third parties.

Service charges and expenses recoverable from tenants

For investment properties held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. Certain lease agreements include certain services offered to tenants (i.e., customers) including common area services (such as security, cleaning, maintenance, utilities, health and safety) as well as other support services (e.g., customer service and management) The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The contracts of the Group specifically highlight stand-alone price for the services.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

Income arising from cost recharged to tenants is recognised in the period in which the cost can be contractually recovered. The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

Hospitality revenue

Hospitality revenue corresponds to all the revenues received from guests of the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Income from leisure businesses

Income from leisure businesses comprises revenue from goods sold and services provided at golf courses, beach clubs and marinas, and is recognised at the point when the goods are sold or services are rendered.

Income from education services

Registration fee is recognised as income when it is received. Tuition fee income is recognised over the period of tuition. Tuition fees received in advance are recorded as deferred income.

Revenue from construction contracts

The Group construct properties under long term contracts with customers. Such contracts are entered into before the construction work begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time using input method to recognise revenue on the basis of entity's efforts to the satisfaction of a performance obligation in accounting for its construction contracts. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs incurred are amortised over the period of service. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue using the input method and the payment is always less than one year.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the profit or loss immediately.

Revenue from cooling assets (until 31 December 2020)

Revenue is recognised for supply of chilled water based on the agreements. The revenue in respect of the contracted capacity is recognised at the fixed rate, whereas the revenue in respect of the consumption of chilled water is recognised as these are consumed by the customer at agreed rates. In addition, customers are charged a one-time connection fee.

Contract costs

Costs of contracts include all direct costs of labour, materials, depreciation of property, plant and equipment (where applicable) and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

Contract assets and liabilities

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

3.12 Leases

The Group as lessee

The Group assesses at contract inception whether a contract is, or contains a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use) with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.12 Leases continued

The Group as lessee continued

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

After initial recognition, the Group applies fair value model to right-of-use assets that meet the definition of investment property. For assets that meet the definition of property, plant and equipment, right of use asset is carried at cost net of depreciation and impairment and is amortised over the term of the lease. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented along with the underlying asset in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset associated with property, plant and equipment is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the consolidated statement of profit or loss.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

The non-lease components are accounted for in accordance with the Group's policies. For determination of the lease term, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:
- is within the control of the Group; and
- affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

At the commencement date, the Group recognises a right-of-use asset and a corresponding lease liability under the lease contract with respect to all leases arrangements in which it is the lessee, except for leases (defined as leased with a lease term of 12 months or less) and leases of low values. For these leases, the Group recognise the lease payments as an operating expense on a straight-line basis over the terms of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group as lessor

The Group enters into lease arrangements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

Amounts from leases under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.13 Income tax

Current tax and deferred tax are recognised as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognised at the same time or in a different year outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

Current income tax

The current tax for the current year and prior years and that have not been paid are recognised as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years, this increase is recognised as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Tax assets and liabilities are set-off only when certain conditions are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
  a. Is not a business combination.
  b. Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the Group's future business plans. Deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are set-off only if certain conditions are met.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.14 Foreign currencies

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the foreign currency translation reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connections with the borrowing of funds.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years
Buildings	5 – 30
Plants and machinery	2 – 5
Labour camps	5 – 10
Furniture and fixtures	4 – 10
Office equipment	3 – 5
Computers	3
Motor vehicles	4
Leasehold improvements	3 – 4

Freehold land is not depreciated.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-use assets are depreciated over the shorter period of lease term and the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

3.17 Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the acquisition of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted in accordance with the Group's policies.

3.18 Investment properties

Investment properties comprise completed properties and properties under development. Completed properties are properties held to earn rentals and/ or for capital appreciation and properties under development are properties being constructed or developed for future use as investment property. Investment properties under development are transferred to investment properties when they are completed and ready for their intended use.

Investment properties are measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on annual valuations performed by accredited external independent valuers applying valuation models recommended by the International Valuation Standards Committee.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to development work in progress) or inception of an operating lease to another party (for a transfer from inventories to investment property).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.18 Investment properties continued

Upon completion of construction or development, a property is transferred from properties under development to completed properties. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

3.19 Development work in progress

Development work in progress consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

In respect of the Group's property development and sales contracts in Egypt, the Group records revenue at a point in time when the control of property unit is transferred to the customers. All costs relating to such contracts are recorded under development work in progress until the completion of the projects. The costs recorded under development work in progress are recognised as direct costs when the property is handed over to the customer for the sold units and to inventories for the unsold units.

In respect of consideration for plots of land which is variable and dependent on actual returns from the development projects, the Group recognises amounts actually paid as part of development work in progress. The costs of the plots of land are subsequently either increased or decreased based on actual payments made and returns on the development projects in line with the arrangement with third parties.

3.20 Inventories

Inventories comprise completed properties held for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and other operating inventories. Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and comprises construction/ acquisition costs and other charges incurred in bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated selling and marketing costs to be incurred.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory properties recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

3.21 Plots of land held for sale

Plots of land held for sale is stated at the lower of cost and net realisable value. Costs include the cost of land acquired and all direct costs attributable to the infrastructure works of the land. Net realisable value represents the estimated selling price of the land less all estimated costs necessary to make the sale.

3.22 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition and are recognised separately from goodwill. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of three to five years.

Customer contracts/backlog

Customer contracts/backlog have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long term non-cancellable contracts with customers which were acquired during the year (notes 45.1 and 45.2). Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is in the range of 5 to 10 years.

Customer relationships

Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represents the value to be derived from relationship with customers which were acquired during the year (note 47.3). Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is estimated as 5 years.

3.23 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.24 Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.25 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.25 Provisions continued

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

If the Group has a contract that is onerous, the present obligations under onerous contracts are recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are remeasured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

3.26 Provision for employees' benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the reporting date. The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law no. (2) of 2000 for Pension and Social Security; such contributions are charged to profit or loss during the employees' period of service.

3.27 Share-based payments

For cash-settled share-based payments to employees, a liability is recognised for the services acquired, at the fair value which is measured initially at grant date and at each reporting date up to and including the settlement date, with changes in fair value net of any changes in investments held, are recognised in profit or loss. The group does not have any equity-settled share-based payment.

3.28 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-monetary assets are recognised as deferred government grant in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Land granted by the Government is recognised at nominal value where there is reasonable assurance that the land will be received and the Group will comply with any attached conditions, where applicable.

3.29 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets under the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial liabilities

All financial liabilities are classified and subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- financial guarantee contracts
- commitments to provide a loan at a below-market interest rate

At initial recognition, the Group may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Sukuk

The sukuk are stated at amortised cost using the effective profit rate method. The profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in note 23. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.29 Financial instruments continued

Financial liabilities continued

Derivative financial instruments continued

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the 3 instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Where a hybrid contract contains a host that is a financial asset under the scope of IFRS 9, the policy in relation to classification and measurement, including impairment relating to the financial assets applies to the entire hybrid contract.

Where a hybrid contract contains a host that is not a financial asset within the scope of IFRS 9, the embedded derivative is separated from the host and accounted for as a derivative if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i.e., a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

Where a contract contains one or more embedded derivatives and the host is not a financial asset within the scope of IFRS 9, the Group may designate the entire hybrid contract as at fair value through profit or loss unless:

- the embedded derivatives do not significantly modify the cash flows that otherwise would be required by the contract; or
- it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivatives is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

Where it is required to separate an embedded derivative from its host, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at fair value through profit or loss.

Reclassification of financial assets and financial liabilities

Where the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. An entity shall not reclassify any financial liability.

Measurement of financial assets and liabilities

Initial measurement

At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets

After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- amortised cost less impairment;
- fair value through other comprehensive income less impairment; or
- fair value through profit or loss.

Impairment is assessed on the financial assets measured at amortised cost and at fair value through other comprehensive income as disclosed below.

Hedge accounting requirements disclosed below applies to financial assets designated as hedged item.

Impairment of financial assets

In relation to the impairment of financial assets, the Group applies the Expected Credit Loss ("ECL") model as opposed to an incurred credit loss model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised.

A loss allowance for expected credit losses is recognised on all classes of financial assets, other than those that are measured as fair value through profit or loss and equity instruments classified and measured at fair value through other comprehensive income. The financial assets subject to impairment requirements of IFRS 9, include:

- debt investments subsequently measured at amortised cost or at fair value through other comprehensive income;
- bank balances;
- trade receivables;
- lease receivables;
- contract assets; and
- loan commitments and financial guarantee contracts.

The Group has adopted the simplified approach for measuring the impairment on trade receivables, lease receivables and contract assets. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are highly doubtful of collection, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped for the assessment of the expected credit loss. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.29 Financial instruments continued

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Hedging arrangements

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as other expense. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, which are described in note 3 in the preparation of the Group's consolidated financial statements, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgement in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented below separately), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, and in particular, the intended usage of property as determined by management.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Judgements in relation to contracts with customers

Determination of performance obligations

With respect to the sale of property, the Group concluded the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Group accounts for them as a single performance obligation because they are not distinct in the context of the contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output, i.e., the completed property for which the customer has contracted.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

4.1 Critical judgement in applying the Company's accounting policies continued

Judgements in relation to contracts with customers continued

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. Accordingly, the Group has evaluated the timing of revenue recognition on the sale of properties based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's legal counsel.

The majority of the Group's contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

For contracts relating to the sale of property under development in the UAE, the Group has generally concluded that the over time criteria are met and, therefore, recognises revenue over time. These are contracts either for property sold to one customer for the entire land and building or for a multi-unit property. The Group has considered the factors contained in the contracts for the sale of property and concluded that the control of a multi-unit property is transferred to the customer over time because:

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. That is, the Group has considered various factors that indicate that the customer controls the part-constructed property as it is being constructed.
- The Group's performance does not create an asset with alternative use. Furthermore, the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances for performance completed to date (usually costs incurred to date plus a reasonable profit margin). In making this determination, the Group has carefully considered the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms.

For contracts relating to the sale of property under development in Egypt, the Group has generally concluded that the overtime criteria are not met and, therefore, recognises revenue at a point in time.

Where contracts are entered into for construction (to construct an asset for the customer), the Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

Where contracts are entered into to provide services (property management and facility management), the Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer. In the case of contracts to sell real estate assets, this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Consideration of significant financing component in a contract

For some contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

Consideration of warranties

Contracts for the sale of property contain certain warranties covering a period of up to one year after completion of the property, such as the property meeting specific operational performance requirements. The Group assessed that these conditions represent 'assurance-type' warranties that are customarily provided as quality guarantees and are therefore accounted for under IAS 37.

Contract variations

Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customer in making their judgement.

Contract claims

Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgement related to these contract claims periodically and adjustments are made in future periods, if assessments indicate that such adjustments are appropriate.

Identifying whether an acquisition is a business or an asset

For acquisitions made by the Group, the Group needs to make significant judgement to assess whether the assets acquired and liabilities assumed constitutes a business and whether it has acquired control of one or more assets. Where such an acquisition does not constitute a business, the acquisition is accounted for as an asset acquisition. In making this assessment, the Group applies the definition of business under IFRS 3 which requires that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Principal versus agent consideration

The Group's performance obligation in one of the subsidiaries is to arrange for the provision of the specified goods or services by another party does not control the specified goods or services provided by another party before those goods or services are transferred to the customer. When the Group satisfies a performance obligation, the Group recognises revenue in the amount of management fee to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Group's primary obligation is to arrange for development services for development projects, and accordingly, the Group acts as agent on those development projects since:

- the Group does not control the specified goods or services provided by other parties before the services are transferred to the customer;
- primary responsibility for the fulfilling the promise does not rest with the Group;
- the Group does not bear any inventory risk since the ownership of the infrastructure, as set out in the management contracts;
- the Group does not have the price risk on the development contracts;
- customers retains the right to remove the Group as manager for the development projects based on its convenience without default from the Group.

Use of practical expedient in recognising management fee

In line with an agreement with the Government of Abu Dhabi (the "Government"), the Group is overseeing the management of all projects of an entity (the "Entity") along with managing its operations. As per the agreement between the Government, the Entity and the Group, the Group is entitled to a supervision fee calculated based on the total development cost paid of the capital projects in consideration of the provision of the management services. In line with the contractual arrangement with the Government, the Group has assessed that it has a right to consideration from the Government for an amount which corresponds directly with the value to the customer of the performance completed to date the Group, which is determined based on actual cash paid for projects of the Entity as agreed between the parties. Accordingly, in line with the requirements of IFRS 15, the Group uses practical expedient and recognises management fee on the basis of the invoice amount determined based on the actual cash paid for projects of the Entity.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

4.1 Critical judgement in applying the Company's accounting policies continued

Control assessment

The Group is overseeing management of the Entity along with managing its operations with a view to optimising its performance and administering the contracts with contractors and consultants in relation to its projects. Although the Group is entitled to manage all the operations of the Entity, the Group has assessed that it does not control the Entity since:

- the Group is performing management activities on behalf of the Government and does not have any ownership interest in Entity;
- the Group is not exposed to variable returns of the Entity since it charges fixed management fees on the total invoice amount of the development costs which are reimbursed by the Government and the Group's responsibilities only include management of projects which are being carried by third party contractors;
- the Group does not have the right to transfer any of the projects of the Entity to itself without any prior approval of the Government;
- although the Group has the right to nominate directors to the board of the Entity, appoint its executive management and represent the Government in the General Assemblies, the Group will still require the Government approval in the performance of this role which remains overseeing the completion/handing over of projects and/or liquidation of the Entity on behalf of the Government, and this will also be the mandate of the board; and
- the Government retains the right to remove the Group as manager for the projects based on its convenience without default from the Group.

4.2 Estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Measurement of progress when revenue is recognised over time

For those contracts involving the sale of property under development and construction contracts that meet the over time criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation, i.e., the completion of the property. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligation to the customers, these estimates mainly include:

- For development contracts, the cost of development and related infrastructure;
- For construction contracts, the certified works as evaluated by project consultants; and
- For services contracts, the time elapsed.

Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments.

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group has recognised an allowance for ECL on its trade and other receivables for the year ended 31 December 2021 amounting to AED 32,448 thousand (31 December 2020: AED 41,193 thousand) and the total allowance for ECL amounted to AED 341,302 thousand (31 December 2020: AED 364,371 thousand).

Fair value of investment properties and investment properties under development

The Group carries its investment properties at fair value, with changes in fair value recognised in the statement of profit or loss.

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the residual value method and the income capitalisation method.

The residual value method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

Under the income capitalisation method, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates.

The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the investment properties requires management to make significant estimates and judgements related to future rental yields and capitalisation rates.

The key assumptions used are as follows:

	Range %
Capitalisation rates	6.5 – 11.5

Estimation of net realisable value for inventory, plots of land held for sale and development work in progress

Inventory, plots of land held for sale and properties classified under development work in progress are stated at the lower of cost or net realisable value ("NRV"). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

The determination of net realisable value of plots of land held for sale is based on external valuations using various valuation methodologies and techniques that take into account property-specific information such as forecast selling prices, site planning (including planning consent), build costs, cost recoveries, sales rates (per square meter) and discount rates etc., all of which contain an element of judgement and uncertainty. Forecast selling prices have inherent uncertainty due to changes in market conditions. Forecast build costs can vary with market conditions and may also be incorrectly estimated due to changes in site planning, style of build or unforeseen circumstances arising during construction.

NRV for completed inventory properties is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same market serving the same real estate segment.

NRV in respect of development work in progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

Impairment of property, plant and equipment and capital work in progress

Properties classified under property, plant and equipment and capital work in progress are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out by determining the recoverable amount which takes into account the fair value of the property under consideration. The fair value of hotel properties classified under property, plant and equipment is determined by an independent real estate valuation expert using Discounted Cash Flow method.

Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discount rates that reflects current market assessment of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

4.2 Estimates and assumptions continued

Useful lives of property, plant and equipment and intangible assets

Management reviews the residual values and estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period in accordance with IAS 16 and IAS 38. Management determined that current year expectations do not differ from previous estimates based on its review.

Income taxes

The Group's current tax provision of AED 103,424 thousand relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the relevant tax authorities.

Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has AED 36,030 thousand of unrecognised deferred tax asset for deductible temporary differences and tax losses carried forward. These losses relate to subsidiaries that have a history of losses, these losses do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses or deductible temporary differences as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax asset on the tax losses carried forward and deductible temporary differences.

Fair value of identifiable assets and liabilities

As stated in note 45, the identifiable assets acquired and the liabilities assumed in business combination are recognised at their fair value. In estimating the fair value of an asset or a liability, the Group engaged third party valuation specialists to perform the valuation. The underlying assumptions and estimates in assessing the fair values are as detailed within notes 6 and 45.

5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED '000	Labour camps AED '000	Furniture and fixtures AED '000	Plant and machinery AED '000	Office equipment AED '000	Computers AED '000	Motor vehicles AED '000	Lease improvements AED '000	Capital work in progress AED '000	Total AED '000
Cost										
At 1 January 2020	6,726,855	1,429,268	631,349	387,296	107,826	158,985	24,983	77,763	78,208	9,622,533
Additions	22,519	–	12,025	15,868	1,854	13,334	358	19,282	10,637	95,877
Derecognised on sale of subsidiaries (note 46)	(37,692)	–	(2)	(323,093)	–	–	–	–	(1,830)	(362,617)
Derecognised on sale of businesses (note 5.1)	(90,746)	–	(1,841)	–	(8,156)	(2,676)	–	(4,830)	–	(108,249)
Disposals (note 5.3)	–	–	(721)	(1,101)	(24,441)	(4)	(350)	–	–	(26,617)
At 1 January 2021	6,620,936	1,429,268	640,810	78,970	77,083	169,639	24,991	92,215	87,015	9,220,927
Additions	29,205	–	10,234	68	1,549	13,140	836	6,549	35,302	96,883
Transfers from development work in progress (note 13)	259,196	–	–	–	–	–	–	–	–	259,196
Transfers from investment properties, net (note 7)	136,474	–	–	–	–	–	–	–	–	136,474
Recognised as part of business combination (note 45)	158,202	–	5,381	9,298	5,404	2,960	7,285	11,460	30,199	230,189
Disposals (note 5.3)	–	–	(9,442)	(4,408)	(5,536)	(891)	(2,357)	(7,885)	–	(30,519)
At 31 December 2021	**7,204,013**	**1,429,268**	**646,983**	**83,928**	**78,500**	**184,848**	**30,755**	**102,339**	**152,516**	**9,913,150**
Accumulated depreciation and impairment losses										
At 1 January 2020	3,774,625	1,410,446	560,471	100,093	95,894	125,078	19,694	31,642	–	6,117,943
Charge for the year	169,119	1,882	28,360	23,810	6,599	14,816	2,219	13,529	–	260,334
Impairment (note 30)	–	1,396	–	–	–	–	–	–	–	1,396
Derecognised on sale of subsidiaries (note 46)	(8,833)	–	(2)	(50,899)	–	–	–	–	–	(59,734)
Derecognised on sale of businesses (note 5.1)	(24,480)	–	(1,072)	–	(4,806)	(597)	–	(3,560)	–	(34,515)
Disposals (note 5.3)	–	–	(721)	(1,095)	(23,850)	(4)	(350)	–	–	(26,020)
At 1 January 2021	3,910,431	1,413,724	587,036	71,909	73,837	139,293	21,563	41,611	–	6,259,404
Charge for the year	156,270	1,882	27,513	3,095	2,301	12,948	1,794	12,757	–	218,560
Impairment (note 30)	18,000	–	–	–	–	–	–	–	11,060	29,060
Transfers to investment properties (note 7)	(126,443)	–	–	–	–	–	–	–	–	(126,443)
Disposals (note 5.3)	–	–	(9,779)	(3,771)	(5,465)	(673)	(2,357)	(2,438)	–	(24,483)
At 31 December 2021	**3,958,258**	**1,415,606**	**604,770**	**71,233**	**70,673**	**151,568**	**21,000**	**51,930**	**11,060**	**6,356,098**
Carrying amount										
At 31 December 2021	**3,245,755**	**13,662**	**42,213**	**12,695**	**7,827**	**33,280**	**9,755**	**50,409**	**141,456**	**3,557,052**
At 31 December 2020	2,710,505	15,544	53,774	7,061	3,246	30,346	3,428	50,604	87,015	2,961,523

5 PROPERTY, PLANT AND EQUIPMENT continued

The depreciation charge for the year has been allocated as follows:

	2021 AED '000	2020 AED '000
Direct costs	**4,073**	7,091
General and administrative expenses	**214,487**	253,243
	218,560	260,334

5.1 On 31 December 2020, the Group entered into a sale purchase agreement with a third party for sale of the businesses and assets of the Westin Hotel and Abu Dhabi Golf Resort along with an adjacent plot of land to Abu Dhabi Golf Resort. The total consideration allocated to the Westin Hotel and Abu Dhabi Golf Resort based on relative fair value of all properties amounted to AED 137,591 thousand. The sale resulted in a gain on disposal of AED 58,432 thousand which is recorded in profit or loss for the year ended 31 December 2020.

5.2 Capital work in progress mainly represent the cost incurred on the development and enhancement of hospitality and leisure facilities which were under progress at the reporting date and will be transferred to the relevant asset category of property, plant and equipment when ready for intended use.

5.3 During the year, the Group sold property, plant and equipment resulting in a loss on disposal of AED 2,037 thousand (2020: gain on disposal amounting to AED 54 thousand).

Property, plant and equipment include right-of-use assets mainly with respect to leases of plots of land and buildings of AED 96,388 thousand (2020: AED 86,609 thousand). Depreciation charge of AED 4,574 thousand was recorded against the right-of-use assets during the year (2020: AED 3,848 thousand). The average lease term is 30 years. There were no major additions to right-of-use assets during the year. There are no extension or termination options on these leases.

Certain land and buildings classified as property, plant and equipment are pledged as security against bank borrowings as disclosed under note 19.

Land and buildings include hotel properties having a carrying amount of AED 1,855 million as at 31 December 2021 (2020: AED 1,949 million).

During the year, the Group conducted an impairment review which resulted in impairment of AED 29,060 thousand (2020: AED 1,396 thousand). Note 4 highlights significant estimation uncertainty related to determination of the fair value less costs to sell and significant assumptions used.

During the year, the Group transferred building classified under property, plant and equipment with a carrying value of AED 46,277 thousand to the investment properties due to change in use. A revaluation gain amounting to AED 73,623 thousand was recognised under 'Asset Revaluation Reserve' in equity.

6 INTANGIBLE ASSETS AND GOODWILL

	Goodwill AED '000	Customer contracts/ backlog AED '000	Customer relationship AED '000	Computer software AED '000	Total AED '000
Cost					
At 1 January 2020	17,860	179,809	–	92,334	290,003
Additions	–	–	–	14,095	14,095
Recognised as part of business combination (note 45)	3,151	–	9,111	–	12,262
Derecognised on loss of control of subsidiaries (note 46)	–	(179,809)	–	–	(179,809)
Disposal of businesses (note 5)	(17,752)	–	–	(220)	(17,972)
At 1 January 2021	3,259	–	9,111	106,209	118,579
Additions	–	–	–	19,107	19,107
Recognised as part of business combinations (note 45)	104,028	133,090	42,995	2,010	282,123
Disposals	–	–	–	(3,681)	(3,681)
At 31 December 2021	**107,287**	**133,090**	**52,106**	**123,645**	**416,128**
Accumulated amortisation					
At 1 January 2020	–	13,961	–	83,819	97,780
Charge for the year	–	7,682	–	6,775	14,457
Derecognised on loss of control of subsidiaries (note 46)	–	(21,643)	–	–	(21,643)
Disposal of businesses (note 5)	–	–	–	(100)	(100)
At 1 January 2021	–	–	–	90,494	90,494
Charge for the year	–	18,989	6,715	9,998	35,702
Disposals	–	–	–	(3,263)	(3,263)
At 31 December 2021	**–**	**18,989**	**6,715**	**97,229**	**122,933**
Carrying amount					
31 December 2021	**107,287**	**114,101**	**45,391**	**26,416**	**293,195**
At 31 December 2020	3,259	–	9,111	15,715	28,085

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The majority of the goodwill recognised by the Group relates to SODIC (amounting to AED 85,413 thousand) and the remaining is related to principal investments segment.

Acquisitions during the year

Customer contracts/backlog and customer relationship include intangible assets acquired through business combinations. The customer contracts/backlog have useful life of 5 to 10 years. The major assumptions used in the calculation include discount rate in the range of 16% to 18.5% and growth rate of up to 7%.

7 INVESTMENT PROPERTIES

Investment properties comprise completed properties and investment properties under development (IPUD). The movement during the year is as follows:

	2021			2021		
	Completed properties AED '000	**Properties under development AED '000**	**Total AED '000**	Completed properties AED '000	Properties under development AED '000	Total AED '000
Balance at the beginning of the year	**15,893,723**	**569,193**	**16,462,916**	16,226,285	556,191	16,782,476
Additions during the year	**79,643**	**176,155**	**255,798**	57,013	11,997	69,010
Recognised as part of business combination (note 45.1)	**252,246**	**677,555**	**929,801**	–	–	–
Revaluation on transfer from property, plant and equipment	**73,623**	**–**	**73,623**	–	–	–
Disposals	**(144,733)**	**–**	**(144,733)**	(72,116)	–	(72,116)
Fair value gain/(loss), net	**135,737**	**10,646**	**146,383**	(400,855)	1,005	(399,850)
Write-off	**–**	**(8,598)**	**(8,598)**	–	–	–
Transfer from/(to):						
Property, plant and equipment (note 5)	**(246,223)**	**(16,694)**	**(262,917)**	–	–	–
Development work in progress) (note 7.1 & 13)	**573,662**	**–**	**573,662**	83,396	–	83,396
Balance at the end of the year	**16,617,678**	**1,408,257**	**18,025,935**	15,893,723	569,193	16,462,916

7.1 This represents the transfer of properties from development work in progress due to change in use since the Group entered into operating leases with other parties for the properties on their completion during the year.

Investment properties include right-of-use assets with respect to leases of plots of land of AED 252,408 thousand (2020: AED 290,400 thousand). The average lease term is 25 years. There are no extension or termination options on these leases.

Except for certain investment properties of the Group which are pledged as security against bank borrowings, the Group has no restrictions on the realisability of its investment properties (note 19).

Investment properties under development mainly comprise of plots of land under development where the Group has approved plan to develop commercial and residential properties. The fair values of these properties are determined using residual value method.

Investment properties represent the Group's interest in land and buildings situated in the United Arab Emirates and Arab Republic of Egypt ("Egypt").

The fair values of the investment properties including properties under development are arrived at on the basis of a valuation carried out by accredited independent valuers not connected with the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. The valuations were mainly determined by using the income capitalisation method. The valuation has been conducted as at 30 November 2021, except for the investment properties recognised as part of business combination which was valued as at 30 September 2021 (note 45.1). Management believes that there have been no significant changes to the fair values of investment properties between 30 November 2021 and 31 December 2021. There has been no change to the valuation techniques during the year. Refer to note 4 for the key assumptions used in determination of fair value of investment properties and significant estimation uncertainty related to determination of the fair value.

The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13. The investment properties are categorised under Level 3 in the fair value hierarchy. There were no transfers between Levels 1, 2 or 3 during 2021 or 2020.

The Group conducted a sensitivity analysis for the thirteen (2020: thirteen) largest assets in its investment property portfolio with an aggregate value of AED 14,249,507 thousand (2020: AED 13,502,608 thousand). The sensitivity has been conducted on the capitalisation rates and rental rates. Based on this sensitivity analysis:

- a decrease in the capitalisation rates by 50bps would result in a AED 954,719 thousand (2020: AED 890,112 thousand) or 6.7% (2020: 6.6%) increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 847,842 thousand (2020: AED 785,108 thousand) or 5.9% (2020: 5.8%) decrease in the valuation; and
- an increase in the rental rates by 10% would result in an AED 1,302,472 thousand (2020: AED 1,262,405 thousand) or 9.1% (2020: 9.3 %) increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 1,301,982 thousand (2020: AED 1,284,634 thousand) or 9.1% (2020: 9.5 %) decrease in the valuation.

It should be noted that discount rates and capitalisation rates are different than interest rates as commonly applied to borrowing rates or cost of short term and long-term debt. Discount rates and capitalisation rates are carefully derived by professional valuers in determining the fair market value of properties by using multiple valuation factors. There are interrelationships between the unobservable inputs which are generally determined by market conditions. The valuation may be affected by the interrelationship between the two noted unobservable inputs; for example, an increase in rent may be offset by an increase in the capitalisation rate, thus resulting in no net impact on the valuation. Similarly, an increase in rent in conjunction with a decrease in the capitalisation rate would amplify an increase in the value.

The rental income earned by the Group from its investment properties, all of which is leased out under operating leases, amounted to AED 1,672,473 thousand (2020: AED 1,639,248 thousand) and direct operating cost relating to these properties amounted to AED 348,868 thousand (2020: AED 329,029 thousand).

The completed investment properties consist of the following broad categories:

- ;Retail properties: comprising of malls and community retail spaces
- ;Commercial properties: comprising of properties leased as offices
- ;Residential properties: comprising of properties leased as residential units

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to AED 146,383 thousand, net gain (2020: AED 399,850 thousand, net loss) and are presented in profit or loss under the line items "gain/(loss) on revaluation of investment properties, net".

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment properties (completed and under development) held at the end of the reporting period. During the year, the Group sold residential investment properties and realised a net gain of AED 14,637 thousand (2020: AED 4,396 thousand) that is recorded in profit or loss under "gain on disposal of investment properties".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

8 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Ownership interest	Voting power	Place of registration	Principal activities	At 1 January 2021 AED '000	Share of current year's profit/(loss) AED '000	Acquisition during the year AED '000	Dividends received AED '000	Allocated to current account AED '000	Disposals AED '000	**At 31 December 2021 AED '000**
INVESTEE											
Associates											
Abu Dhabi Finance PJSC	32%	32%	Abu Dhabi	Finance company	77,121	–	–	–	–	–	**77,121**
Al Sdeirah Real Estate Investment LLC	30%	30%	Abu Dhabi	Real estate	23,544	953	–	–	–	–	**24,497**
Bunya Enterprises LLC	33%	33%	Abu Dhabi	Project management	–	–	–	–	–	–	**–**
Iskandar Holdings Limited (note 8.1)	19%	19%	Cayman Islands	Real estate	6,086	–	–	–	–	–	**6,086**
Royal Gardens for Investment Property Co. (note 8.3)	20%	20%	Egypt	Real estate development	–	–	–	–	–	–	**–**
					106,751	953	–	–	–	–	**107,704**
Joint ventures											
Aldar Besix LLC (liquidated) (note 8.2)	51%	50%	Abu Dhabi	Construction	16,483	1	–	(39)	–	(16,445)	**–**
Al Raha International Integrated Facilities Management LLC (under liquidation)	50%	50%	Abu Dhabi	Facilities Management	655	–	–	–	–	–	**655**
Royal House LLC	50%	50%	Abu Dhabi	Hotel operations	–	(9,168)	–	–	9,168	–	**–**
Galaxy Building Materials LLC (under liquidation)	45%	50%	Abu Dhabi	Building materials	–	–	–	–	–	–	**–**
Palmyra SODIC Real Estate Development (note 8.3)	50%	50%	Syria	Real estate development	–	–	–	–	–	–	**–**
					17,138	(9,167)	–	(39)	9,168	(16,445)	**655**
					123,889	**(8,214)**	**–**	**(39)**	**9,168**	**(16,445)**	**108,359**

8.1 Iskandar Holdings Limited is classified as an associate of the Group although the Group owns a 19% ownership interest, as the Group has significant influence by virtue of its contractual right to appoint two out of six directors to the board of directors of the investee.

8.2 The Group holds a 51% stake in Aldar Besix LLC however the terms of the joint venture arrangement require unanimous consent from the shareholders for all reserve matters. During the period, Aldar Besix LLC has been liquidated. The net proceeds received by the Company of AED 16,444 thousand was adjusted against the carrying value amounted to AED 16,445 on the date of disposal.

8.3 The interest in these entities were acquired during the year as part of business combination (note 45.1).

Latest available financial information in respect of the Group's associates is summarised below:

	2021 AED '000	2020 AED '000
Total assets	**938,301**	2,019,463
Total liabilities	**(569,244)**	(1,467,948)
Net assets	**369,057**	551,515
Group's share of net assets of associates	**107,704**	106,752
Total revenue	**59,606**	59,007
Total net profit/(loss) for the year	**3,177**	(4,315)

Latest available financial information in respect of the Group's joint ventures is summarised below:

	2021 AED '000	2020 AED '000
Total assets	**60,607**	100,071
Total liabilities	**(284,633)**	(273,852)
Net liabilities	**(224,026)**	(173,781)
Group's share of net assets of joint ventures	**655**	17,137
Total revenue	**16,349**	13,035
Total net loss for the year	**(18,333)**	(18,017)

Share of losses

	2021 AED '000	2020 AED '000
The unrecognised share of loss of associates for the year	**(7,969)**	(1,759)
Cumulative share of loss of associates	**(39,457)**	(31,488)

The Company has discontinued recognising share of losses from few associates as the Company does not have any legal or constructive obligation.

All the above associates and joint ventures are accounted for using the equity method in the consolidated financial statements as set out in the Group's accounting policies in note 3.6.

Losses adjusted against the receivables

The Company considers that its amount receivable from one of the joint venture (Royal House LLC) is part of the Company's interest in the joint venture and, accordingly, loss recognised using the equity method in excess of the Group's investment in ordinary shares amounting to AED 9,168 thousand (2020: AED 9,275 thousand) was applied to the Group's receivable from the joint venture.

Others

During 2018, the Company sold an investment in joint venture. As per the agreement, the Group is entitled to further compensation which is contingent based on performance of the buyer and market conditions not within the control of the Group. As of 31 December 2021 and 31 December 2020, the fair value of the contingent consideration amounted to nil since the inflow of economic benefits is not certain. The total contracted amount of the contingent consideration is AED 82,000 thousand.

9 INVESTMENT IN FINANCIAL ASSETS

9.1 Financial assets at fair value through other comprehensive income (FVTOCI)

	2021 AED '000	2020 AED '000
Investment in UAE quoted securities	**20,000**	37,500
Investment in UAE unquoted securities	**2**	16,405
	20,002	53,905

Movement during the year is as follows:

	2021 AED '000	2020 AED '000
At 1 January	**53,905**	55,202
Fair value gain/(loss), net	**11,003**	(1,297)
Disposals	**(44,906)**	–
At 31 December	**20,002**	53,905

During the year, dividend income received from these investments amounted to AED 600 thousand (2020: AED 1,400 thousand).

During the year, the Company sold investments having a fair value of AED 44,906 thousand.

9.2 Financial assets at fair value through profit or loss (FVTPL)

	2021 AED'000	2020 AED'000
Investment in international unquoted funds	**21,657**	–

9.3 Financial assets at amortised cost

	2021 AED'000	2020 AED'000
Investment in treasury bills*	**77,475**	–

* This represents investment in treasury bills carried at amortised cost which approximates the fair value. These were recognised as part of the business combinations during the year (note 45.1).

The Group's exposure to market & interest risk related to the financial assets is disclosed in note 38.

10 CONTRACT ASSETS AND CONTRACT LIABILITIES

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as contract assets. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as contract liabilities. Amounts received before the related work is performed are included in the consolidated statement of financial position, under liabilities, as 'advances from customers'. Amounts for work performed but not yet billed to the customer are included in the consolidated statement of financial position, under assets, as gross amount due from customers. Upon billing, the amounts recognised as contract assets are reclassified to trade receivables.

10.1 Contract assets

	2021 AED'000	2020 AED'000
Contract assets: gross amounts due from customer on contracts for sale of properties	**264,484**	1,017,866
Contract assets: gross amounts due from customer on contracts to construct assets	**41,987**	–
	306,471	1,017,866

The above amount mainly represents unbilled revenue arising from contracts for sale of properties. These contracts have remaining performance obligations (unsatisfied or partially unsatisfied) with aggregated value of AED 4,071,340 thousand (2020: AED 3,469,000 thousand) which is expected to be recognised as revenue over the remaining tenor of these contracts. The majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years. The outstanding amount is fully secured against the underlying property units.

10.2 Contract liabilities

	2021 AED'000	2020 AED'000
Contract liabilities: gross amount due to customers on contracts for sale of properties	**(1,796,403)**	(65,710)
Contract liabilities: gross amount due to customers on contracts to construct assets	**(38,748)**	(184,787)
	(1,835,151)	(250,497)

The above amount mainly represents deferred revenue arising from construction contracts and property development under off-plan sales projects. These contracts have performance obligations (unsatisfied or partially unsatisfied) having aggregated value of AED 2,782,232 thousand (2020: AED 2,080,159 thousand) which is expected to be recognised as revenue over the remaining tenor of these contracts. Majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years.

11 TRADE RECEIVABLES AND OTHER ASSETS

	2021 AED'000	2020 AED'000
Non-current portion		
Trade receivables (note 11.1)	**275,292**	–
Due from associates and joint ventures (note 11.5)	**181,576**	176,476
Receivables relating to project finance (note 11.3)	**137,663**	137,226
Deferred tax asset (note 11.7)	**47,368**	–
Others	**51,304**	83,430
	693,203	397,132
Less: allowance for expected credit loss (note 11.6)	**(166,364)**	(158,811)
	526,839	238,321
Current portion		
Trade receivables (note 11.1)	**4,208,111**	3,059,385
Advances and prepayments (note 11.8)	**1,565,475**	590,251
Refundable deposits (note 11.9)	**342,266**	–
Refundable costs (note 11.2)	**314,701**	248,831
Due from associates and joint ventures (note 11.5)	**26,280**	26,272
Accrued interest	**18,468**	20,232
Receivables from the Government of Abu Dhabi (note 11.4)	**13,324**	97,408
Receivables relating to project finance (note 11.3)	**7,738**	9,099
Receivables related to sale of subsidiaries and businesses (notes 5 and 46)	**8,217**	999,560
Others	**727,838**	602,138
	7,232,418	5,653,176
Less: allowance for expected credit loss (note 11.6)	**(174,937)**	(205,561)
	7,057,481	5,447,615

11 TRADE RECEIVABLES AND OTHER ASSETS continued

11.1 Trade receivables

Trade receivables mainly represent the amounts due in respect of sales of plots of land, properties and revenue from construction contracts. As at 31 December 2021, 9% of the trade receivables (2020: 16% of the trade receivables) are due from its top five customers (2020: five customers). Concentration of credit risk is mitigated in some cases by the fact that the customers have already made instalment payments, in some cases substantial, on the plots, which the Group would contractually be entitled to retain in the event of non-completion of the remaining contractual obligations in order to cover losses incurred by the Group.

	2021 AED'000	2020 AED'000
Trade receivables	**4,483,403**	3,059,385
Less: allowance for expected credit loss (note 11.6)	**(158,807)**	(189,430)
	4,324,596	2,869,955

Interest is charged at 12% per annum on the past due amounts in respect of sales of plots and properties.

Ageing of trade receivables

The ageing of non-impaired receivables is as follows:

	2021 AED'000	2020 AED'000
Not past due	**3,499,270**	1,888,054
Past due (up to 180 days)	**210,051**	323,480
Past due (more than 180 days)	**615,275**	658,421
	4,324,596	2,869,955

11.2 Refundable costs

Refundable costs represent costs incurred on behalf of the Government of Abu Dhabi in relation to development of infrastructure of various projects and real estate developments.

11.3 Receivables relating to project finance

	Minimum payments		Present value of minimum payments	
	2021 AED'000	2020 AED'000	**2021 AED'000**	2020 AED'000
Amounts receivable from project finance:				
Within one year	**18,293**	18,223	**7,738**	9,099
In the second to fifth year	**59,951**	59,370	**21,625**	23,287
After five years	**206,077**	224,952	**116,038**	113,939
	284,321	302,545	**145,401**	146,325
Less: unearned finance income	**(138,920)**	(156,220)	**–**	–
Present value of minimum payments receivable	**145,401**	146,325	**145,401**	146,325

11.4 Receivable from the Government of Abu Dhabi

Receivables from the Government of Abu Dhabi represent the amounts receivable against infrastructure handed over and land plots sold.

11.5 Due from associates and joint ventures

	Non-current		Current	
	2021 AED'000	2020 AED'000	**2021 AED'000**	2020 AED'000
Gross receivables	**181,576**	176,476	**26,280**	26,273
Less: allowance for expected credit loss	**(166,364)**	(158,811)	**(16,131)**	(16,131)
	15,212	17,665	**10,149**	10,142

11.6 Allowance for expected credit loss

Movement during the year in allowance of expected credit loss:

Trade receivables

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**189,430**	257,239
Charge for the year (note 30)	**24,895**	33,640
Write off of provision, net	**(55,518)**	(101,449)
Balance at the end of the year (note 11.1)	**158,807**	189,430

Due from associates and joint ventures

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**174,942**	167,388
Charge for the year	**7,553**	7,554
Balance at the end of the year (note 11.5)	**182,495**	174,942

The Group recognises lifetime expected credit loss ("ECL") for trade and other receivables using the simplified approach. To determine the expected credit losses all debtors were classified into four categories and the ECL rate for each category was determined using a provision matrix:

- Category I – government related companies (0%);
- Category II – private companies with low credit risk (1% to 20%);
- Category III – private companies with high credit risk (20% to 60%); and
- Category IV – debtors at default (100%)

These were adjusted for factors that are specific to the debtors and general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

If the ECL rates on each time bucket had been 5% higher or lower as of 31 December, the loss allowance on trade receivables would have been higher or lower as follows:

	2021 AED'000	2020 AED'000
Not past due	**828**	–
Past due (up to 180 days)	**1,464**	715
Past due (more than 180 days)	**5,648**	8,757
	7,940	9,472

11 TRADE RECEIVABLES AND OTHER ASSETS continued

11.7 Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Group during the current year on acquisition of a subsidiary in Egypt (note 45.1). Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	2021 AED'000	2020 AED'000
Deferred tax assets		
Provisions	**27,895**	–
Carried forward tax losses	**21,355**	–
Deferred tax liabilities		
Foreign exchange translation	**(1,383)**	–
Property, plant and equipment	**(254)**	–
Others	**(245)**	
	47,368	–

Unrecognised deferred tax asset

	2021 AED'000	2020 AED'000
Deductible temporary differences	**31,522**	–
Tax losses carried forward	**4,508**	–
	36,030	–

Deferred tax asset has not been recognised in respect of the above-mentioned items as it is not considered probable that there will be future taxable profits available to justify the recognition of a deferred tax asset.

11.8 Advances and prepayments

This represents mainly advances given to the contractors and suppliers against future work and increased mainly due to the acquisition of Aldar Projects LLC (note 45.2).

11.9 Refundable deposits

This represents mainly maintenance deposits received from customers.

12 PLOTS OF LAND HELD FOR SALE

Plots of land held for sale represent plots of land intended to be sold in the normal course of business. If management determines to use these plots of land for development, these plots of land are transferred either to development work in progress or to investment properties under development on launch of the respective projects. Movement in plots of land held for sale during the year was as follows:

	2021 AED'000	2020 AED'000
Balance at beginning of the year	**4,788,652**	4,796,967
Additions during the year	**352,976**	51,981
Recognised in costs of properties sold (direct costs)	**(3,743)**	(97,616)
Transfer from development work in progress during the year (note 13)	**–**	37,320
Balance at the end of the year	**5,137,885**	4,788,652

As at 31 December 2021, the Group determined net realisable value of its plots of land held for sale. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business. These estimates also take into consideration the purpose for which the inventory is held. The determination of net realisable value of plots of land held for sale is based on external valuations using various valuation methodologies and techniques (note 4). Plots of land held for sale are located in United Arab Emirates.

13 DEVELOPMENT WORK IN PROGRESS

Development work in progress represents development and construction costs incurred on properties being constructed for sale in the ordinary course of business.

Movement during the year is as follows:

	2021 AED'000	2020 AED'000
Balance at beginning of the year	**2,719,770**	2,546,972
Development costs incurred during the year	**1,901,420**	2,556,156
Recognised as part of business combination (note 45)	**3,222,129**	–
Recognised in costs of properties sold (direct costs)	**(1,690,359)**	(1,600,469)
Write-off of project costs (note 30)*	**(90,852)**	(27,520)
Write-down (note 30)**	**–**	(74,441)
Transfers from/(to):		
Plots of land held for sale (note 12)	**–**	(37,320)
Inventories (note 14)	**(725,707)**	(563,555)
Investment properties (note 7)	**(573,662)**	(80,053)
Property, plant & equipment (note 5)	**(259,196)**	–
Balance at the end of the year	**4,503,543**	2,719,770

Development properties are located as:

	2021 AED '000	2020 AED '000
Within UAE	**1,281,414**	2,719,770
Outside UAE	**3,222,129**	–
	4,503,543	2,719,770

* This represents project costs relating to projects which are either non-viable design/uses and other costs relating to projects under planning which management considers not feasible to continue and accordingly written off.

** As at 31 December 2021, the Group determined net realisable value of its development work in progress and concluding that carrying value is lower than the net realisable value (2020: recorded a write-down of AED 74,441 thousand) of its development project in progress. The estimates of net realisable values are based on the most reliable evidence available at the reporting date, of the amount that the Group is expected to realise in its ordinary course of business. These estimates also take into consideration the purpose for which the asset is held.

14 INVENTORIES

	2021 AED '000	2020 AED '000
Completed properties	**983,964**	848,716
Other operating inventories	**45,447**	43,572
	1,029,411	892,288

During the year, completed properties with an aggregate value of AED 725,707 thousand (2020: AED 563,555 thousand) were transferred to inventories from development work in progress upon completion (note 13). During the year, an amount of AED 566,374 thousand was recognised as direct costs (2020: AED 704,166 thousand).

Inventories are located as follow:

	2021 AED '000	2020 AED '000
Within UAE	**1,014,050**	892,288
Outside UAE	**15,361**	–
	1,029,411	892,288

14 INVENTORIES continued

During the year, in line with terms of sales purchase agreements for development projects, the Group reacquired properties with a fair value of AED 122,697 thousand (2020: AED 108,405 thousand) due to contractual non-performance of counter parties. These properties were classified as inventory based on their nature.

As at 31 December 2021, the Group determined net realisable value of its inventories and concluded that no additional adjustment is needed in respect of bringing the carrying amount of inventories to their net realisable value.

15 CASH AND CASH EQUIVALENTS

	2021 AED '000	2020 AED '000
Cash and bank balances	**6,582,349**	3,819,959
Short term deposits held with banks	**2,274,784**	1,677,859
Cash and bank balances	**8,857,133**	5,497,818
Short term deposits with original maturities greater than three months	**–**	(701,414)
Restricted bank balances	**(3,473,278)**	(2,209,919)
Cash and cash equivalents	**5,383,855**	2,586,485

As at 31 December 2021, cash at banks amounting to AED 417,373 thousand (2020: AED 570,768 thousand) are not included in the Group's bank ;balances as it is held by the Company on behalf of third parties since the Group is not acting as a principal. Restricted cash and bank balances include balances amounting to AED 1,278,074 thousand (2020: AED 1,350,791 thousand) which are deposited into escrow accounts representing cash received from customers against sale of development properties. The remaining balance of restricted cash balances mainly represents cash balances designated against government projects and dividend payables for which separate bank accounts are maintained.

The interest rates on term deposits ranges between 0.12% and 1% (2020: 0.0033% and 1.43%) per annum for UAE and between 7% and 9% (2020: none) for Egypt. Bank deposits relating to UAE operations are placed with local banks in the UAE.

16 SHARE CAPITAL

Share capital comprises 7,862,629,603 (2020: 7,862,629,603) authorised, issued and fully paid-up ordinary shares with a par value of AED 1 each.

17 RESERVES

Statutory reserve

In accordance with Articles of Association of the Company and the UAE Federal Law No. (2) of 2015, 10% of the annual profits are transferred to the statutory reserve that is non-distributable. Transfers to this reserve may be suspended whenever the reserve reaches 50% of the paid-up share capital of the Company. As the reserves reaches 50% of the paid-up capital, the Company has suspended further transfer.

Cash flow hedging reserve

This represents the effective portion of fair value movements of the interest rate swaps contracts that are designated by the Group as hedging instruments for cash flow hedges.

Investment revaluation reserve

This represents the net unreleased gains or losses that are recognised on the financial assets at FVTOCI.

Asset revaluation reserve

This represents surplus raised on the fair valuation of certain property, plant and equipment upon transfer to investment properties due to change in use.

18 NON-CONVERTIBLE SUKUK

Sukuk launched in 2018:

On 1 October 2018, Aldar Sukuk Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Island and a wholly owned subsidiary of the Group issued non-convertible sukuk ("Sukuk No. 1") for a total value of AED 1,836,750 thousand (USD 500,000 thousand). Sukuk No. 1 has a profit rate of 4.750% per annum payable semi-annually and is due for repayment in September 2025.

	2021 AED '000	2020 AED '000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(17,158)**	(21,726)
Accrued profit	**23,023**	22,781
Carrying amount	**1,842,615**	1,837,805
Less: current portion	**(23,023)**	(22,781)
Non-current portion	**1,819,592**	1,815,024

Sukuk launched in 2019:

On 22 October 2019, Aldar Sukuk (No. 2) Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Island and a wholly owned subsidiary of the Group issued non-convertible sukuk ("Sukuk No. 2") for a total value of AED 1,836,750 thousand (USD 500,000 thousand). Sukuk No. 2 has a profit rate of 3.875% per annum payable semi-annually and is due for repayment in October 2029.

	2021 AED '000	2020 AED '000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(15,156)**	(17,090)
Accrued profit	**13,642**	13,642
Carrying amount	**1,835,236**	1,833,302
Less: current portion	**(13,642)**	(13,642)
Non-current portion	**1,821,594**	1,819,660
Total non-current portion	**3,641,186**	3,634,684
Total current portion	**36,665**	36,423

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19 BANK BORROWINGS

	Outstanding amount						
	Current AED'000	Non-current AED'000	Total AED'000	Security	Interest rate	Maturity	Purpose
31 December 2021:							
Ijarah facility	**–**	**420,000**	**420,000**	**Secured**	**relevant EIBOR + 1.0%**	**March 2025**	**General corporate purpose**
Term loan 1	**–**	**500,000**	**500,000**	**Secured**	**relevant EIBOR + 1.00%**	**September 2023**	**General corporate purpose**
Revolving credit facility 1	**–**	**495,016**	**495,016**	**Unsecured**	**relevant EIBOR + 1.00%**	**March 2024**	**General corporate purpose**
Revolving credit facility 2	**–**	**500,000**	**500,000**	**Unsecured**	**relevant EIBOR + 1.00%**	**March 2025**	**General corporate purpose**
Revolving credit facility 3	**–**	**808,758**	**808,758**	**Unsecured**	**relevant EIBOR + 1.00%**	**March 2026**	**General corporate purpose**
Term loan 2	**–**	**400,000**	**400,000**	**Secured**	**relevant EIBOR + 1.0%**	**August 2023**	**General corporate purpose**
Term loan 3	**–**	**500,000**	**500,000**	**Secured**	**relevant USD LIBOR + 1.30%**	**August 2023**	**General corporate purpose**
Term loan 4	**–**	**500,000**	**500,000**	**Secured**	**relevant EIBOR + 1.0%**	**September 2023**	**General corporate purpose**
Term loan 5	**575**	**–**	**575**	**Secured**	**Time deposits rates + 2%**	**April 2022**	**General corporate purpose**
Term loan 6	**256,916**	**–**	**256,916**	**Unsecured**	**CBE corridor + 1.50%**	**December 2022**	**Project Finance**
Term loan 7	**20,337**	**61,014**	**81,351**	**Secured**	**CBE corridor + 0.70%**	**December 2024**	**Project Finance**
Term loan 8	**9,205**	**72,614**	**81,819**	**Secured**	**CBE corridor + 0.90%**	**October 2027**	**Project Finance**
Term loan 9	**–**	**175,756**	**175,756**	**Secured**	**CBE corridor + 0.70%**	**June 2027**	**Project Finance**
Unamortised borrowing cost	**–**	**(24,403)**	**(24,403)**				
Accrual for interest and profits	**3,251**	**–**	**3,251**				
	290,284	**4,408,755**	**4,699,039**				
31 December 2020:							
Ijarah facility	–	420,000	420,000	Secured	relevant EIBOR + 1.00%	March 2025	General corporate purpose
Term loan	–	500,000	500,000	Secured	relevant EIBOR + 1.00%	September 2023	General corporate purpose
Revolving credit facility	62,500	952,000	1,014,500	Unsecured	relevant EIBOR + 1.00%	December 2022	General corporate purpose
Term loan	500,000	–	500,000	Secured	relevant USD LIBOR + 1.25%	August 2021	General corporate purpose
Term loan	–	400,000	400,000	Secured	relevant EIBOR + 1.00%	August 2023	General corporate purpose
Term loan	–	500,000	500,000	Secured	relevant USD LIBOR + 1.30%	August 2023	General corporate purpose
Term loan	–	500,000	500,000	Secured	relevant EIBOR + 1.00%	September 2023	General corporate purpose
Revolving credit facility	–	500,000	500,000	Secured	relevant EIBOR + 1.00%	March 2025	General corporate purpose
Unamortised borrowing cost	–	(7,608)	(7,608)				
Accrual for interest and profits	7,162	–	7,162				
	569,662	3,764,392	4,334,054				

During the year, the Group cancelled the outstanding AED 4.79 billion Revolving Credit Facility (RCF) of May 2018 and entered into four new revolving credit facilities totalling AED 5 billion for general corporate purposes with two financial institutions. Two of the facilities with one bank totalling AED 3 billion are unsecured, carrying an interest rate at 1% plus relevant EIBOR for loans outstanding up to 66% of total commitments. An interest rate of 1.30% plus relevant EIBOR applies to both loans once total outstanding exceed 66% of total commitments. These two revolving facilities are repayable at three and five years respectively from agreement dates with an option to extend each of them by a maximum of a further two years. The other two revolving credit facilities totalling AED 2 billion with another financial institution carry interest rate at relevant EIBOR plus a minimum margin of 1.10% based on the value of secured assets provided as collateral. Both of these revolving facilities are repayable at five years from agreement date with an option to extend each of them by a maximum of a further two years.

During the year, the Group also cancelled a RCF of AED 240 million previously signed with a local bank on 30 June 2014 and having a maturity date of 31 March 2023. At the time of cancelation, the facility remained fully undrawn.

In June 2021, the Company signed a 5-year sustainability linked term loan amounting to AED 300,000 thousand with the local arm of an International bank making the Company the first Real Estate entity in the MENA region to enter into this type of financing. The loan aligns with the Company's sustainability commitments by linking the interest margin payable to the achievement of a number of sustainability targets related to water intensity, waste recycling and worker welfare. The loan is priced at 1.30% over relevant EIBOR and this margin is due for review in July 2022 based on sustainability KPI targets achieved in the relevant financial year. The loan is for a period of 5 years and is due for a bullet repayment in June 2026.

As at 31 December 2021, the Group had AED 3,696,226 thousand of undrawn, committed revolving credit facilities in the form of bilateral agreements with two financial institutions having a maturity for AED 1,004,984 thousand in March 2024 and for AED 2,691,242 thousand in March 2026.

Certain bank borrowings (term loans 1 to 4) are secured in the form of mortgage over plots of land included in plots of land held for sale amounting to AED 1,097,200 thousand (31 December 2020: AED 1,021,737 thousand), operating assets under investment properties amounting to AED 4,950,904 thousand (31 December 2020: AED 2,736,712 thousand) and under property, plant and equipment amounting to AED 40,495 thousand (31 December 2020: AED 483,080 thousand) and carry a net worth covenant.

Term loans 5 to 9 are secured against the following:

- ;Pledge to deposit all proceeds from the sales of units in the designated accounts with the lenders;
- ;Assignment right of the first degree on the projects account in favour of the lenders; and
- ;Mortgage on the leased assets/units & buildings and pledge over unsold units.

20 RETENTIONS PAYABLE

	2021 AED '000	2020 AED '000
Retentions payable within 12 months	**812,919**	609,309
Retentions payable after 12 months	**533,835**	270,252
	1,346,754	879,561

This represents amounts retained by the Group from third party contractors for construction projects.

21 LEASE LIABILITIES

Group as a lessee

The Group has entered into leases for land on which certain of the Group's buildings and investment properties are constructed. Refer to notes 5 and 7 for further information. The Group's obligations under its leases are secured by the lessor's title to the leased plots of land. Generally, the Group's leases also include restrictions on assigning and subleasing the leased assets.

Set out below are the carrying amounts and maturity analysis of lease liabilities as at 31 December:

	2021 AED'000	2020 AED'000
Maturity analysis:		
Year 1	**51,124**	42,947
Year 2	**42,051**	36,828
Year 3	**40,655**	38,169
Year 4	**41,181**	38,514
Year 5	**37,523**	38,553
Onwards	**293,339**	331,682
Balance at the end of the year	**505,873**	526,693
Less: unearned interest	**(172,613)**	(186,995)
	333,260	339,698
Analysed as:		
Non-current	**295,517**	304,611
Current	**37,743**	35,087

The Group does not face a liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The following are the amounts recognised in profit or loss:

	2021 AED'000	2020 AED'000
Depreciation expense of right-of-use assets	**4,574**	3,848
Unwinding of interest expense on lease liabilities during the year (note 32)	**14,060**	15,186

The Group had total cash outflows for leases of AED 37,555 thousand in 2021 (2020: AED 42,988 thousand). The Group did not have major non-cash additions to right-of-use assets and lease liabilities during 2021 and 2020.

22 EMPLOYEE BENEFITS

	2021 AED'000	2020 AED'000
Employees' end-of-service benefits	**177,125**	155,618
Long term incentive scheme	**46,220**	27,047
Balance at the end of the year	**223,345**	182,665

End-of-service benefits

Movements in the provision for employees' end of service benefits are as follows:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**155,618**	155,094
Charge for the year	**41,954**	38,814
Acquired in business combination (note 45)	**10,733**	198
Derecognised on disposal of businesses	**–**	(384)
Paid during the year	**(31,180)**	(38,104)
Balance at the end of the year	**177,125**	155,618

Long term incentive scheme

The Group's Board of Directors has approved a Long Term Incentive (LTI) scheme for certain employees of the Company. The LTI scheme is designed to provide long-term incentives for certain senior management team to deliver long-term shareholder returns. Under the LTI scheme, the eligible employee contributes 30% of their performance bonus towards the LTI fund and the Company matches the same percentage (30%) as an additional contribution. The contribution of both the employees and the Company are invested in Restricted Share Units (RSU). Participants will receive an amount based on the combined contributions which will be invested and generate a return in accordance with the investment policy set under the Discretionary Investment Portfolio Management Agreement ("DIPMA"), as mentioned below, if vesting requirements are met at the end of a 3-year retention period. A cash amount representing the value of vested portion is paid upon completion of the service condition. The expense for year in respect of the LTI scheme amounted to AED 26,043 thousand (2020: AED 16,267 thousand), payment made during the year of AED 6,870 thousand (2020: AED 1,590 thousand) while the liability relating to the LTI scheme as at 31 December 2021 amounted to AED 46,220 thousand (2020: AED 27,047 thousand). Carrying value of LTI scheme is computed based on the relevant share price as of 31 December 2021.

During the year, the Company also entered into a DIPMA with a local bank whereby the Company has appointed the local bank to manage funding of distributions to be made by the Company to the beneficiaries under the LTI scheme. The amount funded in line with DIPMA is recorded under trade receivables and other assets (note 11). The Company remains the primary obligor to the beneficiaries in line with their entitlement under the employee agreements.

23 DERIVATIVE FINANCIAL INSTRUMENTS

In prior years, the Group entered into floating to fixed interest rate swaps to partially hedge its interest rate risk in relation to its floating rate borrowings. During the year, the Group also entered into forward starting interest rate swap contract to manage the potential interest rate risk of a forecasted debt capital markets transaction.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. Under the forward starting interest rate swap contracts, the Group fixes the interest rate of a debt capital market issuance (assessed to be highly probable forecast transaction), which will be issued at a defined date in the future. Such interest rate swap contracts enable the Group to mitigate the risk of changing interest rates between the date the forward starting swap contract is issued and the date when the debt is issued.

The fair value of interest rate swaps at the reporting date is based on a discounted future cash flows using the applicable yield curves derived from observable interest rates. The Group's USD Libor interest rate exposure is USD 300,000 thousand (AED 1,101,750 thousand) (2020: USD 50,000 thousand (AED 183,675 thousand)) of the borrowings or debt capital markets issuance are at a fixed rate in exchange for the bank paying 3-month USD LIBOR. The fair values of these interest rate swaps are presented below:

	31 December 2021		31 December 2020	
	Gross carrying amount AED'000	**Fair value hierarchy**	Gross carrying amount AED'000	Fair value hierarchy
Derivative financial assets – interest rate swaps	**20,299**	**Level 2**	–	Level 2
Derivative financial liabilities – interest rate swaps	**6,648**	**Level 2**	15,330	Level 2

23 DERIVATIVE FINANCIAL INSTRUMENTS continued

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness, under IFRS 9 *Financial Instruments*, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. In respect of forward starting interest rate swap contracts, hedge ineffectiveness also results from changes in the timing of issuance of debt. No other sources of ineffectiveness emerged from these hedging relationships. Refer note 2.1 for disclosures related to recent interest rate benchmark reforms.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings or highly probable forecast transactions.

The following table summarises information regarding interest rate swap contracts outstanding at the reporting date:

	Average contracted fixed interest rate		Notional amount		Carrying amount of the derivative financial asset/(liability)	
Maturity profile	**2021**	2020	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000
Less than 1 year	**–**	6.07%	**–**	43,764	**–**	(1,655)
1 to 2 years	**2.73%**	–	**183,624**	–	**(6,648)**	–
2 to 5 years	**–**	2.73%	**–**	183,675	**–**	(13,675)
More than 5 years	**1.31%**	–	**459,063**	–	**12,809**	–
More than 5 years	**1.44%**	–	**459,063**	–	**7,490**	–
Total			**1,101,750**	227,439	**13,651**	(15,330)

Movement in the cash flow hedging reserve was as following:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**(31,054)**	(33,482)
Cumulative fair value gain/(loss) arising on hedging instruments during the year classified under cash flow hedges	**27,326**	(4,570)
Cumulative loss arising on hedging instruments reclassified to profit or loss on maturity (note 32)	**3,306**	6,998
Balance at the end of the year	**(422)**	(31,054)

24 ADVANCES FROM CUSTOMERS

This mainly represent advances and deposits received from customers.

25 TRADE AND OTHER PAYABLES

	2021 AED'000	2020 AED'000
Non-current portion		
Payable to a government authority for purchase of land (note 25.1)	**1,173,377**	–
Other land acquisition creditors	**299,020**	–
	1,472,397	–
Current portion		
Trade payables	**997,488**	387,917
Accrual for contractors' costs	**4,012,825**	2,796,945
Due to the Government of Abu Dhabi	**957,210**	67,028
Deferred income	**253,273**	275,392
Income tax payable	**215,900**	–
Provisions (note 25.2)	**129,476**	–
Advances from the Government of Abu Dhabi (note 36)	**112,848**	178,025
Dividends payable	**88,242**	89,059
Payable to a government authority for purchase of land (note 25.1)	**45,883**	–
Provision for onerous contracts	**6,003**	16,430
Other land acquisition creditors	**3,864**	–
Other liabilities (note 25.3)	**726,140**	672,086
	7,549,152	4,482,882

The Group has financial and risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

25.1 Payable to a government authority for purchase of land

	Plot of land I AED'000	**Plot of land II AED'000**
Total par value of the checks issued to the Egyptian New Urban Communities Authority ("NUCA")	**355,184**	**2,568,086**
Unamortised interest	**(85,881)**	**(1,618,129)**
	269,303	**949,957**
Less: current portion	**(24,279)**	**(21,604)**
Non-current portion	**245,024**	**928,353**

Plot of land I

On 1 September 2021, NUCA approved the request submitted by one of the indirect subsidiaries to purchase a plot of land with an area of 123.38 acres, with a total value of AED 288,988 thousand. The remaining price of the land and any associated interest is payable in the form of 12 semi-annual instalments over a period of 6 years starting from 8 March 2022 and ending on 8 September 2027.

Plot of land II

On 21 March 2019, a co-development agreement was signed between a subsidiary and NUCA to establish an integrated urban project with an area of 500 acres (the "Previous Plot"). During the year, based on the proposal from the Egypt Sheikh Zayed City Development Authority to amend this site, NUCA Board of Directors approved the replacement of the Previous Plot with a new plot of land with an area of 464.81 acres (the "New Plot"). On 20 December 2021, the New Plot was handed over to the subsidiary and was recognised in accordance with the amendment to the original plot of land handover deed. The New Plot provided by NUCA to the subsidiary against the Previous Plot was based on the same terms and conditions as was attached to the Previous Plot except for revised payment plan and any advance payments made against the Previous Plot was agreed to be adjusted against the liabilities of the New Plot. The exchange transaction lacked commercial substance therefore was recognised in accordance with IAS 16 *Property, Plant and Equipment* as exchange of non-monitory assets. There was no gain or loss on exchange of the land.

25 TRADE AND OTHER PAYABLES continued

25.2 Provisions related to construction contracts

The breakdown of provisions related to construction contracts is as follows:

	2021 AED'000	2020 AED'000
Provisions for completion of works	**123,588**	–
Provision for expected claims	**5,888**	–
	129,476	–

Provision for completion of works relate to estimated costs expected to be incurred on delivered units in the following years to complete the execution of the final stages of projects.

Provision for expected claims is formed for existing claims related to the Group's transactions with other parties. The management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.

25.3 Other liabilities include net contingent consideration payable of AED 56,258 thousand at 31 December 2021 (31 December 2020: AED 51,366 thousand). The aggregate amount of contingent consideration shall not exceed AED 75,000 thousand. The fair value of the contingent consideration is estimated at AED 56,258 thousand. The change in value of contingent consideration is due to passage of time and there was no other changes in the fair value of contingent consideration payable as at 31 December 2021 as there were no significant changes in the range of outcomes or the assumptions used to develop the estimate. The fair value of the contingent consideration was estimated by applying an income approach. The fair value measurement is based on significant inputs that are not observable in the market therefore this is a Level 3 measurement in the fair value measurement hierarchy as at 31 December 2021 and 31 December 2020. Key assumptions include a discount rate of 9.7% and probable outflow of AED 60,990 thousand.

26 REVENUE AND RENTAL INCOME

	2021 AED'000	2020 AED'000
Revenue		
Property development	**3,645,255**	3,700,398
Development management	**1,387,745**	1,261,771
Fee and related income from schools	**531,804**	477,959
Property and facilities management	**487,711**	384,876
Hospitality and leisure	**433,189**	418,445
Construction contracts	**417,773**	422,334
Cooling assets	**–**	87,447
Rental income		
Rental income on investment properties	**1,672,473**	1,639,248
	8,575,950	8,392,478

Rental income on investment properties includes contingent rental income of AED 37,175 thousand (2020: AED 26,005 thousand).

27 DIRECT COSTS

	2021 AED'000	2020 AED'000
Property development	**2,279,721**	2,509,002
Development management	**933,706**	1,047,505
Property and facilities management	**406,342**	334,956
Direct cost of investment properties	**348,868**	329,029
Hospitality and leisure	**349,252**	382,563
Construction contracts	**338,023**	410,757
Direct cost related to schools	**319,994**	355,496
Cooling assets	**–**	40,138
	4,975,906	5,409,446

28 SELLING AND MARKETING EXPENSES

	2021 AED'000	2020 AED'000
Projects marketing	**128,226**	92,665
Corporate advertising and events	**47,853**	30,839
Exhibitions and sponsorships	**6,513**	1,945
	182,592	125,449

29 STAFF COSTS

	2021 AED'000	2020 AED'000
Salaries, bonuses and other benefits	**1,181,984**	1,026,550
Employees' end of service benefits (note 22)	**41,954**	38,814
Staff training and development	**83,907**	1,823
	1,307,845	1,067,187
Staff costs are allocated to:		
Direct costs	**850,931**	787,341
General and administrative expenses	**451,529**	253,853
Projects under development	**5,385**	25,993
	1,307,845	1,067,187

30 PROVISIONS, IMPAIRMENTS AND WRITE-DOWNS, NET

	2021 AED'000	2020 AED'000
Receivables written-off	**64,392**	37,642
Impairment on property, plant and equipment (note 5)	**29,060**	1,396
Provision for expected credit losses, net (note 11.6)	**24,895**	33,640
(Release)/provision for onerous contracts	**(1,664)**	8,258
Write-down of development work in progress (note 13)	**90,852**	101,961
Provision for impairment of investment in associates and joint ventures	**–**	70,991
Others	**39,516**	41,914
	247,051	295,802

31 FINANCE INCOME

	2021 AED'000	2020 AED'000
Interest/profit earned on:		
Islamic deposits	**13,992**	19,915
Bank fixed deposits	**943**	4,722
Call and current accounts	**6,584**	13,376
Total interest/profit earned	**21,519**	38,013
Financing income earned on receivables from project finance	**9,529**	12,115
Other finance income	**17,396**	17,112
	48,444	67,240

Finance income earned on financial assets, analysed by category of asset is as follows:

	2021 AED'000	2020 AED'000
Financial assets at amortised cost		
Loans and receivables	**26,925**	29,227
Bank balances and deposits	**21,519**	38,013
	48,444	67,240

32 FINANCE COSTS

	2021 AED'000	2020 AED'000
Finance costs on bank borrowings and non-convertible sukuk	**243,096**	284,039
Unwinding of finance cost on operating lease liability (note 21)	**14,060**	15,186
Others	**5,096**	4,474
	262,252	303,699
Cumulative loss arising on hedging instruments reclassified to profit or loss on maturity	**3,306**	6,998
	265,558	310,697

33 OTHER INCOME

	2021 AED'000	2020 AED'000
Government grant income recorded upon handover of infrastructure assets (note 36)	**10,913**	2,412
Release of liabilities, accruals and provisions (33.1)	**33,139**	143,391
Loss on financial assets at FVTPL	**(1,271)**	–
Others	**20,802**	43,734
	63,583	189,537

33.1 This represents reversal of provisions which are no longer required following management's assessment at reporting date of the estimated cash flows required based on latest information which highlighted that it is no longer probable that a transfer of economic benefits will be required to settle the obligation.

34 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2021	2020
Earnings (AED '000)		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**2,315,601**	1,932,238
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,862,629,603**	7,862,629,603
Basic and diluted earnings per share attributable to Owners of the Company in AED	**0.295**	0.246

35 DIVIDENDS

At the annual general assembly held on 24 March 2021, the shareholders approved the recommendation of the Board of Directors to distribute dividends of 14.5 fils per share for a total of AED 1,140,082 thousand for the year ended 31 December 2020. The Board of Directors, in their meeting held on 8 March 2022, proposed a cash dividend of 15 fils per share for the year ended 31 December 2021. The proposed dividend is subject to approval of the Shareholders at the annual general assembly.

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise of major shareholders, associated companies, directors, key management personnel of the Group and their related entities. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management. Government of Abu Dhabi is an indirect major shareholder of the Company. The balances and transactions disclosed below with reference to Government of Abu Dhabi also include the entities controlled by Government of Abu Dhabi.

36.1 Related party balances

	2021 AED'000	2020 AED'000
(1) Government of Abu Dhabi		
Trade and other receivables	**809,762**	604,190
Trade and other payables	**(987,907)**	(67,049)
Contract assets	**41,987**	–
Contract liabilities	**(9,934)**	(74,466)
Advances received (note 25)	**(112,848)**	(178,025)
(2) Major shareholder I and its affiliates*		
Trade and other receivables	**34,825**	1,008,558
Retentions payable	**(139,915)**	(140,093)
Trade and other payables	**(5,822)**	(4,635)

* Major Shareholder I represent Mubadala Investment Company PJSC and its affiliated entities. As of 31 December 2021, Mubadala Investment Company PJSC, through its wholly owned subsidiaries, has an indirect 29.75% ownership interest in the Company.

(3) Major shareholder II and its affiliates**

	2021 AED'000	2020 AED'000
Trade and other receivables	**372,188**	–
Retentions payable	**(485,290)**	–
Trade and other payables	**(322,720)**	–

** Major Shareholder II represents Alpha Dhabi Holding PJSC and its affiliated entities. As of 31 December 2021, Alpha Dhabi Holding PJSC, through its wholly owned subsidiaries, has an indirect 29.78% ownership interest in the Company.

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

36.1 Related party balances continued

	2021 AED'000	2020 AED'000
(4) Due from associates and joint ventures (note 11.5)	**25,361**	27,806
(5) Due to joint ventures for project-related work	**–**	(32,692)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Other than as disclosed in note 11.6, allowance of expected credit losses against due form associates and joint ventures, no provision has been made for doubtful debts in respect of the amounts owned by related parties. Certain receivables from joint ventures carry interest of 9% per annum and are repayable within 2 to 5 years.

	2021 AED'000	2020 AED'000
(1) Government of Abu Dhabi		
Revenue	**1,757,829**	1,700,442
Other income	**10,913**	39,323
(2) Finance income from project finance	**8,725**	8,880
(3) Major shareholder I and its affiliates		
Revenue	**30,807**	34,745
Other income	**9,203**	–
(4) Key management compensation		
Salaries, bonuses and other benefits	**17,179**	15,503
Post-employment benefits	**973**	672
Long term incentives	**17,327**	5,574
	35,479	21,749
(5) Directors' remuneration – expense	**20,604**	9,700

During the year, the Company paid Directors' remunerations amounting to AED 20,700 thousand (31 December 2020: AED 13,950 thousand).

36.2 Other balances and transactions with related parties:

(1) During the year, the Group acquired Aldar Projects LLC from Modon Properties PJSC, a Government of Abu Dhabi owned entity (note 45.2).
(2) Refer to note 46 for a transaction with an associate of major shareholder I during the year 2020.
(3) Outstanding borrowings of AED 2,703,774 thousand (2020: AED 2,414,500 thousand) are due to the banks controlled by the Government and major shareholder I. Finance cost on these borrowings amounted to AED 51,140 thousand for the year ended 31 December 2021 (2020: AED 79,307 thousand).
(4) Deposits and bank balances of AED 5,666,299 thousand (2020: AED 3,297,791 thousand) are kept with banks controlled by the Government of Abu Dhabi and major shareholder I. Finance income on these deposits amounted to AED 5,206 thousand for the year ended 31 December 2021 (2020: AED 13,490 thousand).
(5) Letter of credits and bank guarantees issued through banks controlled by the Government of Abu Dhabi and major shareholder I amounted to AED 290,910 thousand for the year ended 31 December 2021 (2020: AED 310,263 thousand).

37 CONTINGENCIES AND COMMITMENTS

37.1 Capital commitments

Capital expenditure contracted but not yet incurred at the end of the year is as follows:

	2021 AED'000	2020 AED'000
Projects under development	**1,814,665**	1,294,780
Projects management	**9,235,913**	1,146,918
Others	**93,446**	3,861
	11,144,024	2,445,559

Projects management mainly represent remaining contractual amounts relating to projects managed by the Group, of which the related agreements with contractors were entered by and continued to be under the name of the Group on behalf of the Government of Abu Dhabi. This include AED 8,746,856 thousand of commitment of Aldar Projects LLC which will be funded in advance by the Government of Abu Dhabi. The above commitments are spread over a period of one to five years.

37.2 Operating lease commitments

The Group as lessor

The Group has entered into operating leases on its investment property portfolio owned by the Group and have terms of between 1 and 25 years (2020: 1 and 25 years). The lessees do not have an option to purchase the property at the expiry of the lease period. The commercial property lease arrangements include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

The future minimum rentals receivable under non-cancellable operating leases contracted as at 31 December are as follows:

	2021 AED'000	2020 AED'000
Buildings:		
Within one year	**992,440**	871,763
In the second to fifth year	**2,421,609**	1,838,969
After five years	**1,692,257**	1,500,663
	5,106,306	4,211,395

In addition to the above lease commitments, the Group also have lease contracts where it is entitled to receive rent based on turnover of tenants and service charges.

37.3 Contingencies

Letters of credit and bank guarantees

	2021 AED'000	2020 AED'000
Letters of credit and bank guarantees	**740,195**	953,119
Group's share in contingencies of joint ventures and associates	**2**	3

Included in the above are bank guarantees and letters of credit amount of AED 395,937 thousand (2020: AED 586,564 thousand) pertaining to a construction related subsidiary.

37.4 Legal claim contingency

In January 2022, a previous supplier filed a claim against the Company relating to a contract that was signed in 2007. The case is at preliminary stage and the Company is assessing both the claim and the potential risks to the Company, however, based on the latest information available, the Company has good, arguable defences to all of the claims made against it both in terms of liability and quantum.

38 FINANCIAL INSTRUMENTS

38.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

38.2 Categories of financial instruments

	2021 AED'000	2020 AED'000
Financial assets		
Investment in financial assets at FVTOCI	**20,002**	53,905
Investment in financial assets at FVTPL	**21,657**	–
Derivative financial assets	**20,299**	–
Financial assets at amortised cost	**77,475**	–
Receivables and cash and bank balances (at amortised cost)	**15,135,082**	11,611,369
	15,274,515	11,665,274
Financial liabilities		
Financial liabilities measured at amortised cost	**20,441,769**	13,119,263
Derivative financial liabilities	**6,648**	15,330
	20,448,417	13,134,593

38.3 Financial risk

The Group's Corporate Finance and Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages financial risks relating to operations of the Group based on internally developed models, benchmarks and forecasts which analyses exposures by degree and magnitude of risks. The Group seeks to minimise the effects of financial risks by using appropriate risk management techniques including using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by management's analysis of market trends, liquidity position and predicted movements in interest rate and foreign currency rates which are reviewed by the management on a continuous basis.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

38.4 Capital risk

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising return to shareholders through the optimisation of the debt and equity balance. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021 and 2020.

The capital structure of the Group comprises non-convertible Sukuk, borrowings, cash and bank balances and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group monitors and adjusts its capital structure in light of changes in economic conditions and the requirements of financial covenants with a view to promote the long-term success of the business while maintaining sustainable returns for shareholders. This is achieved through a combination of risk management actions including monitoring solvency, minimising financing costs, rigorous investment appraisals and maintaining high standards of business conduct.

Key financial measures that are subject to regular review include cash flow projections and assessment of their ability to meet contracted commitments, projected gearing levels and compliance with borrowing covenants, although no absolute targets are set for these.

The Group monitors its cost of debt on a regular basis. At 31 December 2021, the weighted average cost of debt was 2.81% (2020: 2.91%). Investment and development opportunities are evaluated against an appropriate equity return in order to ensure that long-term shareholder value is created.

The covenants of eleven (2020: seven) borrowing arrangements require maintaining a minimum tangible net worth. Three loans require a minimum tangible net worth of AED 6 billion of the Group and four loans require a minimum tangible net worth of AED 4 billion of a subsidiary.

38.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include bank borrowings, investment in financial assets and derivative financial instruments.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate.

The Group may be exposed to currency and translation related risks on its borrowings denominated in US Dollars and its investments in a foreign subsidiary. In respect of the Group's transactions and balances denominated in US Dollars and Saudi Riyal, the Group is not exposed to the currency risk as the UAE Dirham and Saudi Riyal are currently pegged to the US Dollar.

The table below summarises the sensitivity of the Group's monetary and non-monetary assets and liabilities to changes in foreign exchange movements at year end. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% with all other variables held constant:

	Assets AED'000	Liabilities AED'000	Net exposure AED'000	Effect on net equity for +/- 5% sensitivity AED'000
2021				
Egyptian pound	**6,311,656**	**(4,773,715)**	**1,537,941**	**+/- 76,897**
2020				
Egyptian pound	–	–	–	–

b) Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk as the Group borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in notes 9, 18 and 19.

The Group is exposed to the following interest rate benchmarks within its hedge accounting relationships, which are subject to interest rate benchmark reform: USD LIBOR ("LIBOR"). As listed in note 15, the hedged items include issued USD and AED fixed rate debt and issued USD and AED floating rate debt. The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the LIBOR regulators. The regulators have made clear that, at the end of 2021, it no longer seeks to persuade, or compel, banks to submit LIBOR.

In response to the announcements, the Group has set up an IBOR transition programme comprised of the following work streams: risk management, tax, treasury, legal and accounting. The programme is under the governance of the Chief Financial Officer who reports to the Board. The aim of the programme is to understand where LIBOR exposures are within the business and prepare and deliver on an action plan to enable a smooth transition to alternative benchmark rates. The Group has identified all effected loan facilities and hedging instruments and has begun discussions with the lending banks involved to adjust to the risk-free rate.

None of the Group's current LIBOR linked contracts include adequate and robust fall-back provisions for a cessation of the referenced benchmark interest rate. Different working groups in the industry are working on fall back language for different instruments and different LIBORs, which the Group is monitoring closely and will look to implement these when appropriate.

For the Group's derivatives, the International Swaps and Derivatives Association's (ISDA) fall back clauses were made available at the end of 2019 and during 2020 the Group started discussions with its banks with the aim to implement this language into its ISDA agreements.

38 FINANCIAL INSTRUMENTS continued

38.5 Market risk continued

b) Interest rate risk continued

For the Group's floating rate debt, the Group has started discussions with its banking group to amend the USD loans so that the reference benchmark interest rate will change to a new risk-free rate. For the moment there had been no guidance on any change to dirham EIBOR reference benchmark nor is any change expected in 2022.

Below are details of the hedging instruments and hedged items in scope of the IFRS 9 amendments due to interest rate benchmark reform, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments. The Group is exposed to interest rate risk as the Group borrow funds at fixed and floating interest rates:

Hedge Type	Instrument Type	Maturing in	Nominal	Hedged from
Interest Rate Swap Agreement	Receives 3-month LIBOR pays fixed interest rate swap	24 Dec 2023	USD 50,000,000	3-month LIBOR
Interest Rate Swap Agreement	Receives 3-month LIBOR pays fixed interest rate swap	16 Mar 2032	USD 125,000,000	3-month LIBOR
Interest Rate Swap Agreement	Receives 3-month LIBOR pays fixed interest rate swap	15 Mar 2032	USD 125,000,000	3-month LIBOR

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would increase/decrease by AED 22,980 thousand (2020: increase/ decrease by AED 25,276 thousand).

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rate on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt.

Cash flow hedges

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the payments on the loan occur simultaneously.

The Group's derivative financial instruments were contracted with counterparties operating in the United Arab Emirates.

38.6 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Key areas where the Group is exposed to credit risk is from its operating activities (primarily trade and other receivables) and from its financing activities mainly bank balances and derivative financial assets (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Concentration of credit risk

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in note 11.1. Management believes that the concentration of credit risk is mitigated by having received instalment payments, in some cases substantial, which the Group would contractually be entitled to retain in the event of non-completion of the remaining contractual obligations in order to cover the losses incurred by the Group.

At 31 December 2021, 100% (2020: 100%) of the deposits were placed with 11 local banks, 1 foreign branch of a local bank and 9 foreign banks in Egypt and KSA. Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE, Egypt & KSA and are regulated by the Central bank of the respective countries.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with receivables related to property development is mitigated because they are secured over the underlying property units. The Group is not permitted to sell or repledge the underlying properties in the absence of default by the counterparty. There have not been any significant changes in the quality of the underlying properties.

38.7 Liquidity risk

The responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2021 and 2020.

	<1 month AED'000	1 to 3 months AED'000	3 months to 1 year AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000
31 December 2021						
Financial liabilities						
Non-interest bearing instruments(i)	**252,757**	**2,202,305**	**5,659,446**	**346,023**	**–**	**8,460,531**
Non-convertible sukuk	**15,658**	**–**	**23,023**	**1,802,420**	**1,836,750**	**3,677,851**
Variable interest rate instruments	**2,031**	**263,795**	**21,390**	**4,436,226**	**–**	**4,723,442**
Lease liabilities	**3,203**	**32,913**	**15,008**	**161,410**	**293,339**	**505,873**
Derivative financial instruments	**–**	**–**	**–**	**6,648**	**–**	**6,648**
Total	**273,649**	**2,499,013**	**5,718,867**	**6,752,727**	**2,130,089**	**17,374,345**
31 December 2020						
Financial liabilities						
Non-interest bearing instruments(i)	164,893	3,472,571	1,206,385	270,253	–	5,114,102
Non-convertible sukuk	–	22,781	13,642	1,797,934	1,836,750	3,671,107
Variable interest rate instruments	3,449	34,962	531,251	3,772,000	–	4,341,662
Lease liabilities	2,683	32,163	8,101	152,065	331,681	526,693
Derivative financial instruments	1,655	–	–	13,675	–	15,330
Total	172,680	3,562,477	1,759,379	6,005,927	2,168,431	13,668,894

(i) Including security deposits from customers.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as disclosed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	2021		2020	
	Gross carrying amount AED'000	**Fair value AED'000**	Gross carrying amount AED'000	Fair value AED'000
Financial liabilities at amortised cost				
Sukuk No.1 (note 18)	**1,842,615**	**2,012,858**	1,837,805	2,058,611
Sukuk No.2 (note 18)	**1,835,236**	**1,987,198**	1,833,302	1,991,974

The non-convertible sukuk are categorised under Level 1 in the fair value hierarchy.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about the fair values of these financial assets as at 31 December 2021 and 31 December 2020:

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
31 December 2021				
Investments in financial assets at FVTOCI				
Equities (note 9)	**20,000**	**–**	**2**	**20,002**
Investments in financial assets at FVTPL				
Funds (note 9)	–	–	21,657	21,657
31 December 2020				
Investments in financial assets at FVTOCI				
Equities (note 9)	37,500	–	16,405	53,905

There were no transfers between level 1, level 2 or level 3 during the current or prior year.

40 SEGMENT INFORMATION

40.1 Operating segments

Segment information about the Group's continuing operations is presented below:

Year ended 31 December 2021

	Aldar Development		**Aldar Investment**					
	Property development and sales AED'000	**Project management services AED'000**	**Investment properties AED'000**	**Hospitality and leisure AED'000**	**Education AED'000**	**Principal investments AED'000**	**Unallocated/ eliminations AED'000**	**Consolidated AED'000**
Revenue and rental income from external customers								
– Over a period of time	**2,616,098**	**1,356,245**	**–**	**211,048**	**531,804**	**908,653**	**–**	**5,623,848**
– At a point in time	**1,027,733**	**32,924**	**–**	**222,140**	**–**	**–**	**–**	**1,282,797**
– Leasing	**–**	**–**	**1,669,305**	**–**	**–**	**–**	**–**	**1,669,305**
Inter-segments	**–**	**–**	**20,738**	**–**	**4,604**	**133,682**	**(159,024)**	**–**
Gross revenue[i]	**3,643,831**	**1,389,169**	**1,690,043**	**433,188**	**536,408**	**1,042,335**	**(159,024)**	**8,575,950**
Cost of revenue excluding service charge	**(2,264,192)**	**(949,235)**	**(279,154)**	**(349,252)**	**(329,349)**	**(824,271)**	**135,875**	**(4,859,578)**
Service charge expenses	**–**	**–**	**(116,328)**	**–**	**–**	**–**	**–**	**(116,328)**
Gross profit	**1,379,639**	**439,934**	**1,294,561**	**83,936**	**207,059**	**218,064**	**(23,149)**	**3,600,044**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

40 SEGMENT INFORMATION continued

40.1 Operating segments continued

Segment information about the Group's continuing operations is presented below (continued):

Year ended 31 December 2021

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	**Project management services AED'000**	**Investment properties AED'000**	**Hospitality and leisure AED'000**	**Education AED'000**	**Principal investments AED'000**	**Unallocated/ eliminations AED'000**	**Consolidated AED'000**
Gross profit	**1,379,639**	**439,934**	**1,294,561**	**83,936**	**207,059**	**218,064**	**(23,149)**	**3,600,044**
Selling and marketing expenses	**(154,953)**	**(114)**	**(13,707)**	**–**	**(4,541)**	**(6,316)**	**(2,961)**	**(182,592)**
Depreciation and amortisation	**(7,137)**	**(22,715)**	**(17,522)**	**(144,213)**	**(44,715)**	**(20,657)**	**6,770**	**(250,189)**
Provisions, impairments and write –downs, net	**(205,797)**	**–**	**(39,102)**	**(490)**	**382**	**(2,044)**	**–**	**(247,051)**
General and administrative expenses	**(279,457)**	**(30,308)**	**(181,842)**	**(6,891)**	**(57,081)**	**(102,638)**	**(25,253)**	**(683,470)**
Gain/(loss) on disposal of property, plant and equipment	**–**	**1,139**	**–**	**–**	**–**	**–**	**(3,176)**	**(2,037)**
Gain on revaluation investment properties, net	**10,647**	**–**	**135,736**	**–**	**–**	**–**	**–**	**146,383**
Gain on disposal of investment property	**–**	**–**	**14,637**	**–**	**–**	**–**	**–**	**14,637**
Share of loss from associates and joint ventures	**–**	**–**	**(8,214)**	**–**	**–**	**–**	**–**	**(8,214)**
Gain on bargain purchase	**99,469**	**–**	**–**	**–**	**–**	**–**	**–**	**99,469**
Fair value loss on revaluation of financial assets at FVTPL	**–**	**–**	**–**	**–**	**–**	**–**	**(1,271)**	**(1,271)**
Finance income	**55,786**	**–**	**3,444**	**–**	**29**	**10**	**(10,825)**	**48,444**
Finance costs	**(32,172)**	**(540)**	**(238,629)**	**–**	**(4,639)**	**(2,978)**	**13,400**	**(265,558)**
Other income	**56,028**	**–**	**564**	**–**	**–**	**4,501**	**3,761**	**64,854**
Profit for the year	**922,053**	**387,396**	**949,926**	**(67,658)**	**96,494**	**87,942**	**(42,704)**	**2,333,449**

(i) Gross revenue of investment properties includes AED 116,328 thousand of revenue from service charges.
* There is no segment disclosure for the profit and loss account of SODIC as there is no impact from acquisition date to 31 December 2021.

Year ended 31 December 2020

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Unallocated/ eliminations AED'000	Consolidated AED'000
Revenue and rental income from external customers								
– Over a period of time	2,432,363	1,250,211	–	197,163	477,958	894,856	–	5,252,551
– At a point in time	1,268,035	11,560	–	221,283	–	–	–	1,500,878
– Leasing	–	–	1,639,048	–	–	–	–	1,639,048
Inter-segments	–	–	3,488	370	4,604	72,737	(81,199)	–
Gross revenue(ii)	3,700,398	1,261,771	1,642,536	418,816	482,562	967,593	(81,199)	8,392,477
Cost of revenue excluding service charge	(2,510,338)	(1,047,505)	(200,116)	(382,933)	(367,340)	(865,541)	92,019	(5,281,754)
Service charge expenses	–	–	(127,691)	–	–	–	–	(127,691)
Gross profit	1,190,060	214,266	1,314,729	35,883	115,222	102,052	10,820	2,983,032

Year ended 31 December 2020

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Unallocated/ eliminations AED'000	Consolidated AED'000
Gross profit	1,190,060	214,266	1,314,729	35,883	115,222	102,052	10,820	2,983,032
Selling and marketing expenses	(106,068)	–	(19,825)	–	–	–	444	(125,449)
Depreciation and amortisation	(10,741)	–	(15,889)	(156,687)	(46,486)	(39,175)	1,277	(267,701)
Provisions, impairments and write-downs, net	(67,267)	–	(215,159)	(1,148)	(12,712)	(24,275)	24,759	(295,802)
General and administrative expenses	(186,184)	–	(162,958)	(2,307)	(315)	(7,926)	(34,277)	(393,967)
Gain on disposal of property, plant and equipment	–	–	–	54	–	–	–	54
Loss on revaluation of investment properties, net	–	–	(399,850)	–	–	–	–	(399,850)
Gain on transfer from development work in progress to investment properties due to change in use	–	–	3,343	–	–	–	–	3,343
Gain on disposal of investment property	–	–	4,396	–	–	–	–	4,396
Share of loss from associates and joint ventures	(1,383)	–	(8,492)	–	–	–	–	(9,875)
Gain on disposal of businesses	–	–	58,432	–	–	–	–	58,432
Gain on disposal of subsidiaries	–	–	429,535	–	–	–	–	429,535
Finance income	91,615	–	5,880	–	328	22	(30,605)	67,240
Finance costs	(68,346)	–	(268,674)	–	(4,383)	(67)	30,773	(310,697)
Other income	40,295	–	185,918	1,394	130	2,302	(40,502)	189,537
Profit for the year	881,981	214,266	911,386	(122,811)	51,784	32,933	(37,311)	1,932,228

(ii) Gross revenue of investment properties includes AED 127,691 thousand of revenue from service charges.
* Certain expenses under investment properties and principal investments for the year ended 31 December 2020 have been reclassified to make it comparable to the 2021 presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

40 SEGMENT INFORMATION continued

40.1 Business segments continued

The segment assets and capital and project expenditures are as follows:

	Aldar Development			Aldar Investment						
	Property development and sales AED'000	Project management services AED'000	Egypt subsidiaries AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
As at 31 December 2021										
Total assets	**11,209,522**	**4,071,997**	**6,397,069**	**18,996,384**	**2,116,305**	**728,210**	**870,953**	**5,167,253**	**(14,956)**	**49,542,737**
Capital expenditures	**353,104**	**5,350**	**–**	**4,405**	**16,823**	**22,757**	**8,060**	**45,191**	**–**	**455,690**
Project expenditures	**1,901,419**	**–**	**–**	**255,799**	**–**	**–**	**–**	**–**	**–**	**2,157,218**
As at 31 December 2020										
Total assets	12,810,329	1,543,970	–	17,976,940	2,356,833	802,207	902,667	3,838,327	1,375	40,232,648
Capital expenditures	51,980	–	–	409	28,578	30,130	35,150	1,611	–	147,858
Project expenditures	2,546,145	–	–	69,010	–	–	10,011	–	–	2,625,166

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Chief Executive Officer, considered to be the Chief Operating Decision Maker ("CODM"). The CODM monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit, net profit and a broad range of key performance indicators in addition to segment profitability and is measured consistently with profit or loss in the consolidated financial statements.

During the period, the Group adopted a new group operating model. The new model promotes agility and accountability throughout the organisation, identifies key responsibilities of management and internal management reporting, with two core businesses: Property Development and Management (Aldar Development), and Assets Management (Aldar Investment). As a result of the above, the Group realigned its segments reflecting the new operating model. Following the realignment, education and principal investments activities which were grouped under 'Adjacencies' operating segment previously were identified as separate operating segments and development management was rebranded as 'Project management services'. Comparative periods were restated accordingly.

For internal management reporting purposes, the Group's operations are aggregated into segments with similar economic characteristics. Management considers that this is best achieved with property development and sales, project management services, investment properties, hospitality and leisure, education and principal investments as operating segments.

Consequently, the Group has presented 2 segments bifurcated into seven reportable sub-segments for the current and comparative periods which are as follows:

Aldar Development
- Property development and sales – develop and sell properties
- Project management services – manage various projects
- Egypt subsidiaries – mainly a real estate development subsidiary operates in Egypt and acquired during the year (refer note 45.1)

Aldar Investment
- Investment properties – acquires, manages and leases residential, commercial and retail properties
- Hospitality and leisure – hotels and leisure activities
- Education – provides education services
- Principal investments – includes mainly construction, property and facilities management operations

In keeping with the requirements of IFRS 8 (management approach), this reorganisation led to a restatement in the segment report for the comparable periods. Based on the information reported to the Group's senior management for the allocation of resources, marketing strategies, management reporting lines and measurement of performance of business, the reportable segments under IFRS 8 were identified according to the structure of investment activities and services to customer groups.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit or loss earned by each segment without allocation of central administration, selling and marketing costs and directors' salaries, share of results of associates and joint ventures, other gains and losses, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:
- all assets are allocated to reportable segments other than cash and bank balances, investment in associates and joint ventures, investment in financial assets and derivative financial instruments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- finance costs, finance income, other gains and losses are allocated to the individual segments.

Capital expenditure consists of additions of property, plant and equipment and intangible assets while project expenditure consists of additions to investment properties and properties under development. Inter-segment revenues are eliminated upon consolidation and reflected in the 'eliminations' column. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

40 SEGMENT INFORMATION continued

40.2 Geographical segments

The Group operates in the UAE and a few countries outside the UAE (including Egypt). The domestic segment includes business activities and operations in the UAE and the international segment include business activities and operations outside the UAE.

As disclosed in note 45.1, on 16 December 2021, the Group acquired control of SODIC. There were no significant transactions from the acquisition date to 31 December 2021 therefore information about revenue, profit or loss, capital and project expenditures is not disclosed for international operations. The Group's segment total assets by geographical location are as follows:

	2021			2020		
	UAE AED'000	**International AED'000**	**Total AED'000**	UAE AED'000	International AED'000	Total AED'000
Total assets	**43,145,668**	**6,397,069**	**49,542,737**	40,232,648	–	40,232,648

41 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses include social contributions amounting to AED 36,100 thousand (2020: AED 10,000 thousand).

42 NON-CASH TRANSACTIONS

The following were significant non-cash transactions relating to investing and financing activities of consolidated statement cash flows:

	2021 AED'000	2020 AED'000
Transfer between investment properties and property, plant and equipment (notes 5)	**189,294**	–
Transfer between investment properties and development work in progress (note 13)	**573,662**	80,053

43 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Balance at 1 January 2021 AED'000	**Financing cash flows[i] AED'000**	**Fair value adjustments AED'000**	**Others[ii] AED'000**	**Balance at 31 December 2021 AED'000**
Bank borrowings and sukuk[i]	8,005,161	(463,324)	–	835,053	8,376,890
Lease liabilities	339,698	(37,555)	–	31,117	333,260
Derivative financial instruments	15,330	(1,655)	(27,326)	–	(13,651)
	8,360,189	**(502,534)**	**(27,326)**	**866,170**	**8,696,499**

(i) The cash flows from bank borrowings and sukuk make up the net amount of proceeds from bank borrowings and sukuk and repayments of borrowings and sukuk (inclusive of finance cost paid) in the consolidated statement of cash flows.

(ii) Others mainly include bank borrowings of AED 596,417 thousand acquired as part of business combination (note 45.1) and finance costs incurred of AED 243,096 thousand.

44 NON-CONTROLLING INTERESTS

The table below shows details of the material non-controlling interests of the non-wholly owned subsidiaries of the Group:

Name of subsidiary	**Place of incorporation and principal place of business**	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2021 (%)	2020 (%)	**2021 AED'000**	2020 AED'000	**2021 AED'000**	2020 AED'000
Pivot Engineering & General Contracting Co. (WLL) ("PIVOT")	UAE	**34.80**	34.80	**17,848**	(1,047)	**88,667**	70,819
Al Seih Real Estate Management LLC	UAE	**8.60**	8.60	**–**	–	**36**	36
Seih Sdeirah Real Estate LLC	UAE	**8.60**	8.60	**–**	–	**37**	37
Saadiyat Cooling LLC ("SC LLC")[i]	UAE	**–**	–	**–**	1,037	**–**	–
SODIC	Egypt	**40.14**	–	**–**	–	**626,473**	–
Total				**17,848**	(10)	**715,213**	70,892

(i) Disposed during the year 2020 (refer note 46).

The summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intercompany eliminations.

	2021 AED'000 Pivot	**2021 AED'000 SODIC**	2020 AED'000 Pivot	2020 AED'000 SODIC
Total assets	**375,930**	**6,311,656**	562,188	–
Total liabilities	**(309,633)**	**(4,773,715)**	(547,672)	–
Net assets	**66,297**	**1,537,941**	14,516	–
Revenue	**417,773**	**1,619,221**	422,334	–
Expenses	**(366,485)**	**(1,428,150)**	(425,344)	–
Profit/(loss) for the year	**51,288**	**191,071**	(3,010)	–
Net cash (outflows)/inflows from operating activities	**(21,512)**	**154,166**	(192,605)	–
Net cash inflows/(outflows) from investing activities	**39,430**	**(175,100)**	9,133	–

45 BUSINESS COMBINATIONS

Acquisitions in 2021

45.1 Sixth of October for Development and Investment Company (SODIC)

On 14 March 2021, the Company and Abu Dhabi Development Holding Company PJSC ("ADQ") entered into a consortium bid agreement (the CBA) and formed a consortium (the "Consortium"). The Company has 70% interest in the consortium whereas the remaining is held by ADQ. The Consortium was formed in connection with the proposed takeover offer bid through launching a mandatory tender offer ("MTO") in accordance with Chapter XII of the Executive Regulations of the Egyptian Capital Market Law No. 95 of the year 1992 (Chapter XII) for not less than 51% of the issued share capital of Sixth October for Development and Investment Company S.A.E. (SODIC) (the Takeover Offer).

On 16 December 2021, the consortium acquired approximately 85.52% of the outstanding share capital of SODIC following successful MTO. The all-cash mandatory tender offer, at a purchase price of EGP 20.0 per share, valued SODIC at EGP 7.1 billion. Accordingly, the Company acquired approximately 59.86% interest in SODIC by paying consideration amounting to AED 997 million. Shares were transferred to the Consortium on 16 December 2021 after completing all legal and regulatory formalities therefore this date is the date on which the Consortium acquired control over SODIC. Based on the terms of the Shareholders Agreement between the Company and ADQ for the Consortium, the Company also concluded that it controls the Consortium and accordingly controls SODIC. SODIC is headquartered in Cairo, Egypt and listed on the Egyptian Exchange (EGX). SODIC was acquired as part of the Company's overall expansion strategy into the Egyptian real estate market. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired, and liabilities assumed, have been recognised at their respective provisional fair values. The initial accounting for acquisition of SODIC (which was assessed as a business acquisition in line with IFRS 3) was incomplete as at 31 December 2021 therefore the Group has recognised identifiable assets acquired and liabilities assumed using provisional amounts.

45 BUSINESS COMBINATIONS continued

Acquisitions in 2021 continued

45.1 Sixth of October for Development and Investment Company (SODIC) continued

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Provisional fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	224,359
Intangible assets*	31,108
Investment properties	929,801
Development work in progress	3,222,129
Inventories	15,361
Deferred tax assets	47,368
Investment in financial assets	77,475
Trade and other receivables	1,393,988
Cash and bank balances	370,067
Total assets	**6,311,656**

* Intangible assets mainly represent customer contract backlogs acquired as part of business combination. Customer contract backlogs represent contracted sales of undelivered units and have been valued using multi-period earning method.

	Provisional fair recognised on acquisition AED'000
Liabilities	
Advances from customers	127,532
Contract liabilities	1,530,756
Trade and other payables	2,211,579
Borrowings	596,417
Lease liabilities	14,004
Retentions payable	92,830
Income tax payable	199,416
Employee benefits	1,181
Total liabilities	**4,773,715**
Total identifiable net assets at fair value	1,537,941
Non-controlling interests	(626,473)
Group's share of net assets acquired	**911,468**
Purchase consideration	(996,881)
Goodwill	**(85,413)**

Acquisition related costs amounted to AED 14,108 thousand which were expensed during the year and are included in general and administrative expenses. From the date of acquisition, SODIC contribution to revenue and net profit is nil towards the operations of the Group. No financial information was available as of the acquisition date therefore it was impracticable to consolidate the entity as of the acquisition date. There were no significant transactions or events from the acquisition date to 31 December 2021 therefore management decided to consolidate the most recent financial statements which were as of 31 December 2021. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 1,619,221 thousand and net profit would have been higher by AED 191,071 thousand. The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the activities of SODIC with those of the Group. The Group recognised a contingent liability of AED 95,992 thousand in the course of the acquisition of SODIC related to various tax exposures which were assessed to be highly probable by the Group.

The non-controlling interests (40.14% ownership interest in SODIC) recognised at the acquisition date was measured by reference to the proportionate share of net assets and amounted to AED 626,473 thousand.

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(996,881)
Net cash acquired on business combination	370,067
Net cash outflows on acquisition (included in cash flows from investing activities)	(626,814)
Transaction costs of the acquisition (included in cash flows from operating activities)	(14,108)
Net cash outflow on acquisition	**(640,922)**

45.2 Aldar Projects LLC

On 25 October 2020, Abu Dhabi Development Holding Company PJSC ("ADQ") and the Company signed a Memorandum of Understating ("MoU") under which the Company or any of its subsidiary will take over development and management of certain capital projects for and on behalf of the Government of Abu Dhabi by acquiring a subsidiary of Modon Properties PJSC ("Modon"). As part of the MoU, the Company will also have management oversight of the projects carried out by Musanada. The Government of Abu Dhabi will continue to fund the projects and Aldar will earn management fees for project management services.

Subsequently in January 2021, the Abu Dhabi Executive Council has approved a framework between Abu Dhabi Government and the Company for the development of capital projects as mentioned above in the Emirate of Abu Dhabi. Further on 1 February 2021, the Company signed an agreement with Modon and acquired 100% of its wholly owned subsidiary, Aldar Projects LLC ("Aldar Projects") for a total consideration of AED 7,945 thousand.

Aldar Projects is a limited liability company incorporated in the Emirate of Abu Dhabi. Aldar Projects is a project manager mandated by the Government of Abu Dhabi to build vibrant and sustainable communities in the Emirate of Abu Dhabi with principal activities mainly of managing and providing options of housing complex projects, housing design, management and follow-up of housing construction projects. The business acquired qualifies as a business combination under IFRS 3.

The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The condensed consolidated financial statements include the results of Aldar Projects for the eight months period from the acquisition date.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	5,453
Intangible assets*	103,687
Trade and other receivables	537,776
Total assets	**646,916**
Liabilities	
Employees benefits	1,076
Trade and other payables	538,426
Total liabilities	**539,502**
Total identifiable net assets at fair value	107,414
Less: purchase consideration	(7,945)
Bargain purchase gain	**99,469**

* Intangible assets represent customer contracts acquired as part of business combination and have historically contributed to revenue and generating independent cash flows and have been valued using multi-period excess earning method.

45 BUSINESS COMBINATIONS continued

Acquisitions in 2021 continued

45.2 Aldar Projects LLC continued

Acquisition related costs amounted to AED 5,666 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Aldar Projects contributed revenue of AED 322,223 thousand and net profit of AED 222,651 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the period, revenue of the Group would have been higher by AED 7,278 thousand and net profit would have been higher by AED 3,145 thousand.

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	(7,945)
Net cash acquired on business combination	–
Net cash outflows on acquisition (included in cash flows from investing activities)	(7,945)
Transaction costs of the acquisition (included in cash flows from operating activities)	(5,666)
Net cash outflow on acquisition	**(13,611)**

45.3 Asteco Property Management LLC

On 6 January 2021, Provis Real Estate Management – Sole Proprietorship LLC, Dubai Branch ("Provis", a subsidiary of the Company) acquired 100% of Asteco Property Management LLC, a limited liability company ("Asteco") registered in Dubai, United Arab Emirates assuming control of Asteco for a total consideration of AED 66,991 thousand. Asteco is mainly involved in property management and owners' association management services, brokerage and real estate advisory services and manages different types of residential, commercial, retail, hotels and mixed used prestigious properties across UAE. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. Asteco was acquired as part of plan of Provis to expand by acquiring existing entities in the related industry.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	377
Intangible assets*	43,300
Trade and other receivables	19,734
Cash and bank balances	3,415
Total assets	**66,826**

* Intangible assets mainly represent brand and customer relationships acquired as part of business combination. Brand represents the name of the company acquired "Asteco" and is valued using relief from royalty method. Customer relationships represent various customer relationships in relation to owners association, property management, valuation advisory and licensing and have been valued using multi-period excess earning method.

	Fair values recognised on acquisition AED'000
Liabilities	
Employees benefits	9,657
Trade and other payables	8,141
Total liabilities	**17,798**
Total identifiable net assets at fair value	49,028
Less: purchase consideration	(66,991)
Goodwill	**(17,963)**

Acquisition related costs amounted to AED 823 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Asteco contributed revenue of AED 52,503 thousand and net profit of AED 10,242 thousand towards the operations of the Group. The net assets recognised in these condensed consolidated financial statements were based on their fair values. The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Asteco with those of the Provis and assembled work force.

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(57,809)
Net cash acquired on business combination	3,415
Net cash outflows on acquisition (included in cash flows from investing activities)	(54,394)
Transaction costs of the acquisition (included in cash flows from operating activities)	(823)
Net cash outflow on acquisition	**(55,217)**

Acquisition in 2020

45.4 Pacific Owners Association Management Services LLC

On 1 December 2020, Provis Real Estate Management – Sole Proprietorship LLC, Dubai Branch ("Provis", a subsidiary of the Group) acquired 100% of the capital of Pacific Owners Association Management Services LLC ("Pacific UAE"). Pacific UAE, a sole establishment registered in the Emirates of Dubai, UAE is an Owners Association management company that manages different types of residential, commercial, retail, hotels and mixed used prestigious properties around Dubai. The business acquired qualifies as a business combination under IFRS 3. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. Pacific UAE was acquired as part of plan of Provis to expand by acquiring existing entities in the related industry.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Notes	Fair values recognised AED'000
Assets		
Property, plant and equipment		18
Intangible assets	6	9,111
Trade and other receivables		2,073
Cash and bank balances		798
Total assets		12,000
Liabilities		
Provision for end of service benefits		198
Trade and other payables		517
Total liabilities		715
Total identifiable net assets at fair value		11,285
Less: purchase consideration		(14,436)
Goodwill	6	(3,151)

Acquisition related costs amounted to AED 815 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Pacific UAE contributed revenue of AED 565 thousand and net loss of AED 755 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 6,257 thousand and net profit would have been higher by AED 1,635 thousand. The net assets recognised in these consolidated financial statements were based on a provisional assessment of their fair values.

45 BUSINESS COMBINATIONS continued

Acquisition in 2020 continued

45.4 Pacific Owners Association Management Services LLC continued

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	**(11,333)**
Net cash acquired on business combination	**798**
Net of cash outflows on acquisition (included in cash flows from investing activities)	**(10,535)**
Transaction costs of the acquisition (included in cash flows from operating activities)	**(815)**
Net cash outflow on acquisition	**(11,350)**

46 DISPOSAL OF SUBSIDIARIES

On 23 December 2020, the Group (the "Seller") entered into a sale purchase agreements ("SPAs") with National Central Cooling Company PJSC ("Tabreed" or the "Purchaser") and sold the district cooling operations (the "Cooling Entities") of the Group comprising the Group's entire interest in Saadiyat Cooling LLC (a 85% owned subsidiary) and Saadiyat District Cooling LLC (a wholly owned subsidiary). Based on the SPAs, Tabreed acquired the Group's interest in the Cooling Entities for a total consideration of AED 963 million (Group's share of AED 913 million) in addition to working capital adjustments. The disposal was completed on 31 December 2020 on satisfactorily completion of all the substantive conditions precedent, on which date control of the Cooling Entities passed to Tabreed.

The Cooling Entities were a component of adjacencies business segment of the Group. Given the infrastructure nature, the Cooling Entities were non-core to the Group's operations and required specialised skills and expertise to operate and hence serve a case for opportunistic exit. The transaction highlights the Group's asset management strategy to actively pursue profitable investment exits and redeploy capital into accretive opportunities. The proceeds will be used to finance further growth of the Group's diversified portfolio of high-quality income-generating properties.

The assets and liabilities of the Cooling Entities at the date of disposal were as follows:

	Saadiyat Cooling LLC AED'000	Saadiyat District Cooling LLC AED'000	Total AED'000
Property, plant and equipment (note 5)	245,764	57,119	302,883
Intangible assets (note 6)	82,917	75,249	158,166
Trade and other receivables	43,235	17,685	60,920
Cash and bank balances	54,592	9,184	63,776
Trade and other payables	(33,228)	(19,487)	(52,715)
Non-controlling interest	(42,842)	–	(42,842)
Net assets disposed of	350,438	139,750	490,188
Total consideration	616,612	303,111	919,723
Gain on disposal	266,174	163,361	429,535
Total consideration			
Satisfied by:			
Trade and other receivables, net (note 11)	616,612	303,111	919,723
Net cash flows arising on disposal:			
Cash and cash equivalents disposed of	(54,592)	(9,184)	(63,776)

As per the SPAs and earn out agreement, the Group is also entitled to earn out consideration in the form of additional fee for each additional load for which Tabreed contracts from these cooling operations. The deferred consideration will be settled in cash by the purchaser within thirty (30) business days of the service commencement date of each additional load for which it contracts under a cooling services agreement having longstop date of 16 January 2040. At 31 December 2020, the management assessed that the deferred consideration is a contingent asset as its existence will be confirmed by occurrence of future uncertain events not within the control of the Group and is accordingly not recognised as part of consideration.

47 IMPACT OF COVID-19 PANDEMIC

The business outlook for 2022 may be impacted by significant risks and uncertainties caused by a diverse range of factors, some of which will be beyond the Group's control. In this context, the Group highlights the COVID-19 pandemic, caused by the rapid global spread of the coronavirus, as being one such factor. Since the World Health Organization proclaimed this a global pandemic in March 2020, governments around the world, including in the United Arab Emirates, have responded to this outbreak with various temporary restrictions to help contain the spread of the virus and support measures to mitigate the adverse implications on communities and economies.

As it stands, the full impact remains unclear and will be determined by factors that continue to evolve, such as the success of the local vaccination campaigns, worldwide vaccination rate and the timing and manner of the easing of restrictions, including lockdowns, social distancing and travel. Due to some success in the efforts to flatten the infection curve, many countries started easing gradually the lock down restrictions starting mid-2020, and Abu Dhabi Authorities have eased travel restrictions since 5 September 2021.

As the effect of COVID-19 on businesses continues to evolve, there are potential risks and uncertainties on future business impact, the Group continues to monitor the global situation and updates its plans, accordingly. The Group has a documented business continuity plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group is continuously assessing the impact of COVID-19 on its operations particularly the effect on the retail, hospitality and leisure business operations and responds to all liquidity and funding requirements through its plan reflecting the current economic scenarios.

The Group believes that, as at 31 December 2021, liquidity position of the Group remains strong and its existing balances of cash and cash equivalents, along with undrawn borrowings and revolving credit facilities will be sufficient to satisfy its working capital needs, capital expenditures, debt repayments and other liquidity requirements associated with its existing operations.

The Group is taking proactive measures to monitor and manage the situation to the best of its abilities to support the long-term continuity of its business and make the necessary judgements and estimates as may be required.

48 EVENTS AFTER THE REPORTING PERIOD

48.1 On 20 January 2022, Aldar Education – Sole Proprietorship LLL (a subsidiary) signed an agreement to purchase Al Shohub Private School LLC ("Al Shohub"), a limited liability company registered in Abu Dhabi, United Arab Emirates for a total consideration of AED 80 million. Al Shohub was founded in 1999 and is involved in providing education services. Al Shohub was acquired as part of the plan of Aldar Education to expand by acquiring existing entities in the related field. At the date of issuance of these consolidated financial statements, the initial acquisition accounting of this transaction is not complete and hence the disclosure information relating to the goodwill, acquired receivables, acquisition date assets acquired and liabilities assumed could not be made.

48.2 On 21 January 2022, the Group entered into a Sale and Purchase Agreement with Al Hamra Real Estate Development Company LLC to acquire Al Hamra Mall in Ras Al Khaimah, United Arab Emirates for a total consideration of AED 410 million. The above acquisition was accounted for as an asset acquisition.

48.3 On 13 February 2022, the Group and Apollo Capital Management L.P. ("Apollo Capital") signed a commitment letter whereby Apollo Capital committed to invest in a USD 500 million 25-year land joint venture with the Group. Apollo Capital's returns will not be predetermined and will be subject to movement in land valuations over the life of the joint venture.

Also on 13 February 2022, the above parties signed a commitment letter and a term sheet whereby Apollo Capital committed to invest USD 100 million in the common equity and USD 300 million in the preferred equity of one of the subsidiaries of the Group. The preferred equity will be mandatory convertible into fixed number of shares at the third anniversary of the closing date and will carry a fixed rate of interest. As per the term sheet, investment from Apollo Capital will be based on net asset value of the Group subsidiary at the transaction closing date.

Further, on 13 February 2022, the above parties signed a commitment letter along with a term sheet whereby Apollo Capital committed to invest USD 500 million in the reset subordinated perpetual notes to be issued by a subsidiary of the Group. The notes will not have a defined maturity date and will carry a fixed rate of interest for the first 15 years thereafter being reset every 5 years.

All the above transactions are expected to close during the first half of 2022.

49 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 8 March 2022.

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